
HAMMER METALS LIMITED
ACN 095 092 158
NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10:00 am (WST)
DATE: 17 May 2019
PLACE: Suite 8, 7 The Esplanade Mt Pleasant, WA

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00 pm (WST) on 15 May 2019.

BUSINESS OF THE MEETING

AGENDA

1. **RESOLUTION 1 – ISSUE OF PLACEMENT SECURITIES TO RELATED PARTY - MR ZBIGNIEW WALDEMAR LUBIENIECKI**

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 10,000,000 Shares and 5,000,000 Options to Mr Zbigniew Waldemar Lubieniecki (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Zbigniew Waldemar Lubieniecki (and his nominee) or any of their associates. 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.

2. **RESOLUTION 2 – ISSUE OF PLACEMENT SECURITIES TO RELATED PARTY - MR RUSSELL DAVIS**

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 4,000,000 Shares and 2,000,000 Options to Davis Family Capital Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Davis Family Capital Pty Ltd (and its nominee) or any of their associates. 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.

3. **RESOLUTION 3 – RATIFICATION OF ISSUE OF PLACEMENT SECURITIES – 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 8,170,292 Shares and 18,000,000 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who participated in the issue, or 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.

4. **RESOLUTION 4 – RATIFICATION OF PLACEMENT SHARE ISSUE – 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 27,829,708 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who participated in the issue, or 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.

5. **RESOLUTION 5 – SECTION 195 APPROVAL**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

“That, for the purposes of section 195(4) of the Corporations Act and for all other purposes, Shareholders approve and authorise the Directors to complete the transactions contemplated by Resolutions 6 and 7.”

6. **RESOLUTION 6 – ISSUE OF CONSIDERATION SHARES TO RELATED PARTY VENDORS**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of Resolution 5, for the purposes of section 208 of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue a total of 18,333,333 Shares to the Related Party Vendors (or their respective nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of the Related Party Vendors (or their respective nominees) or any of their associates (**Resolution 4 Excluded Parties**). 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, provided the Chair is not a Resolution 4 Excluded Party, 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution. Provided the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:
 - (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. **RESOLUTION 7 – ISSUE OF CONSIDERATION SHARES TO UNRELATED VENDOR**

“That, subject to and conditional upon the passing of Resolution 3, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 4,583,333 Shares to Mr Travis Lorne Smithson on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Travis Lorne Smithson or an associate of him. 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: 11 April 2019

By order of the Board



Mark Pitts
Company Secretary

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- 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 the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9316 9100.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTIONS 1 AND 2 – ISSUE OF PLACEMENT SECURITIES TO RELATED PARTIES - MR ZBIGNIEW WALDEMAR LUBIENIECKI AND DAVIS FAMILY CAPITAL PTY LTD

1.1 Background

On 7 February 2019, the Company announced that it has agreed terms for a share placement to sophisticated investors to raise \$1 million (**Placement**). The Company announced that it planned on using the Placement funds to continue with its planned exploration activities.

As announced, the Placement consisted of the issue of approximately 50,000,000 Shares at \$0.02 per share, issued to sophisticated investors and will incorporate a free attaching listed Option on the basis of 1 new listed Option for every 2 Placement Shares issued.

The new listed Options will have the same terms as the existing class of quoted options, being exercisable at \$0.03 on or before 30 September 2020.

Directors Mr Russell Davis and Mr Ziggy Lubieniecki have agreed to participate in the Placement on the same terms as the institutional and sophisticated investors, subject to shareholder approval.

Resolution 1 seeks Shareholder approval for the issue of up to 10,000,000 Shares and 5,000,000 Options to Mr Lubieniecki (or his nominee) arising from the participation by Mr Lubieniecki in the Placement.

Resolution 2 seeks Shareholder approval for the issue of up to 4,000,000 Shares and 2,000,000 Options arising from the participation by Mr Davis in the Placement, to Davis Family Capital Pty Ltd ATF The Davis Superannuation Fund (ACN 624 943 613), which is a company controlled by Mr Davis and is his nominated recipient of his Placement securities,

1.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (i) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (ii) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Mr Davis and Mr Lubieniecki's participation in the Placement will result in the issue of Shares and Options which constitutes giving a financial benefit and both Mr Lubieniecki and Mr Davis are related parties of the Company by virtue of being Directors.

