

**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 2:00pm (WST) on 29 November 2018

**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)

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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 2:00pm (WST) on 29 November 2018 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 2018 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 2018, 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 NADER EL SAYED AS A DIRECTOR

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

*"That Mr El Sayed, 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 – RE-ELECTION OF MR ZBIGNIEW LUBIENIECKI AS A DIRECTOR

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

*"That Mr Lubieniecki, having retired in accordance with clause 7.3(f) 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 4 – GRANT OF OPTIONS TO 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 Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 1,500,000 Options to Mr Russell Davis (a Director), or his nominee, on the terms and conditions set out in the Explanatory Memorandum under the Hammer Metals Option Incentive Plan."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of any Director of the Company who is eligible to participate in the Hammer Metals Option Incentive Plan in respect of which the approval is sought, or any associates of those persons respectively. 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 5 – GRANT OF OPTIONS TO MR NADER EL SAYED

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 10.14 and for all other purposes, Shareholders approve the issue of 1,000,000 Options to Mr Nader El Sayed (a Director), or his nominee, under the on the terms and conditions set out in the Explanatory Memorandum under the Hammer Metals Option Incentive Plan."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of any Director of the Company who is eligible to participate in the Hammer Metals Option Incentive Plan in respect of which the approval is sought, or any associates of those persons respectively. 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 6 – GRANT OF OPTIONS TO MR ZBIGNIEW 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 Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 3,000,000 Options to Mr Zbigniew Lubieniecki (a Director), or his nominee, on the terms and conditions set out in the Explanatory Memorandum under the Hammer Metals Option Incentive Plan."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of any Director of the Company who is eligible to participate in the Hammer Metals Option Incentive Plan in respect of which the approval is sought, or any associates of those persons respectively. 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 7 – RATIFICATION OF SHARES AND OPTIONS ISSUED TO UNDERWRITER – 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 2,305,074 Shares and 263,280 Unlisted Options issued to the DJ Carmichael Pty Ltd as Underwriter of the Company's Non-Renounceable Entitlement Issue of Options on the terms and conditions set out in the Explanatory Memorandum."*

**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.

#### **RESOLUTION 8 – RATIFICATION OF PLACEMENT SHARE AND OPTION 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 7,066,667 Shares and 4,000,000 free-attaching Listed Options to DJ Carmichael Pty Ltd on the terms and conditions set out in the Explanatory Memorandum."*

**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.

### **SPECIAL BUSINESS**

#### **RESOLUTION 9 - 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 in favour of this Resolution by or on behalf of any person (and any associates of such person) who is expected to participate in, or who will obtain a material benefit as a result of, the 10% Placement Facility, 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 24<sup>th</sup> DAY OF OCTOBER 2018  
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 2.00pm (WST) on 27 November 2018.

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 27 November 2018.

### **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 2:00pm (WST) on 29 November 2018. 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 8.

**1. FINANCIAL AND OTHER REPORTS**

As required by section 317 of the Corporations Act, the financial report for the year ended 30 June 2018 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 2018 Annual Report, has been sent to Shareholders (except those who have made an election not to receive the Annual Report). Copies of the 2018 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 2019 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 2018 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 2017 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 NADER EL SAYED AS A DIRECTOR**

Resolution 2 deals with the re-election of Mr Nader El Sayed 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 El Sayed holds a Bachelor of Commerce (Banking & Finance), Masters (Accounting) and is a member of the Chartered Accountants Australia and New Zealand. Mr El Sayed is currently the Chief Executive Officer of Multiplant Holdings, a mining and civil services business based in Western Australia. Mr El Sayed's previous roles include holding a senior management position with KPMG providing assurance, capital markets and other advisory services to key Australian and international resource companies. Mr El Sayed brings a wealth of risk management, corporate governance, strategic and financial experience to the board.

Mr El Sayed is also a non-executive director of Spectrum Metals Limited.

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

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

#### **4. RESOLUTION 3 - RE-ELECTION OF MR ZBIGNIEW LUBIENIECKI AS A DIRECTOR**

Resolution 2 deals with the re-election of Mr Zbigniew Lubieniecki who retires in accordance with section 7.3(f) as required by the Company's Constitution and the Listing Rules and being eligible, has offered himself for re-election.

