2026 ANNUAL REPORT

ASX RELEASE
29 October 2026

DIRECTORS / MANAGEMENT

Russell Davis
Chairman

Daniel Thomas
Managing Director

David Church
Non–Executive Director

James Croser
Non–Executive Director

Mark Pitts
Company Secretary

Mark Whittle
Chief Operating Officer

CAPITAL STRUCTURE

ASX Code: HMX

Share Price (28/10/2026)	$0.072
Shares on Issue	893m
Market Cap	$64.3m
Options Unlisted	29.5m
Performance Rights	7.0m
Cash (30/06/2026)	$1.5m

Hammer Metals Ltd (ASX:HMX) ("**Hammer**" or the "**Company**") is pleased to attach its 2026 Annual Report.

This announcement has been authorised for issue by the Board of Hammer Metals Limited in accordance with ASX Listing Rule 15.5.

For further information please contact:

Daniel Thomas
Managing Director

T +61 8 6369 1195
E info@hammermetals.com.au

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About Hammer Metals

Hammer Metals Limited (ASX: HMX) holds a strategic tenement position covering approximately 3,400km2 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, the Lakeview (Cu-Au) deposit and the Elaine (Cu-Au) deposit. Hammer also has a 51% interest in the Jubilee (Cu-Au) deposit. Hammer is an active mineral explorer, focused on discovering large copper-gold deposits of Ernest Henry style and has a range of prospective targets at various stages of testing. Hammer also holds a 100% interest in the Bronzewing South Gold Project located adjacent to the 2.3 million-ounce Bronzewing gold deposit in the highly endowed Yandal Belt of Western Australia.

Hammer Metals Limited

ABN 87 095 092 158

Annual Report

For the year ended 30 June 2026

Corporate Directory

DIRECTORS

Russell Davis – Non-Executive Chairman
Daniel Thomas – Managing Director
David Church – Non-Executive Director
James Croser – Non-Executive Director

COMPANY SECRETARY

Mark Pitts

PRINCIPAL AND REGISTERED OFFICE

Suite 2, Level 2, 41 Colin Street
West Perth WA 6005
Telephone: +61 8 6369 1195
info@hammermetals.com.au
www.hammermetals.com.au

POSTAL ADDRESS

PO Box 372
West Perth WA 6872

AUDITOR

PKF Perth
Level 5, 35 Havelock Street
West Perth WA 6005

SHARE REGISTRY

Automic Pty Ltd
Level 5, 191 St Georges Terrace
Perth WA 6000
Telephone: 1300 288 664

SECURITIES EXCHANGE LISTING

Australian Securities Exchange
ASX code: HMX

ABN

87 095 092 158

CORPORATE GOVERNANCE

The Company's Corporate Governance Statement is available at
www.hammermetals.com.au/about/corporate-governance

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INTRODUCTION

Chairman's Letter

Dear Fellow Shareholders,

On behalf of the Board, I am pleased to present the 2026 Annual Report of Hammer Metals Limited (Hammer or the Company). If the proposed scheme of arrangement with Austral Resources Australia Ltd (Austral), as announced on 11 August 2026 (Austral Scheme), is implemented, this will be the last annual report Hammer presents as an independent ASX listed company, so this letter is a little different from those I have written in previous years.

During the financial year, Hammer announced that it entered into a binding scheme implementation deed with Larvotto Resources Limited (Larvotto) pursuant to which Larvotto proposed to acquire all of the ordinary shares in Hammer by way of a scheme of arrangement under Part 5.1 of the *Corporations Act 2001 (Cth)* (Larvotto Scheme). Subsequently, Hammer received a binding proposal from Austral which was deemed to be a "superior proposal" to the Larvotto Scheme. On 10 August 2026, Larvotto announced its intention not to exercise its matching rights. On 11 August 2026, Hammer terminated the scheme implementation deed with Larvotto and entered into the scheme implementation deed with Austral. Under both proposals our Western Australian gold assets are to be demerged into a separate company, Carnegie Resources Limited, to be owned by Hammer shareholders, so that shareholders keep their exposure to Bronzewing South, Orelia North and Mount Sefton.

The Scheme Booklet dated 2 October 2026 was sent to shareholders on 8 October 2026. It contains the Board's recommendation, the reasons for it and the Independent Expert's Report, and I would encourage every shareholder to read it carefully.

The interest Hammer has attracted reflects the asset base the team has built in the Mount Isa district over more than a decade: JORC Mineral Resources at Kalman, Overlander, Lakeview and Jubilee, and a large, well located tenement holding with many prospects that have barely been drill tested.

Operationally, the highlight of the year was the return to resource drilling at Kalman, where eight RC holes returned some of the best intercepts in the deposit's history, including 165m at 2.24% recovered copper equivalent from 175m in K-162. A portfolio-wide review of our Mount Isa ground generated new targets at Kalman West, Orphan East, Keyser and Redback, and the Queensland Government supported two of these programs through $336,000 in Collaborative Exploration Initiative grants.

Our joint venture partners, Sumitomo Metal Mining Oceania and South32, funded drilling at Bullrush and the Isa Valley, and South32 has elected to move to the next stage of the Isa Valley earn-in. In Western Australia, drilling at the Bronzewing South gold prospect confirmed that the high-grade zone on the neighbouring Bronzewing Mining Lease continues into Hammer tenure. A Mining Lease Application was also lodged over the nearby Orelia North gold deposit.

I would like to thank Dan Thomas, Mark Whittle and the exploration team for their work during a demanding year, and my fellow directors as well as our legal and corporate advisors for their counsel through the transaction process. Above all, thank you to our shareholders for your support of Hammer over many years.

Sincerely,



Russell Davis
Chairman

INTRODUCTION

The Year at a Glance

Year ended 30 June 2026

2,326m	RC drilling in eight holes at the Kalman Critical Metals Project
165m	at 2.24% CuEqRec (0.47% Cu, 0.31g/t Au, 0.32% Mo, 6.4g/t Re) from 175m in K-162, within the conceptual open-pit shell
$336k	Queensland Government CEI grants awarded for Kalman West and Isa Valley
2,516m	partner-funded drilling at the Bullrush and Isa Valley joint ventures
54.5koz	Orelia North Inferred Resource, now covered by a Mining Lease Application
$1.53m	cash at 30 June 2026, with no equity raised during the year

Highlights

- **Kalman:** drilling to support a resource upgrade and Scoping Study intersected broad zones of copper, gold, molybdenum and rhenium mineralisation.
- **Mount Isa regional review:** portfolio-wide prospectivity analysis across 43 tenements generated new targets at Kalman West, Orphan East, Keyser and Redback.
- **Mount Isa East JV:** the Mount Philp and Even-Steven areas, including Trafalgar, Pearl and Jimmy Creek, returned to 100% Hammer ownership.
- **Isa Valley:** South32 completed the maiden drilling program and elected to proceed to Stage 3 of the earn-in.
- **Bronzewing South:** 8.95m at 1.32g/t Au from 414m, including 0.48m at 15.45g/t Au, in BWSRCD081.
- **New WA gold ground:** Mount Sefton option secured and granted, and three Weebo exploration licence applications lodged.