The Directors (other than Mr Lubieniecki who has a material personal interest in Resolution 1) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Mr Lubieniecki's participation in the Placement because the Shares and Options will be issued to Mr Lubieniecki on the same terms as Shares and Options issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

Additionally, the Directors (other than Mr Davis who has a material personal interest in Resolution 2) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Mr Davis' participation in the Placement because the Shares and Options will be issued to Mr Davis on the same terms as Shares and Options issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

1.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the participation of both Mr Lubieniecki and Mr Davis in the Placement involves the issue of Shares and Options to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

1.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 1 and 2:

- (i) the Shares and Options will be issued to Mr Lubieniecki (or his nominee) and Mr Davis' nominee – Davis Family Capital Pty Ltd ATF The Davis Superannuation Fund (ACN 624 913 613);
- (ii) the maximum number of Shares and Options to be issued is as follows:
 - (A) to Mr Lubieniecki (**Resolution 1**): 10,000,000 Shares and 5,000,000 Options; and
 - (B) to Davis Family Capital Pty Ltd (**Resolution 2**): 4,000,000 Shares and 2,000,000 Options;
- (iii) the Shares and Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (iv) the issue price per Share will be \$0.02 per Share, being the same as all other Shares issued under the Placement;
- (v) the Options will be issued for nil cash consideration as they are being issued as free attaching Options, on the basis of one (1) new Option for every two (2) Shares subscribed for, as per the Placement;

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- (vi) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
 - (vii) the Options will have the same terms as the existing class of quoted options, being exercisable at \$0.03 on or before 30 September 2020 and are otherwise on the terms and conditions set out in Schedule 1; and
 - (viii) as announced on 7 February 2019, the funds raised will be used for the same purposes as all other funds raised under the Placement, being the continuation of the Company's planned exploration activities.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares and Options to Mr Lubieniecki (or his nominee) and to Davis Family Capital Pty Ltd will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

2. RESOLUTIONS 3 AND 4 – RATIFICATION OF ISSUE OF PLACEMENT SECURITIES– LISTING RULES 7.1 AND 7.1A

2.1 Background

As set out in Section 1.1 above, the Company recently undertook the Placement.

The Placement is to be carried out in two tranches, the first tranche being the issue of 36,000,000 Shares and 18,000,000 Options (**Tranche 1**), and the second tranche being the proposed issue of Placement Securities the subject of Resolutions 1 and 2 to Mr Lubieniecki and Davis Family Capital Pty Ltd.

Tranche 1 is the subject of Resolutions 3 and 4. The Placement Securities the subject of Tranche 1 were issued on 13 February 2019, pursuant to the Company's existing placement capacity under Listing Rules 7.1 and 7.1A as follows:

- (a) 8,170,292 Shares and 18,000,000 Options pursuant to Listing Rule 7.1 (**Resolution 3**)
- (b) 27,829,708 Shares pursuant to Listing Rule 7.1A (**Resolution 4**)

2.2 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 additional quoted 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:

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- (a) is not included in the S&P/ASX 300 Index; and
 - (b) 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's AGM of 29 November 2018), 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 prior issue of the Tranche 1 Placement Securities 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.

2.3 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) 8,170,292 Shares were issued at an issue price of \$0.02 per Share;
- (b) 18,000,000 Options were issued for Nil consideration, on the basis that they were free attaching options to the Shares issued under the Placement;
- (c) 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;
- (d) the Options will have the same terms as the existing class of quoted options, being exercisable at \$0.03 on or before 30 September 2020 and are otherwise on the terms and conditions set out in Schedule 1;
- (e) 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. The investors were introduced by the Company's advisor DJ Carmichael Pty Limited they were determined because of their interest and are new and existing shareholders;
- (f) The funds raised from the issue (being in total \$163,406 (before costs)) will be used to fund planned exploration programs and for working capital purposes.