Mr Lubieniecki is an experienced exploration geologist, holding a Bachelor of Science (Geology), with more than 30 years' experience in exploration, mining, management, property acquisition and company listings.

Mr Lubieniecki has held senior positions including Chief Mine Geologist for the Plutonic mine, Exploration Manager for Australian Platinum Mines and Executive Director for Gold Road Resources Limited. Mr Lubieniecki has had a successful exploration career including credit for the discovery of the 6.2-million-ounce Gruyere gold deposit and provides high-level exploration direction to the Company.

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

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

#### **5. RESOLUTIONS 4, 5 & 6 – ISSUE OF SECURITIES TO DIRECTORS**

##### **Background**

The Company is proposing to issue Options to Mr Russell Davis (Executive Chairman) and Mr Nader El Sayed and Mr Zbigniew Lubieniecki (both Non-Executive Directors) as a component of their remuneration, in order to retain their services, keep cash payments to a minimum and to provide incentives linked to the performance of the Company. These Options are being issued under the Hammer Metals Option Incentive Plan which was approved by shareholders on 10 June 2016.

Given the speculative nature of the Company's activities and the small management team responsible for its running, it is considered the performance of the Directors and the performance and value of the Company are closely related. As such, the Director Options proposed to be granted will generally only be of benefit if the Directors perform to the level whereby the value of the Company increases sufficiently to warrant exercising those Director Options.

The Director Options will have an expiry date being 4 years from the date of grant of the options and an exercise price equal to 150% of the market closing Share price on the day prior to grant of the Options.

##### ***Chapter 2E of the Corporations Act***

The grant of Director Options to Messrs Davis, El Sayed and Lubieniecki will constitute the giving of a financial benefit to a related party of the Company, for which member approval is usually required pursuant to section 208 of the Corporations Act.

There are various exceptions to the requirement for member approval. This includes, in accordance with section 211 of the Corporations Act, where the benefit is remuneration to a related party as an officer or employee of the Company, and to give the remuneration would be reasonable given:

- the circumstances of the Company in giving the remuneration; and
- the related party's circumstances (including the responsibilities involved in the office or employment).

The Board is of the view that the exception in section 211 of the Corporations Act is relevant to the financial benefits to be granted to Messrs Davis, El Sayed and Lubieniecki.

Accordingly, the Company is not seeking the approval of members under section 208 of the Corporations Act.

### **Reasons shareholder approval is required**

Notwithstanding that the Company is not seeking approval from members under section 208 of the Corporations Act, Listing Rule 10.14 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party.

Furthermore, Shareholder approval of the issue of the Director Options under Listing Rule 10.14 means that the grant of the Director Options will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

### **Technical Information required by Listing Rule 10.15**

- (a) The Director Options will be issued to Messrs Russell Davis; Nader El Sayed and Zbigniew Lubieniecki (or their nominees), all of whom are Directors;
- (b) The maximum number of Director Options to be issued to Mr Davis (or his nominee) is 1,500,000 Director Options;
- (c) The maximum number of Director Options to be issued to Mr El Sayed (or his nominee) is 1,000,000 Director Options;
- (d) The maximum number of Director Options to be issued to Mr Lubieniecki (or his nominee) is 3,000,000 Director Options;
- (e) The Director Options will be issued not later than 12 months after the date of the Meeting (or such other later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that allotment will occur on the same date.
- (f) The Director Options will be issued on the terms and conditions set out in Annexure A;
- (g) The Director Options will be exercisable at any time on or before 5:00pm (WST) on 30 November 2022 ("Expiry Date");
- (h) The Exercise Price of the Director Options will be equal to 150% of the market closing Share Price on the day prior to grant of the Options;
- (i) No loans are being provided to the recipients of the Director Options for the acquisition of the securities.
- (j) The Director Options will be issued for nil cash consideration. Accordingly, no funds will be raised from the issue of the Director Options. If the all of Director Options issued to Messrs Davis, El Sayed and Lubieniecki are exercised, the following represents the maximum amounts which will be raised respectively on the basis of an exercise price of 3.75 cents (being 150% of the market Share price on 12 October 2018, or \$0.025);
  - Davis – 1,500,000 multiplied by the exercise price of 3.8 cents or \$57,000.
  - El Sayed – 1,000,000 multiplied by the exercise price of 3.8 cents or \$38,000.
  - Lubieniecki – 3,000,000 multiplied by the exercise price of 3.8 cents or \$114,000.