Since the end of the year

- 17 July 2026: SMMO gave notice of its withdrawal from the remaining Mount Isa East Joint Venture areas, with the Joint Venture terminating on 14 October 2026.
- 3 August 2026: binding proposal received from Austral, determined by the Board to be a superior proposal to the Larvotto Scheme.
- 11 August 2026: Larvotto scheme implementation deed terminated and scheme implementation deed entered into with Austral.
- 8 October 2026: Scheme Booklet dispatched to shareholders, and ASIC extension granted to hold the 2026 AGM by no later than 31 January 2027.
- 9 November 2026: Demerger Meeting and Scheme Meeting to be held.

INTRODUCTION

Key Dates for Shareholders

Scheme and Demerger

The Demerger Meeting will be held at 10:00am (AWST) on Monday, 9 November 2026 at Park Business Centre, 45 Ventnor Avenue, West Perth WA 6005, followed by the Scheme Meeting at the later of 11:00am (AWST) and the conclusion of the Demerger Meeting. The key dates for the Scheme and Demerger, as set out in the Scheme Booklet dated 2 October 2026 (Scheme Booklet), are:

Event	Date
Deadline for lodgement of proxy forms for the Demerger Meeting	10:00am (AWST), Saturday 7 November 2026
Deadline for lodgement of proxy forms for the Scheme Meeting	11:00am (AWST), Saturday 7 November 2026
Voting entitlement time for both meetings	5:00pm (AWST), Saturday 7 November 2026
Demerger Meeting	10:00am (AWST), Monday 9 November 2026
Scheme Meeting	Later of 11:00am (AWST) and the end of the Demerger Meeting, Monday 9 November 2026
Demerger Effective Date	Tuesday 10 November 2026
Second Court Hearing to approve the Scheme	10:15am (AWST), Friday 13 November 2026
Scheme Effective Date and last day of trading in Hammer shares on ASX	Monday 16 November 2026
New Austral shares commence trading on a deferred settlement basis (ASX: AR1)	Tuesday 17 November 2026
Demerger Record Date and Scheme Record Date	7:00pm (Sydney time), Wednesday 18 November 2026
Deadline for Small Shareholders to lodge an Opt-out Notice	5:00pm (AWST), Friday 20 November 2026
Demerger Implementation Date – transfer of SpinCo shares	Monday 23 November 2026
Scheme Implementation Date – provision of the Scheme Consideration	Wednesday 25 November 2026
Hammer removed from the official list of ASX; new Austral shares trade on a normal settlement basis	Thursday 26 November 2026

All dates and times are indicative only and are subject to change, including as a result of the Court approval process and the satisfaction or waiver of the conditions precedent to the Scheme. Any changes will be announced to ASX.

Shareholders should read the Scheme Booklet in full before deciding how to vote. Shareholders with questions about the Austral Scheme, the Demerger or the Scheme Booklet can call the Hammer Metals Information Line on 1300 109 770 (within Australia) or +61 2 8072 1483 (from outside Australia), Monday to Friday between 6:30am and 5:00pm.

OPERATIONS

Review of Operations

FY26 saw Hammer return to resource-focused drilling at Mount Isa, with a new phase of reverse circulation drilling at the Kalman Critical Metals Project returning some of the strongest intercepts in the deposit's history. In Western Australia, drilling at Bronzewing South confirmed that the high-grade zone on the neighbouring Bronzewing Mining Lease continues into Hammer's ground, and a Mining Lease Application was lodged over Hammer's 100%-owned Orelia North gold deposit.

Mount Isa Project, Queensland (100% Hammer)

Following recent relinquishments, Hammer holds approximately 3,400km² of tenure across 44 tenements in the Mount Isa district, including 100% of the JORC Mineral Resources at Kalman, Overlander North and South and Lakeview, and 51% of Jubilee. During the year the focus shifted from regional reconnaissance to resource drilling at Kalman and the ranking of the wider portfolio for drilling.

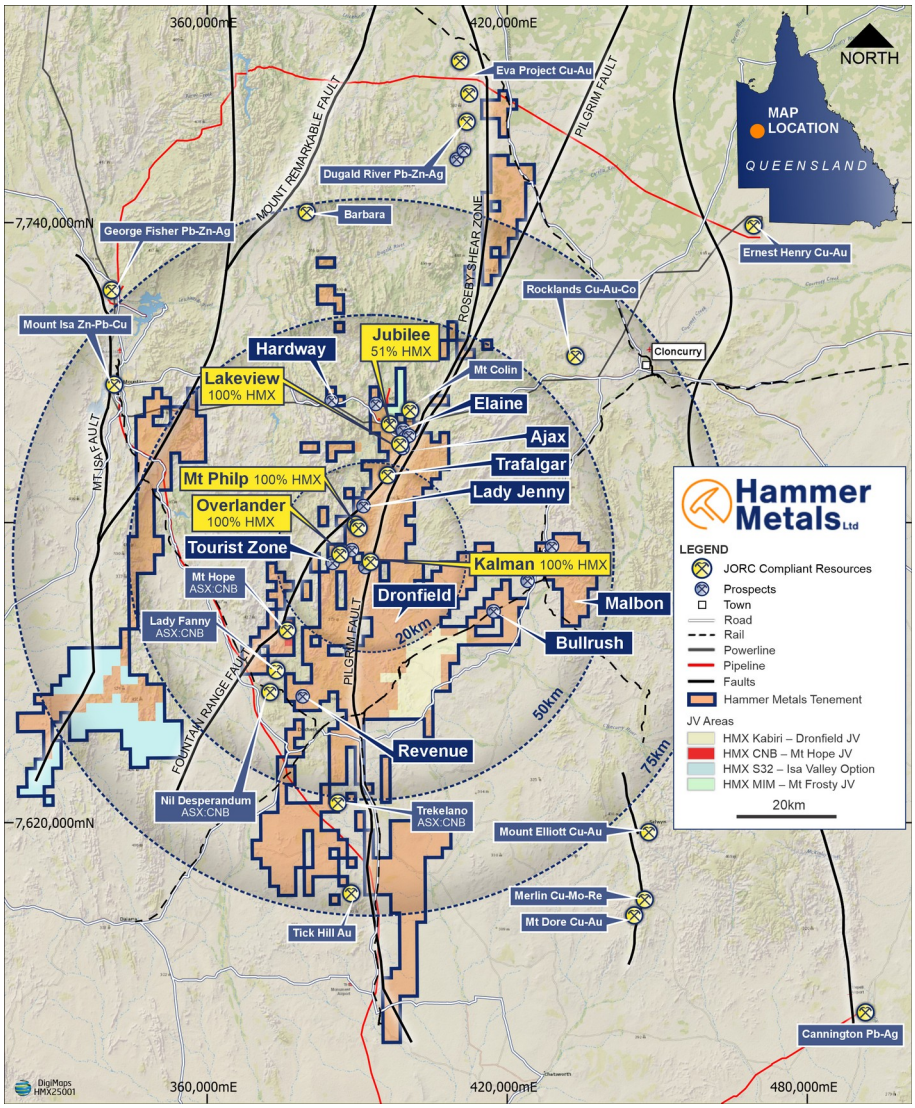


Figure 1. Hammer's Mount Isa tenements, Mineral Resources and prospects, showing the remaining joint venture and Isa Valley earn-in areas.