2.4 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) 27,829,708 Shares were issued at an issue price of \$0.02 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. The investors were introduced by the Company's advisor DJ Carmichael Pty Limited they were determined because of their interest and are new and existing shareholders;
- (d) The funds raised from the issue (being in total \$556,594 (before costs)) will be used to fund planned exploration programs and for working capital purposes.

3. RESOLUTION 5 – SECTION 195 APPROVAL

3.1 Section 195 of the Corporations Act

As announced on 14 April 2019, the Company executed an Agreement for the Sale of Shares (**SSA**) on 13 March 2019, pursuant to which 22,916,666 Shares (the **Consideration Shares**) the subject of Resolutions 6 and 7 would be issued.

The consideration payable pursuant to the SSA is the cash amount of \$550,000, which will be satisfied by the issue of Consideration Shares to the value of \$550,000.

The Consideration Shares have a deemed issue price calculated based on a 60-day volume weighted average price of \$0.024, calculated up until the date of the SSA, being 13 March 2019.

As set out in the Company's announcement, two of the Company's existing Directors have a material personal interest in the SSA as vendors. Accordingly the Directors were not able to form a quorum to approve the entry into and execution of the SSA.

As a consequence, the SSA contains an express provision that it shall not be binding on any of its parties unless the Company receives approval from its Shareholders under section 195(4) of the Corporations Act both approving the transaction contemplated by the SSA and authorising the Company to undertake the actions required to implement it.

Further details in relation to Carnegie, and the material terms of the SSA are contained in the Company's announcement of 14 March 2019.

Section 195 of the Corporations Act provides that a Director of a public company may not vote or be present during meetings of Directors when matters in which that Director holds a "material personal interest" are being considered, except in certain limited circumstances.

Section 195(4) relevantly provides that if there are not enough Directors to form a quorum for a Directors meeting because of this restriction, one or more of the

Directors may call a general meeting and the general meeting may pass a resolution to deal with the matter.

In the absence of Resolution 5, the Directors will not be able to form a quorum at directors' meetings necessary to create a binding arrangement to complete the acquisition under the SSA or to carry out the terms of Resolutions 6 and 7. The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to consider and resolve whether the Company be permitted to enter into and complete the SSA and issue the Consideration Shares the subject of Resolutions 6 and 7.

Resolution 5 is an ordinary resolution, and in the event that it is not passed at the Meeting, the Chair will withdraw all remaining Resolutions.

4. RESOLUTION 6 – ISSUE OF CONSIDERATION SHARES TO RELATED PARTY VENDORS

If Resolution 5 is not passed, the Chair will withdraw Resolution 6.

4.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 18,333,333 Consideration Shares to:

- (a) Mr Zbigniew Lumieniecki;
- (b) Mr Russell Davis; and
- (c) Mazza Resources Pty Ltd (ACN 142812 299),

(together, the **Related Party Vendors**),

as partial consideration for the acquisition of Carnegie pursuant to the SSA on the terms and conditions set out below.

As discussed in Section 1.2 above, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Consideration Shares to the Related Party Vendors constitutes giving a financial benefit and

- (a) both Mr Lubieniecki and Mr Davis are related parties of the Company by virtue of being current Directors; and
- (b) Mazza Resources Pty Ltd is a related party of the Company by virtue of being a company controlled by Mr Alex Hewlett, a former Director of the Company who resigned on 1 October 2018.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or

a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As set out in Section 3.1, the Directors are not able to form a sufficient quorum to consider and vote on whether the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Consideration Shares to the Related Party Vendors.