**Although the Directors are not seeking approval under section 208 in the interests of good governance they have included the following additional information for shareholders**

### ***Relevant Director's remuneration package***

Mr Davis currently receives annual remuneration (exclusive of superannuation) of \$150,000. Mr Davis received \$150,000 pa from the Company in the two preceding financial years.

Mr El Sayed currently receives annual remuneration (exclusive of superannuation) of \$40,000. Mr El Sayed received \$30,000 pa from the Company in the two preceding financial years.

Mr Lubieniecki currently receives annual remuneration (exclusive of superannuation) of \$40,000. Mr Lubieniecki was appointed on 1 October 2018.

### ***Related party's existing interest***

The following tables sets out Director interests as at the date of this Notice:

Director	Shares	Options
Mr Davis	11,000,000	6,600,000 <sup>1</sup> 4,000,000 <sup>2</sup>
Mr El Sayed	19,500	11,700 <sup>1</sup> 500,000 <sup>2</sup>
Mr Lubieniecki	8,332,700	4,999,620 <sup>1</sup> 1,000,000 <sup>2</sup>

1. HMXOD Listed Options, exercisable on or before 30/9/2020 by payment of \$0.03
2. Unlisted Options exercisable on or before 30/6/2020 by payment of \$0.06

### ***Dilution***

The maximum dilutive effect if all Director Options are exercised (and assuming no other Options are exercised and no other Shares are issued) will be 2.0% on Shareholders.

### ***Trading history***

In the last 12 months before the date of this Notice, the highest, lowest and latest trading prices (as at 15 October 2018) of the listed Shares on ASX are as set out below:

	Shares (ASX: HMX)
Highest (1 February 2018)	\$0.057
Lowest (6-8 August 2018)	\$0.017
Latest (18 October 2018)	\$0.025

### ***Valuation of financial benefit***

The value of the financial benefits to be provided to Messrs Davis, Hewlett, Bodensteiner and El Sayed is set out in the table below, it has been calculated by management using a Black and Scholes model:

	Financial Benefit	Value of Financial Benefit
Mr Russell Davis	1,500,000 Director Options	\$21,126
Mr Nader El Sayed	1,000,000 Director Options	\$14,084
Mr Zbigniew Lubieniecki	3,000,000 Director Options	\$42,252
<b>Totals</b>	<b>4,500,000 Director Options</b>	<b>\$77,462</b>

The value of each financial benefit has been calculated based on the following assumptions:

1. Issued for an issue price of Nil
2. The valuation date was 15 October 2018
3. The Black and Scholes option valuation methodology was used as the basis for the calculation.
4. The Share price as at the valuation date was \$0.025.
5. Exercise price \$0.038 cents, being 150% of the Share price on the date of valuation.
6. The risk free interest rate used was 2.21%.
7. A volatility factor of 89% was used.
8. There are no vesting conditions.
9. The expected dividend yield is 0%.

10. The value of each Director Option is \$0.014
11. The value obtained via the Black and Scholes option valuation method is not the valuation that would be obtained pursuant to the relevant Australian tax legislation.

### ***Terms and Conditions of Options***

The terms and conditions of the Director Options proposed to be granted are set out in Annexure A.

### ***Directors' recommendation and basis of recommendation***

The number of Director Options to be issued to each Director has been determined having considered the input and value the Directors provide to the Company, their respective remuneration packages, existing Director Options held and also, the level of incentive being provided to each Director by virtue of their respective Director Option packages.

Given the speculative nature of the Company's activities and the small management team responsible for its running, the performance of the Directors and the performance and value of the Company are closely related. As such, the Director Options will generally only be of benefit if the Directors perform to the level whereby the value of the Company increases sufficiently to warrant exercising those Director Options.