Kalman Critical Metals Project (Cu-Au-Mo-Re)

Eight RC holes for 2,326m were completed at Kalman, designed to convert more of the Inferred open-pit resource to Indicated, to test shallow mineralisation at the southern end of a potential open pit, and to help underpin a Scoping Study on Kalman and

nearby Hammer resources such as Overlander and Lakeview. Including single holes at Blackrock and Lady Jenny, the program totalled 10 holes for 2,654m.

Final assays for all eight holes were reported after year end, materially upgrading the previously reported intercepts, with broad zones of mineralisation intersected within the conceptual open-pit shell (ASX announcement 6 August 2026):

- 165m (TW ~52m) at 2.24% CuEqRec (0.47% Cu, 0.31g/t Au, 0.32% Mo and 6.4g/t Re) from 175m, including 50m (TW ~16m) at 3.76% CuEqRec and 63m (TW ~20m) at 2.53% CuEqRec in K-162;
- 98m (TW ~29m) at 1.44% CuEqRec (0.49% Cu, 0.23g/t Au, 0.16% Mo and 2.8g/t Re) from 97m, including 42m (TW ~12m) at 2.85% CuEqRec from 138m in K-163;
- 175m (TW ~74m) at 1.10% CuEqRec (0.34% Cu, 0.26g/t Au, 0.11% Mo and 2.7g/t Re) from 167m, including 38m (TW ~16m) at 2.76% CuEqRec from 256m in K-165; and
- 142m (TW ~39m) at 0.71% CuEqRec (0.39% Cu, 0.16g/t Au, 0.04% Mo and 0.9g/t Re) from 166m in K-164.

High-grade molybdenum and rhenium results were also returned, with maximum individual grades including 1m at 3.23% Mo and 74g/t Re from 220m in K-162 (15.7% CuEqRec) and 1m at 4.15% Mo and 107g/t Re from 267m in K-165 (20.7% CuEqRec). Intercepts are reported at a 0.1% CuEqRec cut-off; TW is approximate true width. See the Notes on Recovered Copper Equivalent Calculation following the Competent Person Statements.

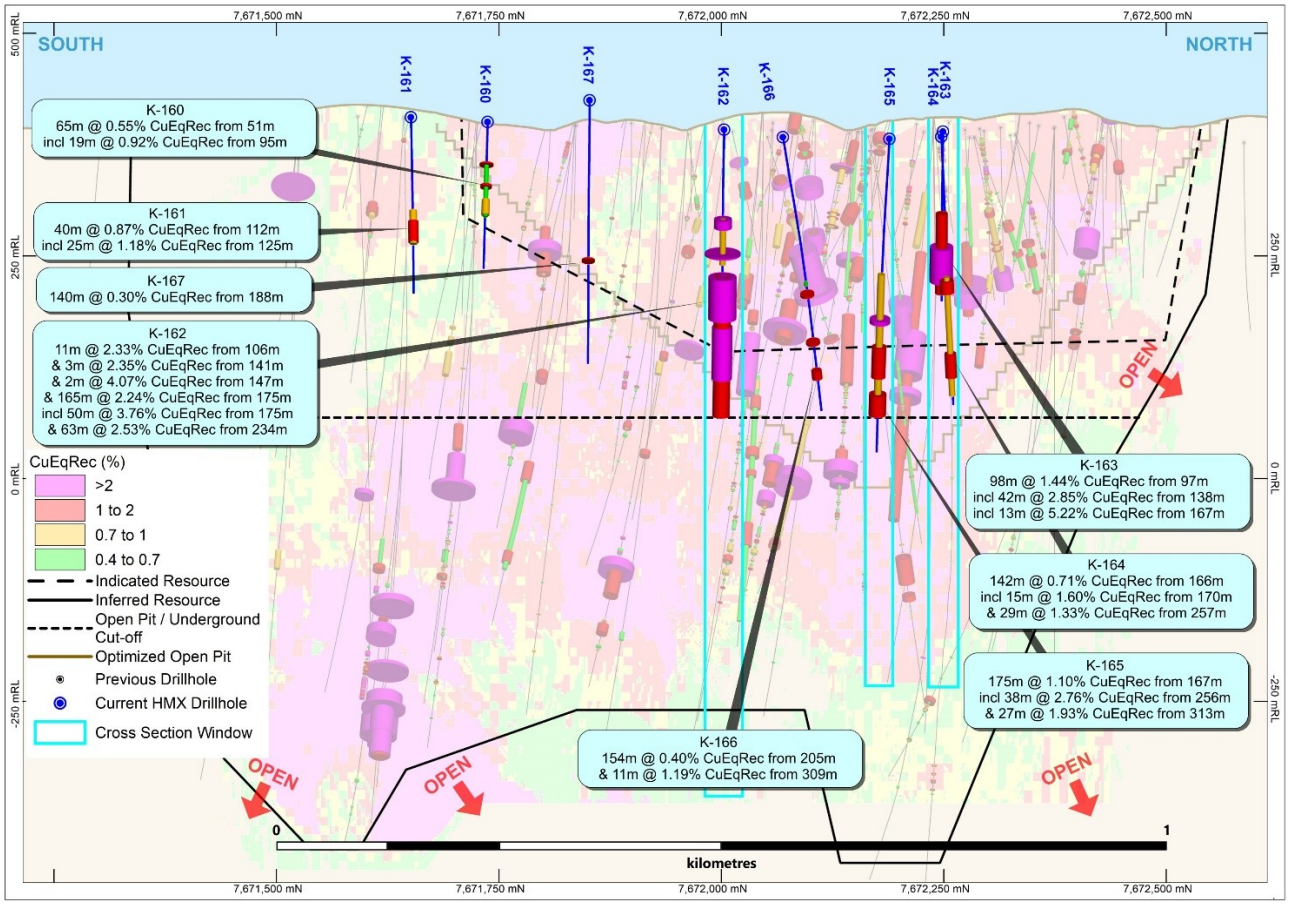


Figure 2. Kalman west-facing long section highlighting the location and significant laboratory assay intercepts. The figure also shows the 2023 block model (see the Annual Mineral Resources Statement) and a conceptual open pit to ~370m depth. The historical drilling shows copper equivalent based on a 2026 Copper Equivalence (recovered) calculation. Refer to ASX announcement dated 8 May 2023 for background on all historic drilling at Kalman (see ASX announcement dated 6 August 2026).

The Kalman Mineral Resource remains as reported on 8 May 2023 and is set out in the Annual Mineral Resources Statement. Single RC holes were also completed at Blackrock (HMBLRC001) and Lady Jenny (HMLJRC012) during the June quarter. The Blackrock result is discussed below and the Lady Jenny result under Mount Isa Joint Ventures and Earn-ins.