4.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Consideration Shares to the Related Party Vendors:

- (a) the Related Party Vendors are:
 - (i) Mr Zbigniew Lumieniecki;
 - (ii) Mr Russell Davis; and
 - (iii) Mazza Resources Pty Ltd (ACN 142 812 299),
- (b) Messrs Davis and Lubieniecki are related parties by virtue of being Directors;
- (c) Mazza Resources Pty Ltd is a related party of the Company by virtue of being a company controlled by Mr Alex Hewlett, a former Director of the Company who resigned on 1 October 2018;
- (d) the maximum number of Consideration Shares which may be issued (being the nature of the financial benefit being provided) to the Related Party Vendors is 18,333,333, made up of the following:
 - (i) 9,166,667 Consideration Shares to Mr Lubieniecki;
 - (ii) 4,583,333 Consideration Shares to Mr Davis; and
 - (iii) 4,583,333 Consideration Shares to Mazza Resources Pty Ltd;
- (e) the Consideration Shares will be issued to the Related Party Vendors no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Consideration Shares will be issued on one date;
- (f) the Consideration Shares will be issued for nil cash consideration, accordingly no funds will be raised (as the Consideration Shares issued to the Related Party Vendors form part consideration for the acquisition of Carnegie pursuant to the SSA);
- (g) the Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (h) the relevant interests of the Related Party Vendors in securities of the Company, both as at the date of this Notice and assuming that Resolutions 1 and 2 are passed, are set out below:

Related Party	Current Shares	Current Options	Shares if Resolutions 1 and 2 are passed	Options if Resolutions 1 and 2 are passed
Zbigniew Lubieniecki	8,332,700	4,999,620 ¹ 1,000,000 ² 3,000,000 ³	18,332,700	9,999,620 ¹ 1,000,000 ² 3,000,000 ³
Russell Davis	11,000,000	6,600,000 ¹ 4,000,000 ² 1,500,000 ³	15,000,000	8,600,000 ¹ 4,000,000 ² 1,500,000 ³
Alex Hewlett	5,575,477	5,000,000 ²	5,575,477	5,000,000 ²

¹ listed Options exercisable at \$0.03 each on or before 30 September 2020.

² unlisted Options exercisable at \$0.06 each on or before 30 June 2020.

³ unlisted Options exercisable at \$0.032 each on or before 30 November 2022.

- (i) the remuneration and emoluments from the Company to the Related Party Vendors for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Zbigniew Lubieniecki	\$64,900	\$Nil
Russell Davis	\$82,500	\$150,000
Alex Hewlett (Mr Hewlett resigned on 1 October 2018)	\$97,500	\$150,000

- (j) if the Consideration Shares are issued to the Related Parties, a total of 18,333,333 Shares would be issued. Assuming that all Shares contemplated by the Resolutions are issued, the number of Shares on issue will increase from 314,297,082 to 351,213,748. The shareholding of existing Shareholders would be diluted by an aggregate of 10.86%, assuming that all Resolutions are passed.

A table setting out the dilution effect of each of Resolutions 1, 2, 6 and 7 in this Notice is set out below.

Resolution	Shares to be issued	Shares on Issue	Dilution of current Shareholders
Current		314,297,082	Nil
Directors participation in Placement (Resolutions 1 and 2)	14,000,000	328,297,082	4.26%
Related Party Consideration Shares (Resolution 6)	18,333,333	346,630,415	5.29%
Unrelated Consideration Shares (Resolution 7)	4,583,333	351,213,748	1.30%
Total (from current)	36,916,666	351,213,748	10.86%

- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	4.3 cents	19 March 2018
Lowest	1.6 cents	8 August 2018
Last	2.7 cents	10 April 2019

- (l) Mr Zbigniew Lubieniecki declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that Mr Lubieniecki is to be issued Shares in the Company should Resolution 6 be passed. However, in respect of Resolution 7, Mr Lubieniecki recommends that Shareholders vote in favour of that Resolution as the acquisition of Carnegie cannot be completed and implemented by the Company if Resolution 7 is not passed by Shareholders.
- (m) Mr Russell Davis declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that Mr Davis is to be issued Shares in the Company should Resolution 6 be passed. However, in respect of Resolution 7, Mr Davis recommends that Shareholders vote in favour of that Resolution for the reasons set out in paragraph (l);
- (n) With the exception of Messrs Mr Lubieniecki and Davis, no other Director has a personal interest in the outcome of Resolution 6;
- (o) Mr Nader El Sayed (the Company's remaining Director) recommends that Shareholders vote in favour of Resolution 6, for the reasons set out in paragraph (l); and

- (p) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 6.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Consideration Shares to the Related Party Vendors as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Consideration Shares to the Related Party Vendors will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

5. RESOLUTION 7 – ISSUE OF CONSIDERATION SHARES TO UNRELATED VENDOR

If Resolution 5 is not passed, the Chair will withdraw both Resolution 7.

