Austral Resources Australia Ltd (ASX:AR1)

ASX ANNOUNCEMENT

AUSTRAL RESOURCES

11 August 2026

AUSTRAL RESOURCES EXECUTES SCHEME IMPLEMENTATION DEED TO ACQUIRE HAMMER METALS (ASX: HMX)

CONTINUED EXECUTION OF AR'S STRATEGY; BUILDING AUSTRALIA'S NEXT MID-TIER COPPER POWERHOUSE

Highlights:

- Austral Resources Australia Ltd (ASX: AR1) has executed a binding Scheme Implementation Deed to acquire 100% of Hammer Metals Limited (ASX: HMX)
- Larvotto Resources Limited (ASX: LRV) has confirmed it will not exercise its matching right to submit a counterproposal to the Austral Proposal.
- The Hammer Board (representing 7% of Hammer shares) unanimously recommends that Hammer shareholders vote in favour of the Scheme, subject to no superior proposal and the Independent Expert concluding that the Scheme is in the best interests of Hammer shareholders.
- Creates a leading Queensland-focused copper producer, developer and explorer with increased resource scale, processing capability and exploration upside.
- Hammer's flagship Kalman deposit, comprising approximately 39.2Mt at 1.1% CuEq and located approximately 60km from Rocklands, has the potential to become a significant future source of feed for the Rocklands operation.
- Hammer shareholders to receive total implied value of A$0.087 per share, comprising Austral shares and participation in the proposed demerger of Hammer's Western Australian gold assets ("SpinCo").
- Based on Austral's closing share price of A$0.072 on 7 August 2026, the Scheme consideration has an implied value of approximately A$0.100 per Hammer share, including A$0.007 per share attributable to SpinCo.
- The Scheme consideration represents a 70.6% premium to Hammer's closing share price on 10 June 2026, prior to announcement of the Larvotto proposal.
- Hammer shareholders are expected to own approximately 31.1% of the enlarged Austral group following implementation of the Scheme.
- Major Hammer shareholders representing approximately 16% of Hammer shares have also provided voting intention statements confirming their intention to vote in favour of the Scheme, subject to the stated conditions.

Austral Resources Australia Ltd (ASX: AR1) ("**Austral**" or the "**Company**") is pleased to announce that it has entered into a binding Scheme Implementation Deed ("**SID**") with Hammer Metals Limited (ASX: HMX) ("**Hammer**"), under which Austral will acquire 100% of the issued share capital of Hammer by way of a scheme of arrangement ("**Scheme**").

The execution of the SID follows Larvotto Resources Limited's (ASX: LRV) decision not to exercise its matching right in respect of the Austral Proposal. The Hammer Board has unanimously recommended that Hammer shareholders vote in favour of the Scheme, subject to no superior proposal and the Independent Expert concluding that the Scheme is in the best interests of Hammer shareholders.

The transaction represents a significant milestone in Austral Resources' strategy to build a leading Queensland copper company, combining complementary resources, processing infrastructure and exploration assets across Queensland.

Further details of the transaction are included in Austral ASX announcement "Binding Proposal to Acquire Hammer Metals" released on 3 August 2026.

Compelling Value for Hammer Shareholders

The Scheme consideration provides Hammer shareholders with a total implied value of A$0.087 per Hammer share ("**Consideration**"), comprising:

- **1.2903 Austral shares for each Hammer share held**, implying a value of approximately **A$0.080 per Hammer share** based on Austral's closing share price on 31 July 2026, being the last trading day prior to announcement of Austral's binding proposal to acquire Hammer; and
- **A$0.007 per Hammer share** of implied value through the proposed demerger of Hammer's Western Australian gold assets into SpinCo.

The Consideration represents a compelling premium for Hammer shareholders, including a:

- 70.6% premium to the closing price of Hammer shares on 10 June 2026, being the last trading day prior to announcement of the Larvotto proposal; and
- 26.5% premium to Hammer's 30-day VWAP up to and including 7 August 2026.

Importantly, Hammer shareholders will not only realise this premium but will also retain meaningful exposure to the future upside of the combined business through their approximately **31.1% ownership interest in the enlarged Austral group**.

The Scheme implies a total equity value for Hammer of approximately A$80.7 million.

Based on Austral's closing share price of A$0.072 on 7 August 2026, the Scheme consideration has an implied value of approximately A$0.100 per Hammer share, including A$0.007 per share attributable to SpinCo[1].

[1] Based on Hammer's fully diluted shares on issue of 929.3 million (inclusive of performance rights and options) as at 7 August 2026.

Hammer Board Recommendation

The Scheme is unanimously recommended by the Hammer Board. Each Hammer director has committed to vote all Hammer shares they control, representing approximately 7% of Hammer shares, in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert concluding, and continuing to conclude, that the Scheme is in the best interests of Hammer shareholders.

Major Hammer shareholders, who collectively control approximately 141.0 million shares in Hammer (representing approximately 16% of Hammer) also support the Scheme and have provided voting intention statements confirming that they intend to vote all of their shares held as at the date of the Scheme meeting in favour of the Scheme, subject to no superior proposal emerging and subject to the independent expert (to be appointed by Hammer) concluding, and continuing to conclude, that the Scheme is in the best interests of Hammer shareholders.