Because Directors are related parties of the Company and the issue of options is being made under the Hammer Metals Options Incentive Plan, Shareholder approval for the purpose of Listing Rule 10.14 is required before any Shares or Attaching Options can be issued to the Directors.

Each of the Directors abstain from making a recommendation in respect of the Resolutions that relate to the issue of Director Options to themselves (or their nominees).

Russell Davis recommends that Shareholders vote in favour of the Resolutions relating to the issue of Options to each other Director on the basis that the Director Options are to be issued as an incentive to that Director, and in order to retain their valuable services and provide incentives linked to the performance of the Company.

Nader El Sayed recommends that Shareholders vote in favour of the Resolutions relating to the issue of Options to each other Director on the same basis as Mr Davis' recommendation.

Zbigniew Lubieniecki recommends that Shareholders vote in favour of the Resolutions relating to the issue of Options to each other Director on the same basis as Mr Davis' recommendation.

The Chairman intends to vote all available proxies in favour of Resolution 4 to 6.

## **6. RESOLUTIONS 7 AND 8 – RATIFICATION OF SHARE AND OPTION ISSUES – LISTING RULE 7.1**

### **Background**

On 14 September 2018, the Company announced the completion of a pro-rata non-renounceable entitlement issue of Options ("Entitlement Issue" or "Offer") on the basis of 3 new Options for every 5 Shares held as at the record date, to raise \$806,776 before the costs of the offer through the issue of 161,335,205 Listed Options exercisable at \$0.03 on or before 30 September 2020. The price of the Options under the offer was \$0.005.

The Offer was fully underwritten by DJ Carmichael Pty Ltd (the "Underwriter"). Under the underwriting agreement, the Company was required to pay a fee of 6% of the total amount raised pursuant to the Offer, which was satisfied through the issue of 2,305,047 shares and up to 806,776 unlisted Options exercisable at \$0.07 on or before 31 August 2020 ("Underwriter Options"), on the basis of 1 Underwriter Option for each \$1 of Underwritten Securities raised by the offer. A total of 263,280 Underwriter Options were issued in accordance with this agreement.

Furthermore, the Company announced a placement to DJ Carmichael Pty Ltd of 6,666,667 shares at \$0.03, raising \$200,000, with 4,000,000 free-attaching listed (HMXOD) options exercisable at \$0.03 on or before 30 September 2020. The costs of this offer were satisfied through the issue of 400,000 shares to DJ Carmichael Pty Ltd. These issues and placement were made pursuant to the Company's placement under Listing Rules 7.1.

## 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.

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

By ratifying the shares issued under Resolutions 7 and 8, 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 without the requirement to obtain prior Shareholder approval.

Resolutions 7 and 8 are ordinary resolutions.

### **Resolution 7 – 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 7:

- (a) 2,305,074 Shares were issued at a deemed issue price of \$0.021 per Share, being the 30-day VWAP prior to 18 August 2018;
- (b) 263,280 Unlisted Options exercisable at \$0.07 on or before 31 August 2020 were issued in accordance with the terms of the underwriting agreement, being 1 option for each \$1 of underwritten securities raised by the underwriter;
- (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 Shares and Options were issued to the underwriter of the Entitlement Offer, DJ Carmichael Pty Ltd, who are eligible to be made offers without disclosure under an exemption under section 708 of the Corporations Act, and are not a related party of the Company;
- (e) The Shares and Options were issued in lieu of fees payable to DJ Carmichael Pty Ltd for the provision of underwriting services to the company as part of the Entitlement Issue.

The Chairman intends to vote all available proxies in favour of Resolution 7.

### **Resolution 8 – 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 8:

- (a) 6,666,667 Shares were issued at an issue price of \$0.03 per Share;
- (b) 4,000,000 Listed Options exercisable at \$0.03 on or before 30 September 2020 were issued as free-attaching options to the share placement;
- (c) 400,000 Shares were issued at a deemed issue price of \$0.03 per Share, being the market closing price on the date of issue, in satisfaction of the placement fees.
- (d) 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;

- (e) The Shares and Options were issued to DJ Carmichael Pty Ltd, who are eligible to be made offers without disclosure under an exemption under section 708 of the Corporations Act, and are not a related party of the Company;
- (f) The funds raised from the issue (being in total \$200,000) 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 8.