Kalman West SEDEX target (Pb-Zn-Cu-Au)

Mapping of graphitic units within the Corella Formation led to the recognition of the Kalman West Schist as a reducing, sulphidic host highly prospective for SEDEX and Isa-style copper mineralisation. The target sits within 500m of the Kalman deposit and hosts the largest coincident lead-zinc soil anomaly in Hammer's portfolio, with peak values of 2,000ppm Pb and

1,460ppm Zn and historical drill intercepts of up to 1.86% Pb and 0.94% Zn (ASX announcement 14 October 2021). A $176,000 CEI grant was awarded to part-fund a ~550m diamond hole to test the target at depth (ASX announcement 26 March 2026).

Regional prospectivity review

A portfolio-wide review was completed during the March quarter to prioritise the 2026 field season (ASX announcement 1 April 2026). Since 2014 Hammer has drilled 390 holes for ~61km across 58 prospects, and more than 75 prospects contain at least one intercept above 1% Cu over 1m. Most remain lightly tested, with only 12 prospects drilled with more than 10 holes.

IOCG and shear-hosted copper-gold prospectivity models were developed with input from structural geologist Dr Nick Oliver, alongside a review of all airborne, ground and down-hole EM data. The work highlighted under-drilled prospects open in several directions, including Blackrock, Overlander, Pearl, Lakeside, Yellowstone, Scalper and The Springs, together with new generative areas with little or no soil coverage.

Resource evaluation targets

- **Blackrock to Mountain View:** a 10km mineralised trend within 3km of the Barkly Highway. Hammer's first hole at Blackrock, HMBLRC001, returned 102m (TW ~67m) at 0.26% Cu and 0.08g/t Au from 159m, including 49m (TW ~32m) at 0.43% Cu and 0.14g/t Au, with individual grades of up to 1.95% Cu and 1.66g/t Au. Drilling along the trend remains widely spaced, and the Company considers there is considerable potential to define a copper-gold resource (ASX announcement 6 August 2026).
- **Trafalgar and Pearl:** returned to 100% Hammer from the Mount Isa East Joint Venture, with Trafalgar assessed for a maiden resource and Pearl hosting broad envelopes such as 68m at 0.29% Cu from 31m in HMPLRC001 (ASX announcement 29 June 2022).
- **Even-Steven and Jimmy Creek:** IOCG trends on the Pilgrim Fault, with rock chips of up to 10.85% Cu and 7.38g/t Au and a coincident IP chargeability anomaly (ASX announcement 28 November 2023).

New targets

- **Keyser:** 306 soil samples defined a 500m gold anomaly above 10ppb Au with a peak of 120ppb Au, near rock chips of up to 10.8% Cu and 3.5g/t Au (ASX announcement 5 September 2025).
- **Redback:** a 3km gold-in-soil anomaly with historical intercepts of 1m at 3.17g/t Au and 0.55m at 10.63% W (ASX announcement 10 March 2026).
- **Orphan East:** an IOCG target in the Wimberu Granite with an untested IP anomaly adjacent to anomalous rock chips.
- **Green Creek and Sisters:** a new outcrop at Blonsky returned a 3.92g/t Au rock chip, and in-fill soils at Sisters confirmed a 2km gold-copper anomaly (S1) coincident with VTEM conductors (ASX announcement 5 September 2025).
- **Tick Hill review:** multiple gold anomalies identified for follow-up, including a historical RAB end-of-hole anomaly above 100ppb Au at Boundary South.

Mount Isa Joint Ventures and Earn-ins

Joint venture activity during the year was fully funded by Hammer's partners, adding drilling and geophysics at no cost to the Company.

Bullrush JV with Sumitomo Metal Mining Oceania (Cu-Au)

The JV completed an in-fill gravity survey and down-hole EM over the maiden holes, then drilled three diamond holes for ~1,350m in November 2025 targeting transitional magnetic zones with elevated gravity. Results included 4m at 0.40% Cu from 259m in HMBRDD006 and 1m at 0.18% Cu and 0.11% Mo from 494m in HMBRDD007 (ASX announcement 20 March 2026). In early June 2026 SMMO advised Hammer of its intention to withdraw from the Bullrush JV. The withdrawal was finalised in early July 2026 and the Bullrush ground has returned to 100% Hammer ownership.

Isa Valley earn-in with South32 (Cu-Au-Pb-Zn)

South32 completed the maiden drilling program on the earn-in, with four RC holes for 1,166m testing a conductive and geochemically anomalous zone on the Mount Annable (Mount Isa) Fault, 60km south of Mount Isa. Intercepts included 12m at 0.15% Zn from 268m in MA25RC001, within graphitic shales returning above-threshold George Fisher and SEDEX alteration indices that indicate proximity to SEDEX-style mineralisation (ASX announcement 20 March 2026). A ~$160,000 CEI grant was awarded for a three-line magnetotelluric survey across the fault. In the June quarter South32 elected to proceed to Stage 3 of the earn-in, under which it must spend A$3 million on exploration to earn a 70% interest.

Mount Isa East JV (Hammer 36.6%, SMMO 63.4%)

On 4 November 2025 the JV agreed to return the Mount Philp and Even-Steven areas of interest, about 58% of the original 334km², to 100% Hammer ownership (ASX announcement 4 November 2025). These areas host the Trafalgar, Pearl, Even-Steven, Jimmy Creek, Pharaoh and Redback targets. Subsequent to year end, SMMO gave notice of its withdrawal from the remaining Malbon and Dronfield areas. The Joint Venture terminated on 14 October 2026 and these areas have also returned to 100% Hammer ownership.

Lady Jenny (Hammer option to acquire 80%)

Following late-2024 drilling that returned 32m at 1.05% Cu and 0.22g/t Au from 14m in HMLJRC005 (ASX announcement 20 February 2025), soil sampling was completed and a follow-up RC hole (HMLJRC012) was drilled in the June quarter to test a high-grade shoot plunging beneath the southern end of the historical pit. The hole returned 69m (TW ~41m) at 0.13% Cu and 0.05g/t Au from 11m, which has downgraded the potential of the prospect (ASX announcement 6 August 2026).

Mount Hope sub-blocks JV with Carnaby Resources (Hammer 49%)

Carnaby released a maiden resource for Hope South during the December quarter. Hammer remains entitled to a $5 million payment when a decision to mine is made at Mount Hope.

Yandal Gold Project, Western Australia (100% Hammer)

Hammer's Western Australian gold assets, held through Carnegie Exploration Pty Ltd, are proposed to be demerged from the Hammer group by way of a capital reduction and in-specie distribution to Hammer shareholders. During FY26 Hammer completed two drilling campaigns across Bronzewing South and Orelia North and lodged a Mining Lease Application over Orelia North.