Indicative Transaction Timetable

An indicative timetable for implementation of the Scheme will be included in the Scheme Booklet to be dispatched to Hammer shareholders.

Event	Date
Announcement of Scheme and Demerger	Tuesday, 11 August 2026
First Court Date	September 2026
Dispatch of Scheme Booklet to Hammer shareholders	Late September 2026 - October 2026
Scheme Meeting of Hammer Shareholders to approve Scheme and Demerger	October 2026 - November 2026
Second Court Date	October 2026 - November 2026
Effective Date for the Scheme	November 2026
Scheme and Demerger Record Date	November 2026
Demerger Implementation (transfer of Carnegie Exploration shares)	November 2026
Implementation Date for Scheme	November 2026

The above timetable is indicative only and remains subject to Court availability, regulatory approvals and the satisfaction or waiver of the conditions precedent set out in the Scheme Implementation Deed.

Advisers

Austral's advisers in relation to the Transaction are:

- Euroz Hartleys Limited – Joint Financial Adviser;
- Shaw and Partners Limited – Joint Financial Adviser; and
- GLG Legal – Legal Adviser.

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Austral Chairman Comment

David Newling, Chairman of Austral Resources, commented:
"The execution of the Scheme Implementation Deed marks an important step in Austral Resources' strategy to build a leading Queensland copper company.

Hammer's resource base and exploration portfolio are highly complementary to Austral Resource's existing operations, infrastructure and development plans. The combination creates a stronger regional platform, with the potential to unlock significant value through greater scale, infrastructure utilisation and future resource development.

Importantly, the transaction delivers a substantial premium for Hammer shareholders while allowing them to retain meaningful exposure to the future growth of the combined business.

Together, Austral Resources and Hammer will create a stronger platform to pursue our ambition of becoming Australia's next mid-tier copper powerhouse."

This announcement is intended to lift the current trading halt in AR1 securities.

This announcement has been authorised for release by the Board of Austral Resources Australia Ltd.

FURTHER INFORMATION, PLEASE CONTACT:

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About Austral Resources

To learn more, please visit: www.australres.com

Conditions of the Scheme

Implementation of the Scheme remains subject to a number of customary conditions, including:

- Hammer shareholder approval at the Scheme Meeting;
- Court approval of the Scheme;
- An Independent Expert concluding, and continuing to conclude, that the Scheme is in the best interests of Hammer shareholders;
- ASIC, ASX and other required regulatory approvals;
- No prescribed occurrences occurring in respect of either Austral or Hammer;
- No material adverse change occurring in respect of either company;
- Accuracy of warranties given by each party;
- Completion of arrangements relating to Hammer incentive securities;
- Approval and implementation of the SpinCo demerger; and
- Other customary conditions for a transaction of this nature.

Exclusivity arrangements

The SID contains customary exclusivity provisions in favour of Austral, including:

- No-shop restrictions;
- No-talk restrictions;
- No due diligence restrictions;
- Notification obligations on Hammer in respect of competing proposals; and
- Matching rights in favour of Austral.

These provisions are subject to customary fiduciary exceptions permitting the Hammer Board to fulfil its statutory and fiduciary duties.

Break fee

The SID contains a reciprocal commercial framework under which Hammer may be required to pay Austral a break fee of A$730,000, subject to customary limitations and circumstances (the "Break Fee").

The Break Fee may become payable in certain circumstances, including where a competing proposal succeeds or where the Hammer Board changes its recommendation in favour of a superior proposal.

Austral loan facility to Hammer

In connection with entry into the SID, Austral and Hammer have entered into a binding loan agreement for an unsecured loan facility of up to $6.0 million to support Hammer through the SID implementation period.
The Austral Loan Facility will be available for drawdown in accordance with the agreed budget and cashflow plan and is intended to fund repayment of the outstanding amount under the LRV loan facility, payment of the LRV break fee payable to following termination of the Larvotto SID and Hammer's ongoing operations and general working capital requirements through to implementation of the Scheme.

The loan facility is unsecured and interest free while the SID remains on foot, provided no event of default has occurred. If the SID is terminated, the loan facility will become repayable in accordance with its terms, with interest applying in certain circumstances.

Important Notices and Disclaimer

Some of the information contained in this disclosure constitutes forward-looking statements that are subject to various risks and uncertainties. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'should', 'will', 'expects', 'plans' or similar expressions. These statements discuss future objectives or expectations concerning results of operations potential synergies or financial conditions or provide other forward-looking information. The actual results, performance or achievements could be different from the results or objectives expressed in, or implied by, those forward-looking statements.

To the maximum extent permitted by law, AR1 and each of its respective related bodies corporate, shareholders and affiliates, and each of their respective officers, directors, partners, employees, representatives, affiliates, agents, consultants and advisers:

- expressly disclaim any and all responsibility and liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) for any direct, indirect, consequential or contingent loss or damage arising from this disclosure or reliance on anything contained in or omitted from it or otherwise arising in connection with this disclosure;
- do not make any representation or warranty, express or implied, as to the accuracy, reliability, completeness or fairness of the information, opinions and conclusions contained in this disclosure or that this disclosure contains all material information about Austral or the Transaction or that a prospective investor or purchaser may require in evaluating the Definitive Proposal, the Transaction, a possible acquisition of shares in AR1 or HMX, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement.