

HAMMER METALS LTD
ACN 095 092 158

NOTICE OF GENERAL MEETING
AND
EXPLANATORY MEMORANDUM

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.*

HAMMER METALS LIMITED
ACN 095 092 158

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Shareholders of Hammer Metals Limited will be held at 52 Ord Street, West Perth, Western Australia at 10am (WST) on 9 April 2015 to conduct the following business and to consider, and if thought fit, to pass the following Resolutions.

AGENDA

RESOLUTION 1 – RATIFICATION OF PRIOR SHARE ISSUE – LISTING RULE 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 7,410,219 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 2 – RATIFICATION OF THE ISSUE OF PLACEMENT SHARES – LISTING RULE 7.1A

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 8,214,781 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 3 – RATIFICATION OF PRIOR OPTION ISSUE

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 3,811,953 Options 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 PRIOR ISSUE OF OPTIONS TO CONSULTANTS

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1,100,000 unlisted Options to certain consultants of the Company, on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on Resolution 4 by any person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or 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 18TH DAY OF FEBRUARY 2015

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Mark Pitts', written in a cursive style.

**MARK PITTS
COMPANY SECRETARY**

Notes:**Definitions**

Terms which are used in this Notice and which are defined in Section 2 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) 9 316 5475,

not later than 10am (WST) on 7 April 2015.

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 5pm (WST) on 7 April 2015.

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 a General Meeting of Shareholders of Hammer Metals Limited to be held at 52 Ord Street, West Perth, Western Australia at 10 am (WST) on 9 April 2015. 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 2.

1. RESOLUTIONS 1 TO 3 – RATIFICATION OF THE ISSUE OF PLACEMENT SHARES AND OPTIONS

1.1 Background

On 3 February 2015, the Company announced that it had agreed to issue 15,625,000 Shares at an issue price of \$0.08 to raise \$1,250,000 (before costs) (“**Placement**”). The Placement was subsequently completed on 6 February 2015.

The Placement was made to Deutsche Rohstoff AG (or its nominee), a German resources company listed on the Frankfurt Stock Exchange, and was made under the Company’s placement capacities under Listing Rules 7.1 and 7.1A. In addition to the Placement, 3,811,953 Options were issued to Deutsche Rohstoff AG under the Company’s capacity available under Listing Rule 7.1. These Options are the subject of Resolution 3.

1.2 Listing Rules Chapter 7

Listing Rule 7.1 provides, subject to certain exceptions, that Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the company’s ordinary securities then on issue (in the case of Listing Rule 7.1) and 10% of the company’s ordinary securities then on issue (in the case of Listing Rule 7.1A)

Listing Rule 7.2 sets out the exceptions to Listing Rules 7.1 and 7.1A. It provides that where a company in a general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 and Listing Rule 7.1A (and provided that the previous issue did not breach Listing Rules 7.1 or 7.1A) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1 or 7.1A (as the case may be).

By ratifying the issue of the Shares and Options the subject of Resolutions 1 to 3, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, and the 10% placement capacity under Listing Rule 7.1A, without the requirement to obtain prior Shareholder approval.

Resolutions 1 to 3 are all ordinary resolutions.

1.3 Resolution 1 - 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 1:

- (a) 7,410,219 Shares were issued at an issue price of \$0.08 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 Deutsche Rohstoff AG (or its nominee), a German resources company listed on the Frankfurt Stock Exchange.
- (d) The funds raised from the issue (being in total \$592,818 (before costs)) will be used to fund planned exploration programs and specifically for targeted drilling on the Company's Mount Isa Project in NW Queensland.

The Chairman intends to vote all available proxies in favour of Resolution 1.

1.3 Resolution 2 - 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 2:

- (a) 8,214,781 Shares were issued at an issue price of \$0.08 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 Deutsche Rohstoff AG (or its nominee), a German resources company listed on the Frankfurt Stock Exchange.
- (d) The funds raised from the issue (being in total \$657,182 (before costs)) will be used to fund planned exploration programs and specifically for targeted drilling on the Company's Mount Isa Project in NW Queensland.

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

1.4 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 Options the subject of Resolution 3:

- (a) 3,811,953 Options were issued;
- (b) The Options are exercisable for \$0.15 on or before 6 February 2018 and otherwise on the terms and conditions set out in Schedule 1;
- (c) The Options were issued to Deutsche Rohstoff AG (or its nominee), a German resources company listed on the Frankfurt Stock Exchange.
- (d) No funds were raised from the issue of the Options. If all of the Options are exercised, a total of \$571,792 will be raised from the issue thereof, and will be deployed by the Company as it sees fit at that time.

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

2. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO CONSULTANTS

2.1 Background

On 8 December 2014, the Company issued 1,100,000 unlisted Options to consultants and contractors of the Company.

Details of the Option issue the subject of Resolution 4 is set out below:

- 1,100,000 unlisted Options issued to contractors and consultants employees to provide an incentive aligned to the performance of the Company. These Options are exercisable by payment of 13.5 cents each on or before 30 November 2017 (“**13.5 Cent Consultant Options**”);

The Company issued the Options the subject of Resolution 4 without prior Shareholder approval out of its 15% annual placement capacity under ASX listing Rule 7.1. Resolution 4 seeks Shareholder approval for the ratification of these Option issues.