## 7. RESOLUTION 9 – APPROVAL OF 10% PLACEMENT FACILITY

### 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 9 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

### 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 278,297,082 Shares and has a capacity to issue:

- (i) 21,147,625 Equity Securities under Listing Rule 7.1; and
- (ii) 26,749,677 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),

being the “10% Placement Period”.

**Listing Rule 7.1A**

The effect of Resolution 9 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 9 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).



### 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 9 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" 278,297,082 Shares	10% voting dilution	27,829,708 Shares	27,829,708 Shares	27,829,708 Shares
	Funds raised	\$473,105	\$946,210	\$1,892,420
50% Increase in current Variable "A" 417,445,623 Shares	10% voting dilution	41,744,562 Shares	41,744,562 Shares	41,744,562 Shares
	Funds raised	\$709,658	\$1,419,315	\$2,838,630
100% Increase in current Variable "A" 556,594,164 Shares	10% voting dilution	55,659,416 Shares	55,659,416 Shares	55,659,416 Shares
	Funds raised	\$946,210	\$1,892,420	\$3,784,840

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 23 October 2018.
- (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 278,297,082.

- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 9 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 2017 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 9.

During the preceding 12-month period a total of 176,490,227 Equity Securities (comprising 9,371,741 Ordinary shares, 1,763,280 unlisted options and 165,355,206 listed options), which comprises 58.6% of the Company's Equity Securities based on the number of Equity Securities on issue on 28 November 2017 (268,925,341 shares, 32,124,751 unlisted options). 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
15/12/2017	1,500,000	Unlisted options exercisable at \$0.07 on or before 30 November 2019	Issued to various employees under the company Employee Option Plan	Issued for nil consideration and the fair value on the date of issue was nil.	Issued as part of the remuneration and incentive schemes for employees. The current value of these securities is nil.
14/09/2018	165,355,206	Listed options exercisable at \$0.03 on or before 30 September 2020	Issued to various existing shareholders who applied under the company's non-renounceable entitlement issue.	Issued at a price of \$0.005 per option. This was the initial issue of this class of securities and, therefore, no market price was previously established.	Consideration of \$806,776 (before costs) to be used on exploration of the company's Mt Isa projects, to generate new projects and working capital. At the date of this notice approximately \$560,000 remains available for use.
14/09/2018	2,305,074	Ordinary fully-paid shares	Issued to DJ Carmichael Pty Ltd	Issued at a price of \$0.021 under the non-renounceable entitlement issue prospectus dated 17 August 2018, which was the 30-day VWAP up to and including 14 August 2018 of the company's shares. This price represents a discount of 30% to the market price on 14 September 2018 of \$0.03.	Issued in lieu of the underwriting fee of \$48,407 for the non-renounceable entitlement issue of options. The current value of these securities is \$57,627.
14/09/2018	6,666,667	Ordinary fully-paid shares	Issued to DJ Carmichael Pty Ltd	Issued at \$0.03 which was the market price on the date of the issue.	Consideration of \$200,000 to be used to fast track planned exploration program. At the date of this notice approximately \$200,000 remains available for use.
14/09/2018	400,000	Ordinary fully-paid shares	Issued to DJ Carmichael Pty Ltd	Issued at \$0.03 which was the market price on the date of the issue.	Issued in lieu of fees of \$12,000. The current value of these securities is \$10,000.
14/09/2018	263,280	Unlisted options exercisable at \$0.07 on or before 30 November 2019	Issued to DJ Carmichael Pty Ltd	Issued for nil consideration and the fair value on the date of issue was nil.	Issued in lieu of fees in accordance with the Underwriting Agreement for the non-renounceable entitlement issue of options. The current value of these securities is nil.

- (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 9.

The Chairman intends to vote all available proxies in favour of Resolution 9.