5.1 General

Resolution 7 seeks Shareholder approval for the issue of 4,583,333 Consideration Shares to Travis Lorne Smithson (**Smithson**) who is the unrelated vendor of Carnegie pursuant to the SSA.

The Consideration Shares to be issued pursuant to Resolution 7 will be issued to Smithson as partial consideration for the acquisition of Carnegie pursuant to the SSA.

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.

The effect of Resolution 7 will be to allow the Company to issue the Consideration Shares to Smithson during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

5.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 7:

- (a) the maximum number of Consideration Shares (ordinary fully paid shares in the Company) to be issued is 4,583,333;
- (b) the Consideration Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Consideration Shares will occur on the same date that the Consideration Shares are issued to the Related Party Vendors;
- (c) the Consideration Shares will be issued for nil cash consideration as they are being issued to Smithson in consideration for the acquisition by the Company of his shares in Carnegie;
- (d) Smithson is not a related party of the Company; and
- (e) no funds will be raised from the issue of the Consideration Shares to Smithson as they are being issued in consideration for the acquisition by the Company of his shares in Carnegie.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Carnegie means Carnegie Exploration Pty Ltd (ACN 124 801 467).

Chair means the chair of the Meeting.

Company means Hammer Metals Limited (ACN 095 092 158).

Consideration Share means a Share issued by the Company to the vendors of Carnegie pursuant to the SSA.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means a listed option to acquire a Share, having the terms and conditions set out in Schedule 1.

Placement means the Company's share placement to sophisticated investors to raise \$1 million, consisting of the issue of 50,000,000 Shares at \$0.02 per Share, along with a free attaching listed Option on the basis of 1 new listed Option for every 2 Placement Shares issued, exercisable at \$0.03 on or before 30 September 2020.

Placement Security means a Share or an Option (or both, as the context requires) issued by the Company pursuant to the Placement, and **Placement Securities** has a reciprocal meaning.

Proxy Form means the proxy form accompanying the Notice.

Related Party Vendors mean the three vendors of Carnegie who are related parties of the Company, being Mr Russell Davis, Mr Zbigniew Lubieniecki, Mazza Resources Pty Ltd (ACN 142 812 299).

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

SSA means the Agreement for Sale of Shares dated 13 March 2019 between the Company, the various shareholder vendors of Carnegie and Carnegie, pursuant to which the Company agrees to acquire 100% of the issued share capital of Carnegie, the key terms and conditions of which are set out in Section 3.1.

WST means Western Standard Time as observed in Perth, Western Australia.

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SCHEDULE 1 – TERMS AND CONDITIONS OF LISTED OPTIONS

- (a) **Entitlement**
Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **Exercise Price**
Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.03 (**Exercise Price**).
- (c) **Expiry Date**
Each Option will expire at 5:00 pm (WST) on 30 September 2020 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **Exercise Period**
The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (e) **Notice of Exercise**
The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (f) **Exercise Date**
A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (g) **Timing of issue of Shares on exercise**
Within 15 Business Days after the Exercise Date, the Company will:
- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of

the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

PROXY FORM

HAMMER METALS LIMITED
ACN 095 092 158

GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at Suite 8, 7 The Esplanade, Mt Pleasant, on Friday 17 May 2019 at 10.00am WST, and at any adjournment thereof.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Issue of Placement securities to Related Party - Mr Lubieniecki	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of Placement securities to Related Party - Mr Davis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Placement securities – LR 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of Placement securities – LR 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Section 195 approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Consideration Shares to Related Party Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Consideration Shares to Unrelated Vendor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail
in relation to this Proxy Form: YES NO

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Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Hammer Metals Limited, Suite 8, 7 The Esplanade, Mount Pleasant WA 6153; or
 - (b) facsimile to the Company on facsimile number +61 8 9315 5475,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.