Listing Rule 7.4 allows an issue of securities made without the approval of shareholders to be ratified by shareholders, in order to refresh the Company’s placement capacity, provided that, at the time the issue was made, the issue was made within the Company’s existing placement capacity pursuant to Listing Rule 7.1.

By ratifying these issues the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

2.2 Resolution 4 - Information Required by Listing Rule 7.5

Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval for the purposes of Resolution 4 pursuant to Listing Rule 7.4:

- (a) the total number of equity securities granted was 1,100,000 unlisted Options;
- (b) the unlisted Options were issued for nil in cash consideration and are exercisable as follows:
 - 1,100,000 13.5 Cent Consultant Options exercisable by payment of 13.5 cents each on or before 30 November 2017, and otherwise on the terms and conditions set out In Schedule 2;
- (c) the Options were issued to certain consultants and contractors of the Company, none of whom were related parties of the Company;
- (d) The Options were issued to provide an incentive aligned to the performance of the Company to the recipients. No funds were raised from the issue as the Options were issued for nil in cash consideration.

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

2. DEFINITIONS

In this Notice and Explanatory Memorandum:

“**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;

“**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;

“**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;

“**Placement**” has the meaning contemplated by Section 1.1;

“**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.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

A summary of the terms and conditions of the Options the subject of Resolution 3 are set out below:

The Options entitle the holder to subscribe for Shares on the following terms:

- (a) Each Option entitles the holder to subscribe for and be allotted one Share at an exercise price of \$0.15.
- (b) The Options are exercisable at any time prior to 5.00 pm WST time on 6 February 2018 notice in writing to the Company accompanied by payment of the exercise price.
- (c) Subject to the Corporations Act, the Listing Rules and the Company's Constitution, the Options are freely transferable.
- (d) Shares will be allotted and issued pursuant to the exercise of Options following receipt of a properly executed notice of exercise of the Options and payment of the requisite application monies.
- (e) Shares issued upon exercise of the Options will rank equally in all respects with the other quoted Shares then on issue. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Options, subject to the requirements of the Listing Rules.
- (f) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered or made to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes for determining entitlements to any such issue, the record date will be the date as is prescribed by the Listing Rules. This will give optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (g) In the event of any new or bonus issues, there are no rights to a change in the exercise price or the number of underlying securities over which the Options can be exercised.
- (h) In the event of any re-organisation (including a consolidation, sub-division, reduction or return) of the issued capital of the Company on or prior to the expiry date, the rights of the optionholder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of re-organisation.
- (i) The Company will as required by the Listing Rules send notice to the optionholders stating the name of the optionholder, the number of the Options held and the number of Shares to be issued on exercise of the Options, the exercise price, the due date for payment, and the consequence of non-payment.

SCHEDULE 2 – TERMS AND CONDITIONS OF CONSULTANT OPTIONS

A summary of the terms and conditions of the Options the subject of Resolution 4 are set out below:

The Options entitle the holder to subscribe for Shares on the following terms:

- (a) Each Option entitles the holder to subscribe for and be allotted one Share at an exercise price of \$0.135.
- (b) The Options are exercisable at any time prior to 5.00 pm WST time on 30 November 2017 notice in writing to the Company accompanied by payment of the exercise price.
- (c) Subject to the Corporations Act, the Listing Rules and the Company's Constitution, the Options are freely transferable.
- (d) Shares will be allotted and issued pursuant to the exercise of Options following receipt of a properly executed notice of exercise of the Options and payment of the requisite application monies.
- (e) Shares issued upon exercise of the Options will rank equally in all respects with the other quoted Shares then on issue. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Options, subject to the requirements of the Listing Rules.
- (f) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered or made to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes for determining entitlements to any such issue, the record date will be the date as is prescribed by the Listing Rules. This will give optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (g) In the event of any new or bonus issues, there are no rights to a change in the exercise price or the number of underlying securities over which the Options can be exercised.
- (h) In the event of any re-organisation (including a consolidation, sub-division, reduction or return) of the issued capital of the Company on or prior to the expiry date, the rights of the optionholder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of re-organisation.
- (i) The Company will as required by the Listing Rules send notice to the optionholders stating the name of the optionholder, the number of the Options held and the number of Shares to be issued on exercise of the Options, the exercise price, the due date for payment, and the consequence of non-payment.

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 52 Ord Street, West Perth, Western Australia at 10am (WST) Thursday, 9 April 2015, 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	RATIFICATION OF PRIOR SHARE ISSUE – LISTING RULE 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RESOLUTION 2	RATIFICATION OF THE ISSUE OF PLACEMENT SHARES – LISTING RULE 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RESOLUTION 3	RATIFICATION OF PRIOR OPTION ISSUE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RESOLUTION 4	RATIFICATION OF PRIOR OPTION ISSUE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