Bronzewing South (E36/854)

The tenement adjoins Northern Star Resources' 3Moz Bronzewing orebody and remains under-explored given that proximity. An 11-hole, 2,755m RC and diamond program tested the Eastern Boundary and Central targets (ASX announcements 5, 15 and 24 September and 31 October 2025). At the Eastern Boundary target, BWSRCD081 confirmed that the high-grade zone first intersected on the Bronzewing Mining Lease in 1995 continues into Hammer's ground, returning:

- 4m at 1.13g/t Au from 187m, including 2m at 2.02g/t Au;
- 8.95m at 1.32g/t Au from 414m, including 0.48m at 15.45g/t Au; and
- 6.34m at 1.08g/t Au from 449.66m, representing a third, western structure.

A step-out hole 100m to the south (BWSRCD086) intersected the target position with lower grades, including 2.3m at 0.47g/t Au from 455m. The zone remains open to the south, where historical testing is limited to air-core. At the Central target, ~1.7km to the south, BWSRCD084 returned 23m at 0.37g/t Au from 269m within a broad zone of quartz-carbonate veining and alteration.

A follow-up RC program in the March quarter tested West Gap, a gravity feature 50m from the Mining Lease boundary with only wide-spaced historical air-core drilling. The maiden hole, BWSRC091, intersected 4m at 0.78g/t Au from 72m above a ~16m-wide quartz-veined fault zone, and BWSRC094 returned 8m at 0.45g/t Au from 148m (ASX announcement 4 February 2026).

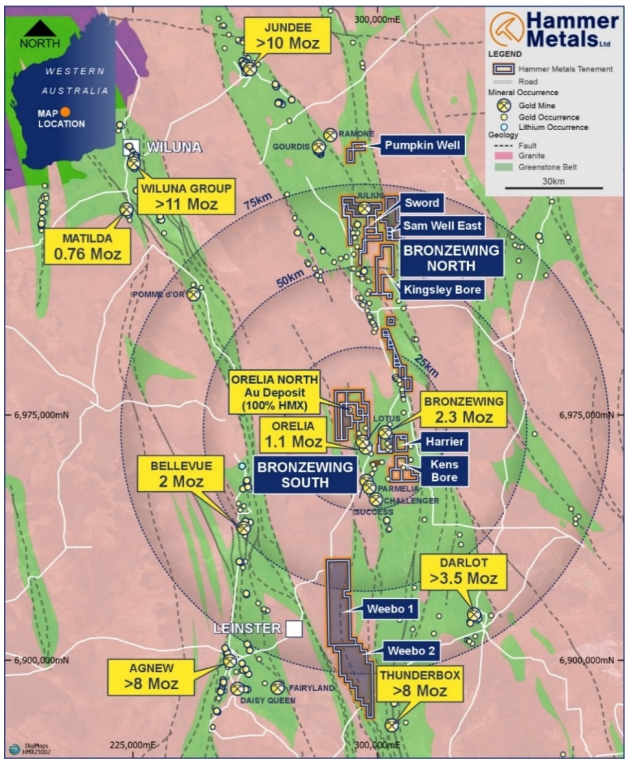


Figure 3. Hammer's Yandal Gold Project tenements and neighbouring operations.

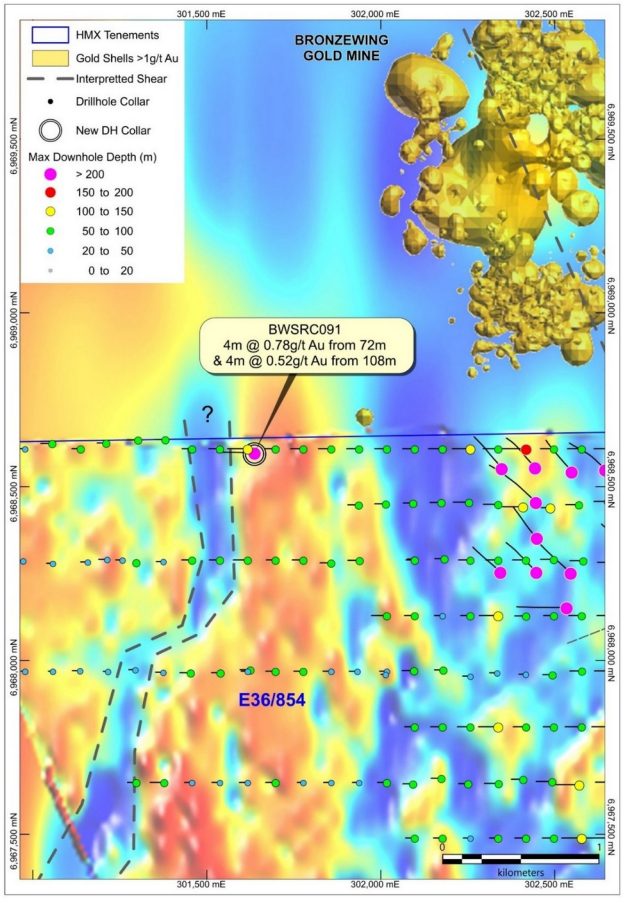


Figure 4. West Gap target on E36/854, showing BWSRC091 and the gravity feature tested.

Orelia North

Orelia North hosts an Inferred Mineral Resource of 1.48Mt at 1.15g/t Au for 54.5koz (ASX announcement 24 July 2024), located 9.5km north of Northern Star's Orelia operation. With the increase in the gold price since the resource's A$3,500/oz pit shell was set, Hammer lodged a Mining Lease Application to allow the project to move from study to potential development, and commenced an initial conceptual mining study and discussions on mining and toll-treatment pathways.

Four RC holes for 620m tested down-dip extensions of the shallow oxide lenses. The best result, 8m at 0.94g/t Au from 127m in BWSRC087, occurs in fresh rock below a previously reported saprolite intercept and suggests the lode steepens at depth.

Ken's Bore and new projects

- **Ken's Bore (E36/968):** three RC holes for 316m tested the Hamster Granite contact, and 192 soil samples defined two gold anomalies, one extending to the western tenement boundary. A new exploration licence application was lodged over the ground to the west.
- **Mount Sefton (E38/4006):** an option was secured from Casino Mining Pty Ltd over a tenement in the lightly explored Mount Sefton Greenstone Belt, ~75km south-west of the Gruyere gold mine, where historical auger soils defined gold anomalies of up to 20km in length that have never been drilled (ASX announcement 27 November 2025). The tenement was granted during the June quarter.
- **Weebo:** three new exploration licence applications (E36/1126 to E36/1128) lodged during the June quarter over lightly explored greenstone and granite terrain ~60km east of Leinster.

Corporate

Hammer did not raise equity capital during FY26. Activity was funded from cash reserves, the sale of the Company's remaining shareholding in Carnaby Resources Limited (approximately $1.9 million in the September quarter and $1.0 million in the December quarter) and partner contributions to joint venture programs. The Group recorded a loss after tax of $2,195,074 (2025: $2,923,316). At 30 June 2026 the Group held cash of $1,530,850 and had borrowings of $1,000,000 under the loan facility provided by Larvotto in connection with the Larvotto Scheme, which has since been repaid in full.