## 8. 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.

**ANNEXURE A – TERMS AND CONDITIONS OF DIRECTOR OPTIONS THE SUBJECT OF  
RESOLUTIONS 4, 5, AND 6**

A summary of the terms and conditions of the Director Options the subject of Resolutions 4, 5, and 6 are set out below:

The Director 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 the Exercise Price.
- b) The Exercise Price is to be determined as equal to 150% of the market closing Share price on the day prior to grant date.
- c) The Director Options are exercisable at any time prior to 5.00 pm WST time on 30 November 2022 ("Expiry Date") by notice in writing to the Company accompanied by:
  - (iii) A properly executed Notice of Exercise;
  - (iv) payment of the Exercise Price;
  - (v) subject to clause (d), payment to the Company of an amount equal to the Exercise Price multiplied by the number of options which are being exercised unless there is no Exercise Price payable in respect of the options to be exercised. Unless clause (d) applies, the notice is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, by clearance of that cheque) by the Expiry Date and subject to the options the subject of the notice vesting in accordance with any Exercise Conditions stipulated in these terms and conditions.
- a) In lieu of paying the aggregate Exercise Price to purchase Shares under clause (b)(ii) the Option holder may, at the Board's sole and absolute discretion, elect to receive, without payment of cash or other consideration, upon surrender of the applicable portion of exercisable Options to the Company, a number of Shares determined in accordance with the following formula (a Cashless Exercise):

$$A = \frac{B(C - D)}{C}$$

where:

A = the number of Shares (rounded down to the nearest whole number) to be issued to the option holder;

B = the number of Shares otherwise issuable upon the exercise of the Options or portion of the Options being exercised;

C = the Market Value of one Share determined as of the date of delivery to the Company Secretary;  
and

D = the Exercise Price.

- b) Subject to the Corporations Act, the Listing Rules and the Company's Constitution, the Director Options are not transferable.
- c) Shares will be allotted and issued pursuant to the exercise of Director Options within 10 business days following receipt of a properly executed notice of exercise of the Director Options.
- d) Shares issued upon exercise of the Director 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 Director Options, subject to the requirements of the Listing Rules.

**ANNEXURE A – TERMS AND CONDITIONS OF DIRECTOR OPTIONS THE SUBJECT OF  
RESOLUTIONS 4, 5, AND 6 (CONTINUED)**

- e) There are no participating rights or entitlements inherent in the Director Options and holders will not be entitled to participate in new issues of capital offered or made to Shareholders during the currency of the Director 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 option holders the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.
- f) 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 Director Options can be exercised. Except that the Exercise Price of an Option may be reduced in accordance with the ASX listing rules in the event that a pro-rata issue is made to the holders of the underlying securities in the Company.
- g) 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 option holder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of re-organisation.
- h) The Company will, as required by the Listing Rules, send notice to the option holders stating the name of the option holder, the number of the Director Options held and the number of Shares to be issued on exercise of the Director Options, the Exercise Price, the due date for payment, and the consequence of non-payment.
- i) The Company will not apply for quotation of the Options on ASX.
- j) Subdivision 83A-C of the Income Tax Assessment Act 1997 applies to the Plan except to the extent an Offer provides otherwise.

## ANNEXURE B – TERMS AND CONDITIONS OF UNLISTED UNDERWRITER OPTIONS THE SUBJECT OF RESOLUTION 7

A summary of the terms and conditions of the unlisted Underwriter Options the subject of Resolution 7 are set out below:

