



ALLOTMENT AND ISSUE OF SECURITIES

Further to the announcement dated 7 February 2019, Hammer Metals Limited (“**Hammer**” or “**the Company**”) (ASX: HMX), wishes to confirm the allotment and issue of the first Tranche of placement shares being 36,000,000 ordinary shares to sophisticated investors at \$0.02 to raise \$720,000 before costs, and 18,000,000 HMXOD free-attaching listed options exercisable at \$0.03 on or before 30 September 2020. (the **Placement**)

The Company confirms it will seek shareholder approval to issue the remaining 14,000,000 shares and 7,000,000 options (Tranche 2) to those directors of the Company who wished to participate, to raise \$280,000.

The Placement is made pursuant to the Company’s placement capacity under listing rules 7.1 and 7.1A as follows:

- 8,170,292 ordinary shares and 18,000,000 listed options issued under listing rule 7.1; and
- 27,829,708 ordinary shares issued under listing rule 7.1A.

7.1A DISCLOSURE

The following 7.1A disclosure is in respect of the issue of 27,829,708 ordinary fully paid shares, issued within the Company’s 7.1A placement capacity pursuant to the share placement announced to the ASX on 7 February 2019.

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

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

Number of shares held by existing shareholders before the Placement	278,297,082
Number of Shares on issue after the Placement (Issued pursuant to LR 7.1A)	306,126,790
% dilutionary effect of Placement on existing shareholders before the Placement	10%

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

Pre-placement security holders who did not participate in the placement	85.62%
Pre-placement security holders who did participate in the placement	10.66%
Participants in the placement who were not previously security holders	3.72%

13 February 2019

ASX Code: HMX : HMXOD

CAPITAL STRUCTURE:

Share Price (12/02/2019)	\$0.026
Shares on Issue	314m
Market Cap	\$8.2m
Options Listed	183m
Options Unlisted	32m

Significant Shareholders

Deutsche Rohstoff	11.2%
Resource Capital Fund VI	8.0%
Management	7.8%

HAMMER METALS LTD:

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E: info@hammermetals.com.au

W: www.hammermetals.com.au

DIRECTORS / MANAGEMENT:

Russell Davis
Executive Chairman

Nader El Sayed
Non-Executive Director

Ziggy Lubieniecki
Non-Executive Director

Mark Pitts
Company Secretary

Mark Whittle
Chief Operating Officer

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

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

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

No underwriting arrangements or underwriting fees are payable.

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

A Lead Management Fee of 2% was payable on the total amount raised under the placement, and an additional 4% was payable on the funds raised by the lead manager.

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

- ENDS -

For further information, refer to the Company's Website 'hammermetals.com.au' or please contact:

Russell Davis | Executive Chairman

M: +61 (0) 419195087

info@hammermetals.com.au

Hammer Metals Limited (ASX:HMX):

Hammer Metals Limited (ASX: HMX) holds a strategic tenement position covering approximately 2500km² within the Mount Isa mining district, with 100% interests in the Kalman (Cu-Au-Mo-Re) deposit, the Overlander North and Overlander South (Cu-Co) deposits and the Elaine (Cu-Au) deposit. Hammer also has a 75% interest in the Millennium (Cu-Co-Au) deposit and a 51% interest in the emerging Jubilee (Cu-Au) deposit. Hammer is an active mineral explorer, focused on discovering large copper-gold deposits of the Ernest Henry style and has a range of prospective targets at various stages of testing.

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

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

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

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

Name of entity

Hammer Metals Limited

ABN

87 095 092 158

We (the entity) give ASX the following information.