Proposed acquisition of Hammer and demerger of the WA gold assets

On 11 June 2026, Hammer announced that it entered into a binding scheme implementation deed with Larvotto Resources Limited (Larvotto) pursuant to which Larvotto proposed to acquire all of the ordinary shares in Hammer by way of a scheme of arrangement under Part 5.1 of the *Corporations Act 2001 (Cth)* (Larvotto Scheme). Larvotto also provided a $4.0 million, unsecured loan facility (Larvotto Facility), of which $1.0 million was drawn as at 30 June 2026. In parallel with the Larvotto Scheme, Hammer proposed to demerge its Western Australian gold assets to a newly incorporated subsidiary, Carnegie Resources Limited (SpinCo), by way of a capital reduction and in-specie distribution of SpinCo shares to Hammer shareholders (Demerger).

Following the financial year end, Hammer received a binding proposal from Austral Resources Australia Ltd (Austral) which was deemed to be a "superior proposal" to the Larvotto Scheme. On 10 August 2026, Larvotto announced its intention not to exercise its matching rights. On 11 August 2026, Hammer terminated the scheme implementation deed with Larvotto and entered into the scheme implementation deed with Austral pursuant to which it was proposed that Austral would acquire 100% of the ordinary shares in Hammer by way of a scheme of arrangement under Part 5.1 of the *Corporations Act 2001 (Cth)* (Austral Scheme).

Austral also provided a $6.0 million, unsecured loan facility to Hammer for general working capital purposes in accordance with an agreed budget and for any reasonable fees, costs and expenses in connection with the Austral Scheme (Austral Facility). The first drawdown under the Austral Facility was used to, amongst other matters, repay the outstanding Larvotto Facility and to pay the break fee to Larvotto. As at the date of the Scheme Booklet, Hammer had drawn $3.0 million under the Austral Facility. It is still contemplated that Hammer will undertake the Demerger in parallel with the Austral Scheme. The Austral Scheme and Demerger remain subject to the satisfaction (or waiver) of various conditions precedent as disclosed in the Scheme Booklet.

The Scheme Booklet dated 2 October 2026 (Scheme Booklet) was dispatched to shareholders on 8 October 2026. The Scheme Booklet provides further information regarding the Austral Scheme, the Demerger, the Board's recommendation, key considerations relevant to your vote, risk factors and the indicative timetable for the Austral Scheme and Demerger. The Demerger Meeting and the Scheme Meeting will be held on 9 November 2026, and shareholders should read the Scheme Booklet in full before deciding how to vote.

ASIC has granted Hammer an extension to hold its 2026 Annual General Meeting by no later than 31 January 2027. If the Austral Scheme is implemented in accordance with the current indicative timetable on or around 25 November 2026, and in any event no later than 31 January 2027, Hammer will become a wholly owned subsidiary of Austral and will not be required to hold its 2026 annual general meeting (ASX announcement 8 October 2026).

Other corporate matters

- **CEI funding:** $336,000 in Queensland Government Collaborative Exploration Initiative grants awarded during the year.
- **Securities:** 5,000,000 shares were issued on the conversion of vested performance rights, 5,000,000 options were granted to directors and 1,500,000 performance rights were forfeited.

OPERATIONS

Competent Person Statements

Exploration results

The information in this report that relates to exploration results is extracted from the ASX announcements referenced in the text, which are available at www.asx.com.au (ASX: HMX) and www.hammermetals.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements, and that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcements.

Mineral Resources

The information in this report that relates to Mineral Resources is extracted from the announcements referenced in the Annual Mineral Resources Statement. The Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcements.

Historical exploration results

Where this report refers to exploration results first disclosed under a pre-2012 edition of the JORC Code, the data has been compiled and validated, and it is the opinion of Hammer that the data is reliable. These results have not been updated to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

Competent Person

The information in this report that relates to exploration results and geology was compiled by Mr Mark Whittle, a Fellow of the AusIMM and an employee of the Company. Mr Whittle, who is a shareholder and option-holder, has sufficient experience relevant to the styles of mineralisation and types of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Whittle consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Forward-looking statements

This report may contain forward-looking statements, which are based on the Company's expectations and beliefs at the date of this report and involve known and unknown risks and uncertainties. Actual results may differ materially, and the Company undertakes no obligation to update these statements except as required by law.

Notes on Recovered Copper Equivalent Calculation for Kalman

Two Copper Equivalent calculations are depicted in this document – dated May 2023 and March 2026. The 2023 copper equivalent calculation was utilised in the May 2023 Kalman Mineral Resource estimate. The 2026 copper equivalent calculation was utilised to highlight drillhole downhole assays at Kalman.

2023 copper equivalent calculation (utilised in the May 2023 Kalman Mineral Resource estimate)

Copper equivalent (CuEq) grades were calculated from downhole assays for Cu, Au, Ag, Mo and Re. The CuEq calculation is based on commodity price and metallurgical recovery assumptions as detailed below. Prices utilised by Hammer reflect the metal prices as of early April 2023.

Copper Equivalent Price assumptions are: Cu: US$7,714/t (US$3.50/lb); Au: US$1,850/oz; Ag: US$20/oz; Mo: US$37,468/t (or US$17/lb); and Re: US$1,800/kg.

The recovered copper equivalent equation is: CuEq Recovered = 0.86*Cu + (0.74*0.771051*Au) + (0.74*0.008336*Ag) + (0.86*4.857143*Mo) + (0.77*0.023334*Re).

Copper is the dominant metal of the Kalman mineral system and it generated the highest proportion of revenue from the deposit at the time of the resource estimation.

2026 copper equivalent calculation (used in drilling intercept calculations)

Copper equivalent (CuEq) grades were calculated from downhole assays for Cu, Au, Ag, Mo and Re. The CuEq calculation is based on commodity price and metallurgical recovery assumptions as detailed below. Prices utilised by Hammer reflect the metal prices as of early March 2026.

Copper Equivalent Price assumptions are: Cu: US$12,125/t (US$5.50/lb); Au: US$5,000/oz; Ag: US$50/oz; Mo: US$60,000/t (or US$27/lb); and Re: US$4,000/kg.

The 2026 recovered copper equivalent equation is: CuEq Recovered = 0.86*Cu + (0.74*1.325757*Au) + (0.74*0.0132575*Ag) + (0.86*4.94828*Mo) + (0.77*0.032988*Re).

Recovery assumptions utilised in the calculation are: Cu 86%; Au 74%; Ag 74%; Mo 86%; and Re 77%. Copper is the dominant metal of the Kalman mineral system.

Assumed metallurgical recoveries

Based on the testing completed and the current understanding of the material characteristics it has been assumed that the Kalman material can be processed using a "typical" concentrator process flowsheet. The mass balance and stage metallurgical recovery of the four major elements were based on the metallurgical test results from the molybdenum zone sample and benchmarks. The final overall recovery (table below) was established from the mass balance and benchmarked against other operations and projects.

It is the Company's opinion that the metals used in the metal equivalent equation have reasonable potential for recovery and sale based on metallurgical recoveries in flotation test work undertaken to date. There are a number of well-established processing routes for copper-molybdenum deposits and the sale of the resulting copper and molybdenum concentrates.

Molybdenum concentrates with rhenium require roasting to capture the rhenium from the process off-gas. There are several offshore facilities that process molybdenum concentrates.

