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7 July 2026

RECEIPT OF UNSOLICITED, NON-BINDING AND INDICATIVE COMPETING PROPOSAL FROM AUSTRAL RESOURCES

Hammer Metals Limited (ASX: HMX) ("**Hammer**") advises it has received an unsolicited, non-binding and indicative proposal from Austral Resources Australia Ltd (ASX: AR1) ("**Austral**").

Austral has proposed to acquire 100% of the issued capital of Hammer by way of scheme of arrangement under Part 5.1 of the *Corporations Act 2001* (Cth) ("**Austral Scheme**"). Concurrently, Hammer's Western Australian gold assets held in Carnegie Exploration Pty Ltd ("**Carnegie**") are proposed to be demerged via a capital reduction and in-specie share distribution to Hammer shareholders ("**Austral Demerger**").

The proposed Austral Scheme and Austral Demerger are inter-conditional and are together referred to as the "**Austral Proposal**." Carnegie or such other entity incorporated for the purposes of undertaking the proposed Austral Demerger ("**SpinCo**") would be an unlisted public company at implementation of the Austral Demerger.

Subject to Hammer complying with its obligations under the Larvotto SID (defined below), under the Austral Proposal, Hammer shareholders would receive total implied consideration of $0.087 per Hammer share or approximately $80.7 million in aggregate[1], comprising:

- $0.080 per Hammer share in new Austral shares, with the final exchange ratio to be agreed and fixed in any scheme implementation deed entered into between Hammer and Austral; and
- $0.007 per Hammer share of implied value through shares in SpinCo.

The Austral Proposal also contemplates the provision of a working capital facility of up to $5.0 million to Hammer on matching or more favourable terms than the $4.0 million working capital facility provided by Larvotto Resources Limited (ASX: LRV) ("**Larvotto**").

The Austral Proposal is expressed to be conditional on:

- completion of confirmatory due diligence on Hammer;
- negotiation and execution of transaction documents, including a scheme implementation deed and a demerger implementation agreement, to include customary deal protections; and
- satisfaction of customary scheme conditions including Hammer Board recommendation (subject to the no superior proposal), Hammer shareholder approval, ASIC, ASX and Court approvals, and an independent expert concluding the Scheme is in the best interests of Hammer shareholders.

The Austral Proposal is incomplete and conditional, is not an offer capable of acceptance and remains non-binding and indicative only. There is no certainty that the Austral Proposal will result in a binding proposal or that any transaction with Austral will eventuate.

The Hammer Board, after consultation with its financial advisers and after receiving written legal advice from its legal advisers, has carefully considered the Austral Proposal and determined in good faith that it is a bona fide Competing Proposal (as defined in the Scheme Implementation Deed entered into between Hammer and Larvotto dated 11 June 2026 ("**Larvotto SID**")), it could reasonably be expected

[1] Based on Hammer's fully diluted share capital of approximately 929.3 million, including expected treatment of outstanding options and performance rights under the Austral Proposal.

to become a Superior Proposal (as defined in the Larvotto SID) relative to the proposed scheme of arrangement between Hammer and Larvotto ("**Larvotto Scheme**") and that compliance with the "No talk" and "Due diligence" clauses of the Larvotto SID would constitute, or would be reasonably likely to constitute, a breach of the Hammer Board's fiduciary or statutory duties.

Accordingly, the Hammer Board has determined that the fiduciary exception under the Larvotto SID applies and Hammer intends to engage with Austral in relation to the Austral Proposal as well as to facilitate proposed mutual due diligence (subject to execution of a confidentiality agreement).

Hammer shareholders do not need to take any action at this time and the Hammer Board will continue to keep shareholders and the market informed of developments with respect to the Austral Proposal and the Larvotto Scheme.

As at the date of this announcement, the Hammer Board remains committed to, and unanimously recommends, that Hammer shareholders vote in favour of the Larvotto Scheme, in the absence of a Superior Proposal (as defined in the Larvotto SID) and subject to the Independent Expert concluding, and continuing to conclude, that the Larvotto Scheme is in the best interests of Hammer shareholders.

This announcement has been authorised for release to ASX by the Board of Hammer Metals Limited

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Forward Looking Information

This announcement may contain forward looking statements that are subject to risk factors associated with exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.