Part 1 - All issues

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

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | a) Listed Options
b) Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | a) 18,000,000
b) 36,000,000 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | a) Listed options exercisable at \$0.03 on or before 30 September 2020 |

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Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>a) Listed options rank equally with existing quoted class of listed options (HMXOD). When options are exercised the fully paid ordinary shares issued will rank equally with the existing fully paid ordinary shares of the Company from the date of allotment.</p> <p>b) Ordinary shares rank equally with the existing fully paid ordinary shares of the Company.</p>
<p>5 Issue price or consideration</p>	<p>a) Nil – free attaching options b) Issued at \$0.02 per share</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>a) As free-attaching options to the placement. b) To raise funds to facilitate further exploration of the Company’s projects and for general working capital.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>29 November 2018</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>8,170,292 ordinary shares 18,000,000 listed options</p>

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6d	Number of +securities issued with security holder approval under rule 7.1A	27,829,708 ordinary shares						
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A						
6f	Number of +securities issued under an exception in rule 7.2	N/A						
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Yes, 15-day VWAP provided by Orient capital is \$0.0206						
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A						
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Rule 7.1</td> <td style="text-align: right;">15,574,270</td> </tr> <tr> <td>Rule 7.1A</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Total:</td> <td style="text-align: right;">15,574,270</td> </tr> </table>	Rule 7.1	15,574,270	Rule 7.1A	-	Total:	15,574,270
Rule 7.1	15,574,270							
Rule 7.1A	-							
Total:	15,574,270							
7	<p>+Issue dates</p> <p><small>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</small></p> <p><small>Cross reference: item 33 of Appendix 3B.</small></p>	13 February 2019						
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">314,297,082</td> <td>Fully Paid Ordinary Shares</td> </tr> <tr> <td style="text-align: center;">183,355,206</td> <td>\$0.03 option exp 30/9/2020</td> </tr> </tbody> </table>	Number	+Class	314,297,082	Fully Paid Ordinary Shares	183,355,206	\$0.03 option exp 30/9/2020
Number	+Class							
314,297,082	Fully Paid Ordinary Shares							
183,355,206	\$0.03 option exp 30/9/2020							

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Appendix 3B
New issue announcement

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	12,800,000	\$0.06 option exp 30/6/2020
	5,000,000	\$0.075 option exp 29/6/2019
	2,676,078	\$0.07 option exp 31/08/2020
	1,500,000	\$0.07 option exp 30/11/2019
	10,000,000	\$0.032 option exp 30/11/2022

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
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Part 2 - Pro rata issue

11 Is security holder approval required?	
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12 Is the issue renounceable or non-renounceable?	
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13 Ratio in which the +securities will be offered	
---	--

14 +Class of +securities to which the offer relates	
---	--

15 +Record date to determine entitlements	
---	--

16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
---	--

17 Policy for deciding entitlements in relation to fractions	
--	--

18 Names of countries in which the entity has security holders who will not be sent new offer documents	
<small>Note: Security holders must be told how their entitlements are to be dealt with.</small>	
<small>Cross reference: rule 7.7.</small>	

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

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Appendix 3B
New issue announcement

33 +Issue date

Part 3 - Quotation of securities

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

34 Type of +securities
(tick one)

(a) +Securities described in Part 1

(b) All other +securities

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

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

]

Tick to indicate you are providing the information or documents

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

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

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

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Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

39 +Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)		

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Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: 
(Director/Company secretary)

Date: 13 February 2019

Print name: Mark Pitts
.....
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Appendix 3B – Annexure 1

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

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

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	268,925,341
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	9,371,741
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	None
“A”	278,297,082

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Appendix 3B
New issue announcement

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	41,744,562
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>8,170,292 ordinary shares issued 13 February 2019</p> <p>18,000,000 listed options issued 13 February 2019</p>
“C”	26,170,292
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	41,744,562
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	26,170,292
Total [“A” x 0.15] – “C”	15,574,270 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

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Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	278,297,082
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	27,829,708
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	27,829,708 ordinary shares issued 13 February 2019
“E”	-

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Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A

"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	27,829,708
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	27,829,708
Total ["A" x 0.10] – "E"	- <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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13 February 2019

Notice under Section 708A (5)

The Company has today confirmed the issue of 36,000,000 fully paid ordinary shares together with 18,000,000 HMXOD listed options as the first tranche of a private placement to sophisticated investors at \$0.02 per share to raise \$720,000 before costs as announced on 7 February 2019.

The listed options have an exercise price of \$0.03 and expire on 30 September 2020.

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

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

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

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

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

Yours faithfully

By Order of the Board

A handwritten signature in blue ink, appearing to read "Mark Pitts", is written over a faint, large watermark that says "For personal use only".

Mark Pitts
Company Secretary
On behalf of the Board