Because of the relatively small market for Re there is limited public information available for the payments of credits for rhenium. Enquiries by the Company provide the Company with sufficient confidence to believe that a credit for the rhenium content of the molybdenum concentrate can be obtained.

Process stage	Molybdenum (%)	Rhenium (%)	Copper (%)	Gold (%)	Silver (%)*
Bulk rougher	95	86	95	82	82
Overall	86	77	86	74	74

** No data available for silver recoveries, so they have been assumed similar to gold recoveries.*

OPERATIONS

Annual Mineral Resources Statement

As at 30 June 2026

The Company's Mineral Resource Statement has been compiled in accordance with the 2012 and 2004 editions of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code), Chapter 5 of the ASX Listing Rules and ASX Guidance Note 31. The Company has no Ore Reserve estimates.

There has been no change to the Company's Mineral Resource estimates since the previous statement as at 30 June 2025. Following the return of the Mount Philp area of interest from the Mount Isa East Joint Venture in November 2025, Hammer's interest in the Mt Philp Mineral Resource increased from 36.6% to 100%. In relation to the estimates tabulated below, the Company is not aware of any other material changes that have occurred during the reporting period.

Resource estimates and Competent Persons

Deposit	Competent Person	Organisation	ASX reporting date
Kalman	Ms E. Haren	Haren Consulting	8 May 2023
Orelia North	Mr R. Corben	Geowiz Consulting	24 July 2024
Lakeview	Mr R. Corben	Geowiz Consulting	21 December 2022
Jubilee	Mr L. Burlet	H&S Consultants Pty Ltd	12 December 2018
Overlander North and South	Ms E. Haren	Haren Consulting	26 August 2015
Mt Philp	Mr T. Leahey	Cerro Resources NL	28 September 2012

Kalman JORC 2012 Mineral Resource (8 May 2023) – 0.4% CuEq open pit and 1.0% CuEq underground cut-offs

Class	Method	Kt	CuEq %	CuEqRec %	Cu %	Au g/t	Ag g/t	Mo %	Re g/t	CuEq Kt	CuEqRec Kt
Indicated	Open pit	17,120	1.04	0.87	0.43	0.22	1.2	0.08	1.7	180	150
Inferred	Open pit	10,540	1.11	0.93	0.40	0.21	1.3	0.10	2.2	120	100
Inferred	U/ground	11,530	1.78	1.48	0.80	0.41	2.2	0.12	2.7	200	170
Total		**39,190**	**1.27**	**1.07**	**0.53**	**0.27**	**1.5**	**0.10**	**2.1**	**500**	**420**

Recovered CuEq = 0.86×Cu + (0.74×0.771051×Au) + (0.74×0.008336×Ag) + (0.86×4.857143×Mo) + (0.77×0.023334×Re). Prices: Cu US$7,714/t; Au US$1,850/oz; Ag US$20/oz; Mo US$37,468/t; Re US$1,800/kg.

Recoveries: Cu 86%; Au 74%; Ag 74%; Mo 86%; Re 77%. Transition from open pit to underground set at 75mRL (surface approximately 425mRL).

Copper is the dominant metal of the Kalman mineral system. It is the Company's opinion that the metals used in the metal equivalent equation have reasonable potential for recovery and sale. Refer to the Notes on Recovered Copper Equivalent Calculation following the Competent Person Statements.

Orelia North JORC 2012 Mineral Resource (24 July 2024) – 0.5g/t Au cut-off

Classification	Tonnes (Mt)	Au (g/t)	Au (koz)
Inferred	1.48	1.15	54.5

Reported within a Lerchs-Grossman pit shell optimised at A$3,500/oz Au. Totals may differ due to rounding.

Lakeview JORC 2012 Mineral Resource (21 December 2022) – 0.3% Cu cut-off

Classification	Tonnes (Mt)	Cu (%)	Au (g/t)	Cu (t)	Au (oz)
Inferred	0.59	1.02	0.30	6,049	5,706

Jubilee JORC 2012 Mineral Resource (12 December 2018) – 0.5% Cu cut-off (51% Hammer)

Classification	Weathering domain	Tonnes (Mt)	Cu (%)	Au cut (g/t)	Cu (t)	Au (oz)
Inferred	Moderately–slightly weathered	0.07	1.51	0.55	1,000	1,200
Inferred	Fresh	1.34	1.41	0.63	19,000	27,100
Total		**1.41**	**1.41**	**0.62**	**20,000**	**28,300**

Numbers rounded to two significant figures. Totals may differ due to rounding.

Overlander North and South JORC 2012 Mineral Resources (26 August 2015) – 0.7% Cu cut-off

Deposit	Classification	Tonnes	Cu (%)	Co (ppm)	Cu (t)	Co (t)
Overlander North	Indicated	253,000	1.4	254	3,414	64
Overlander North	Inferred	870,000	1.3	456	11,350	396
Overlander South	Inferred	649,000	1.0	500	6,352	327
Combined	Indicated	253,000	1.4	254	3,414	64
Combined	Inferred	1,518,000	1.2	476	17,700	723
Combined total		**1,772,000**	**1.2**	**445**	**21,112**	**788**

Numbers rounded to two significant figures. Totals may differ due to rounding.

Mt Philp JORC 2004 Mineral Resource (28 September 2012) (100% Hammer)

Classification	Tonnes	Fe (%)	P (%)	SiO_2 (%)	Al_2O_3 (%)	TiO_2 (%)	LOI (%)
Indicated	19,110,000	41	0.02	38	1.3	0.38	0.29
Inferred	11,400,000	34	0.02	48	2.0	0.46	0.31
Total	**30,510,000**	**39**	**0.02**	**42**	**1.6**	**0.41**	**0.30**

Reported under the 2004 JORC Code by the previous tenement holder. It has not been updated to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

Governance and internal controls

Due to the nature, stage and size of the Company's operations, the Board believes there would be no efficiencies gained by establishing a separate mineral reserves and resources committee. The Company ensures good governance in relation to resource estimation through the use of reputable, independent resource consultants and internal review in accordance with industry best practice. Resource reports and supporting data are subjected to internal analysis and peer review before release. The Company will report any future Mineral Resource and Ore Reserve estimates in accordance with the 2012 JORC Code.

Competent Person Statement

The information in this Annual Mineral Resources Statement is based on, and fairly represents, information and supporting documentation compiled by Mr Mark Whittle, a Fellow of the AusIMM and an employee of the Company. Mr Whittle, who is a shareholder and option-holder, has sufficient experience relevant to the styles of mineralisation and types of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person as defined in the 2004 and 2012 editions of the JORC Code. Mr Whittle has approved the statement as a whole and consents to its inclusion in the form and context in which it appears.

DIRECTORS' REPORT

The Directors present their report together with the financial report of Hammer Metals Limited ("the Company" or "Hammer") and of the Group, comprising the Company and its subsidiaries, for the year ended 30 June 2026 and the auditor's report thereon.

1. DIRECTORS

The names and details of the Company's directors in office during the financial year or since the end of the financial year are set out below.