- a) Each Option entitles the holder to subscribe for and be allotted one Share at the Exercise Price.
- b) The Exercise Price is \$0.07.
- c) The Underwriter Options are exercisable at any time prior to 5.00 pm WST time on 31 August 2020 ("Expiry Date") by notice in writing to the Company accompanied by:
  - (i) a properly executed Notice of Exercise;
  - (ii) payment to the Company of an amount equal to the Exercise Price multiplied by the number of options which are being exercised unless there is no Exercise Price payable in respect of the options to be exercised. The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, by clearance of that cheque) by the Expiry Date and subject to the options the subject of the notice vesting in accordance with any Exercise Conditions stipulated in these terms and conditions.
- d) Subject to the Corporations Act, the Listing Rules and the Company's Constitution, the Underwriter Options are not transferable.
- e) Shares will be allotted and issued pursuant to the exercise of Underwriter Options within 10 business days following receipt of a properly executed notice of exercise of the D Underwriter Options.
- f) Shares issued upon exercise of the Underwriter 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 Underwriter Options, subject to the requirements of the Listing Rules.
- g) There are no participating rights or entitlements inherent in the Underwriter Options and holders will not be entitled to participate in new issues of capital offered or made to Shareholders during the currency of the Underwriter 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 option holders the opportunity to exercise their Underwriter Options prior to the date for determining entitlements to participate in any such issue.
- h) 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 Underwriter Options can be exercised. Except that the Exercise Price of an Option may be reduced in accordance with the ASX listing rules in the event that a pro-rata issue is made to the holders of the underlying securities in the Company.
- i) 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 option holder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of re-organisation.
- j) The Company will, as required by the Listing Rules, send notice to the option holders stating the name of the option holder, the number of the Underwriter Options held and the number of Shares to be issued on exercise of the Underwriter Options, the Exercise Price, the due date for payment, and the consequence of non-payment.
- k) The Company will not apply for quotation of the Underwriter Options on ASX.
- l) Subdivision 83A-C of the Income Tax Assessment Act 1997 applies to the Plan except to the extent an Offer provides otherwise.



## ANNEXURE C – TERMS AND CONDITIONS OF LISTED OPTIONS THE SUBJECT OF RESOLUTION 8

A summary of the terms and conditions of the Listed Options the subject of Resolution 8 are set out below:

- a) Each Option entitles the holder to subscribe for and be allotted one Share at the Exercise Price.
- b) The Exercise Price is \$0.03.
- c) The Listed Options are exercisable at any time prior to 5.00 pm WST time on 30 September 2022 ("Expiry Date") by notice in writing to the Company accompanied by:
  - (i) a properly executed Notice of Exercise;
  - (ii) payment to the Company of an amount equal to the Exercise Price multiplied by the number of options which are being exercised unless there is no Exercise Price payable in respect of the options to be exercised. The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, by clearance of that cheque) by the Expiry Date and subject to the options the subject of the notice vesting in accordance with any Exercise Conditions stipulated in these terms and conditions.
- d) The Options are transferable subject to any restriction or escrow arrangements imposed by the ASX or under applicable Australian securities laws.
- e) Shares will be allotted and issued pursuant to the exercise of Listed Options within 15 business days following receipt of a properly executed notice of exercise of the Listed Options.
- f) Shares issued upon exercise of the Listed 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 Listed Options, subject to the requirements of the Listing Rules.
- g) There are no participating rights or entitlements inherent in the Listed Options and holders will not be entitled to participate in new issues of capital offered or made to Shareholders during the currency of the Listed 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 option holders the opportunity to exercise their Listed Options prior to the date for determining entitlements to participate in any such issue.
- h) 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 Listed Options can be exercised. Except that the Exercise Price of an Option may be reduced in accordance with the ASX listing rules in the event that a pro-rata issue is made to the holders of the underlying securities in the Company.
- i) 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 option holder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of re-organisation.
- j) The Company will, as required by the Listing Rules, send notice to the option holders stating the name of the option holder, the number of the Listed Options held and the number of Shares to be issued on exercise of the listed Options, the Exercise Price, the due date for payment, and the consequence of non-payment.
- k) The Company will apply for quotation of the Listed Options on ASX.
- l) Subdivision 83A-C of the Income Tax Assessment Act 1997 applies to the Plan except to the extent an Offer provides otherwise.

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**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 2:00pm (WST) on Thursday, 29 November 2018, 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.)

**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 not later than 2.00pm (WST) on 27 November 2018.**

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 Nader El Sayed as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Zbigniew Lubieniecki as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Grant of Options to Mr Russell Davis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Grant of Options to Mr Nader El Sayed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Grant of Options to Mr Zbigniew Lubieniecki	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of Shares and Options to Underwriter - Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Ratification of Placement Shares and Options - Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	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.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 3, 4 & 5 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 3, 4 & 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

As witness my/our hand/s this                      day of    2018

**If a natural person:**

SIGNED by:

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Signature

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Signature (if joint holder)

**If a company:**

Executed in accordance with section 127 of  
the Corporations Act

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Signature of Director

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Signature of Director / Secretary