ASX ANNOUNCEMENT

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7 July 2026

SUBMISSION OF NON-BINDING INDICATIVE PROPOSAL FOR HAMMER METALS LIMITED (ASX: HMX)

Strategic acquisition for additional future Rocklands feed source

Highlights:

- Austral Resources Australia Ltd (ASX: AR1) has submitted a Proposal to acquire Hammer Metals (ASX: HMX) for a total implied value of A$0.087 per Hammer share, representing a 29.9% premium to the existing Larvotto Resources Limited (ASX: LRV) scheme proposal
- The AR1 Proposal is supported by non-binding voting intention statements from Hammer shareholders representing approximately 6-7% of Hammer's issued share capital
- The Hammer portfolio provides an additional 39.2Mt[1] future feed source for Rocklands; along with exploration upside, an expanded Resource inventory, and enhanced scale

Austral Resources Australia Ltd (**ASX:AR1**) ("**Austral**" or the "**Company**") acknowledges the announcement released to ASX today by Hammer Metals Ltd (**ASX: HMX**) (**"Hammer"**). Austral confirms it has submitted a non-binding indicative proposal to acquire Hammer on the terms as set out in the Hammer release (**"AR1 Proposal"**).

Austral proposes to acquire 100% of the shares in Hammer for a total implied value of A$0.087 per Hammer share (~A$80.8 million total equity value), representing a 29.9% premium to the existing Larvotto Resources Limited proposal (**ASX: LRV**) (**"LRV Proposal"**) via combination of:

- AR1 Share Consideration (A$0.080 per Hammer share); and
- Shares in a new company incorporating Hammer's Western Australian gold assets (being the Bronzewing South, Orelia North and Mt Sefton projects currently held in Carnegie Exploration Pty Ltd), via an inter-conditional demerger on the same structural basis as has already been agreed in the proposal between Hammer and LRV (A$0.007 per share).

Austral's current intention is to implement the acquisition by way of a Board-recommended Scheme of Arrangement, noting the Hammer Board is yet to determine that the AR1 Proposal is Superior to the LRV Proposal.

[1] The Kalman Mineral Resource Estimate (MRE) of 39.2Mt @ 0.53% Cu was first announced by Hammer (ASX:HMX) on 8 May 2023 and is comprised of 17.1Mt @ 0.43% Cu indicated MRE, 10.5Mt @ 0.40% Cu measured MRE and 11.5Mt @ 0.80% Cu inferred MRE.

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Strategic Rationale for Austral

The Proposal is strategically compelling for Austral and its shareholders for the following reasons:

- **Rocklands feed source** – The Hammer portfolio, headlined by Kalman (Cu-Au-Mo-Re), provides a credible ~39.2Mt long-term source of ore feed for the Rocklands processing facility, supporting sustained operations and future production growth. Kalman's addition to the Austral portfolio provides optimal economics, and eliminates the risk of sub-optimal economics (for all parties) associated with toll treatment of this ore;
- **Portfolio scale** – The acquisition significantly enlarges Austral's resource inventory and tenement footprint across the Mt Isa Inlier, consolidating Austral's position as the dominant mid-tier copper developer in northwest Queensland; and
- **Discovery potential** – Hammer's tenement package includes highly prospective and largely underexplored ground in the Mary Kathleen domain. Austral's exploration capability and balance sheet positions the Austral-Hammer vehicle to systematically test this potential for the first time.

Key Benefits to Hammer Shareholders

The AR1 Proposal will result in an ASX-listed 100% Queensland copper-focused producer, developer and explorer across the northwest Queensland region.

Alongside the superior consideration, the Austral Board believes the Proposal delivers significant benefits to Hammer shareholders, including the following genuine operational synergies:

- **Rocklands processing pathway** – Austral's Rocklands flotation plant (3Mtpa, targeting mid-2027 recommission, located 17km west of Cloncurry) provides a logical processing pathway for Hammer's copper-gold sulphide resources, including Kalman (~60km from Rocklands by road). As the owner of the Rocklands processing facility, Austral's long-term strategy is to maximise and sustain plant utilisation through the development of its own assets and the selective acquisition of complementary ore sources. The Hammer portfolio represents a natural strategic fit, capable of providing a long-term source of feed to support production continuity and extend the operational life of the Rocklands processing hub.
- **Austral has a seasoned team and significant presence in the region** – Austral's existing operational presence across the northwest Queensland corridor (including team, regulatory relationships, logistics, and community position) directly transfers to the acceleration of Hammer's portfolio development, at materially lower cost and risk than Hammer or LRV could achieve on a standalone basis;
- **Exploration re-invigoration** –Austral's balance sheet (A$75m cash, debt-free) positions it to immediately fund a reinvigorated exploration programme across the combined northwest Queensland portfolio.

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Appointment of Advisers

Austral has appointed Euroz Hartleys Limited and Shaw and Partners Limited as its joint financial advisers to the transaction. GLG Legal has been appointed as legal adviser.

Austral's Chairman, David Newling, commented:

"We believe this proposal represents a compelling and strategically superior outcome for Hammer shareholders. It offers a materially higher value proposition than the current Larvotto proposal, while combining two highly complementary Queensland copper businesses to create a larger, more relevant and better-capitalised company. Importantly, the transaction brings together Hammer's high-quality resource base with Austral's existing processing infrastructure, operational capability and strong balance sheet, creating genuine and immediately actionable synergies that we believe can accelerate development, unlock additional value from assets such as Kalman, and deliver greater long-term benefits for shareholders of both companies.

"We look forward to welcoming Hammer shareholders to the Austral family and working together to deliver the benefits of a larger, stronger and more diversified business for all stakeholders. This is yet another forward step in our journey to become Australia's next mid-tier copper powerhouse."

The AR1 Proposal remains conditional on:

- completion of confirmatory due diligence on Hammer, and Hammer due diligence on Austral;
- negotiation and execution of customary transaction documents, including a scheme implementation deed and a demerger implementation agreement; and
- satisfaction of customary scheme conditions including Hammer Board recommendation, Hammer shareholder approval, ASIC, ASX and Court approvals, and an independent expert concluding the Scheme is in the best interests of Hammer shareholders.

The Company will progress the AR1 Proposal and will keep the market informed in accordance with its continuous disclosure obligations.

This announcement is authorised for market release by the Board of Directors.

FURTHER INFORMATION, PLEASE CONTACT:

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About Austral Resources

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