Russell Davis – Non-Executive Chairman

BSc (Honours) MBA MAusIMM

Russell Davis is a Geologist with over 40 years' experience in the mineral resources business. He has worked on the exploration and development of a range of commodities for a number of international and Australian companies, holding senior technical and corporate positions including Chief Mine Geologist, Exploration Manager and Managing Director. Mr Davis was a founding Director of Gold Road Resources Limited in 2005 and continued as an Executive then Non-executive Director until June 2016. Mr Davis was also founding Director of Syndicated Metals Limited in 2007 and Managing Director up to March 2012. Mr Davis has been a Director of Hammer Metals (Australia) Pty Ltd since its inception in 2012.

Daniel Thomas – Managing Director

BSc, MBA

Daniel Thomas has over 20 years' experience in operations, corporate development, project management and project finance having completed undergraduate studies in Chemistry and Geology as well as attaining an MBA from the Melbourne Business School. During his career, Mr Thomas has worked across Australia, North America, Asia and Africa, in a wide range of commodities, including base and precious metals. Mr Thomas' most recent role before joining the Company was as Business Development Manager at Sandfire Resources (ASX:SFR), where he was instrumental in utilising cash-flows generated by the DeGrussa Copper-Gold Mine to grow the Company both organically through exploration and through business development initiatives, including several acquisitions, investments and joint ventures. Prior to his time at Sandfire Resources Limited, Mr Thomas held roles with Wesfarmers, PTT Asia Pacific Mining and Mitsui E&P Australia.

David Church – Non-Executive Director

LLB, BEc

David Church is currently a Partner in the national legal firm Thomsons. Mr Church is a qualified solicitor and has previously practiced in England and Wales and Hong Kong with Linklaters. Mr Church was also the head of mergers and acquisitions for Regent Pacific Group Limited, a Hong Kong listed investment company, for over 13 years.

James Croser – Non-Executive Director

BEng (Mining Engineering)

James Croser has over 25 years of experience in operational and executive roles with a strong track record in guiding junior ASX companies through periods of significant growth. Most recently, Mr Croser was a founding Director in the establishment of Red Dirt Metals (now Delta Lithium – ASX:DLI) and the discovery of the Mt Ida lithium deposit in WA.

DIRECTORS' REPORT (CONTINUED)

2. DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other ASX listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
Russell Davis	M3 Mining Limited	July 2022 – April 2025 [1]
Daniel Thomas	None	-
David Church	Caprice Resources Limited	October 2019 – February 2024
James Croser	Delta Lithium Limited Greenstone Resources Limited	December 2021 – current November 2023 – June 2024

1 – Mr Davis was a director of M3 Mining Limited prior to its listing on the Australian Securities Exchange in July 2023.

3. COMPANY SECRETARY

Mark Pitts – Company Secretary

B.Bus, FCA, GAICD

Mr Pitts is a Chartered Accountant with over 35 years' experience in statutory reporting and business administration. He has been directly involved with, and consulted to, a number of public companies holding senior financial management positions.

4. DIRECTORS' MEETINGS

The number of Directors' meetings held, and the number of meetings attended by each of the Directors of the Company during their term in office in the financial year is as follows.

Director	Meetings held while in office	Meetings attended
Mr R Davis	5	5
Mr D Thomas	5	5
Mr D Church	5	4
Mr J Croser	5	5

The Company does not have any committees. Matters usually considered by an audit, remuneration or nomination committee were dealt with by the whole Board during regular Board meetings.

5. PRINCIPAL ACTIVITY

The principal activity of the Group during the course of the financial year was mineral exploration in Australia.

6. OPERATING AND FINANCIAL REVIEW

The Group incurred an after-tax loss for the year of $2,195,074 (2025: loss of $2,923,316).

Corporate:

The following issues of ordinary shares were completed during the year:

- 17 September 2025 – a total of 5,000,000 ordinary shares were issued on the conversion of vested performance rights.

DIRECTORS' REPORT (CONTINUED)

During the financial year, 5,000,000 options were granted to directors. No options lapsed or were converted during the year.

During the financial year, 5,000,000 performance rights were converted into ordinary shares, and 1,500,000 performance rights were forfeited. No performance rights were granted.

Since the end of the financial year, no options or performance rights have been granted, converted, forfeited or have expired.

Exploration Activities:

Queensland – Mount Isa Copper-Gold Project

During the year the Group advanced a new phase of drilling across its Mount Isa projects in north-west Queensland. Drilling commenced at the Kalman Critical Metals Project (approximately 3km of reverse circulation drilling), designed to upgrade the remaining Inferred open-pit resource to Indicated and to underpin a Scoping Study on Kalman and nearby Hammer copper-gold resources. Eight planned drill-holes were completed at Kalman, with final assay results received for holes K-160 to K-167 (20 samples within mineralised intervals remain pending re-analysis and have been assigned zero grade for intercept calculations pending finalisation). Early results are encouraging and continue to validate the geological model, with broad zones of mineralisation intersected within the conceptual open-pit shell. Significant intercepts included 165m at 1.96% CuEqRec from 175m in K-162 (including 50m at 3.17% CuEqRec and 62m at 2.32% CuEqRec), 98m at 1.36% CuEqRec from 97m in K-163 (including 13m at 5.22% CuEqRec from 167m), 175m at 0.85% CuEqRec from 165m in K-165, and 142m at 0.71% CuEqRec from 166m in K-164. (Refer ASX announcements 25 May 2026 and 14 July 2026.)

Drilling was completed on the Bullrush Joint Venture (1,350m across three holes) and the Isa Valley Joint Venture (1,166m across four holes), with favourable alteration and geochemistry identified. A maiden drilling program on the Isa Valley project was completed by earn-in Partner South 32. The Company was awarded $336,000 in Queensland Government Collaborative Exploration Initiative grants for drilling at Kalman West and a magnetotelluric survey at Isa Valley.

On 5 June 2026, SMMO advised Hammer of its intention to withdraw from the Bullrush Joint Venture. On 4 November 2025, SMMO and Hammer had reached an agreement under which the Mount Isa East Joint Venture (MIEJV) returned ownership of the Mount Philp and Even-Steven areas to 100% Hammer ownership. Subsequent to the year end, SMMO have provided Hammer with a notice of their withdrawal from the entire Mount Isa East JV.

Western Australia – Yandal Gold Project

Drilling at Bronzewing South confirmed that the high-grade mineralised zone identified historically on the Bronzewing Mining Lease continues into Hammer's tenement, with the diamond tail of BWSRC081 intersecting 8.95m at 1.32g/t Au from 414m, including 15.5g/t Au over 0.48m from 416.5m (ASX announcements 5, 15 and 24 September 2025). A 1,309m reverse circulation program tested extensions below the Orelia North Inferred Mineral Resource of 1.48Mt at 1.2g/t Au (approximately 54,500 ounces) (ASX announcement 24 July 2024), following earlier intercepts including 14m at 2.10g/t Au from 40m in BWSRC069 (ASX announcement 24 April 2024). New gold targets were defined at West Gap. New greenfield gold targets were acquired by the Company with new project areas at Weebo and Mount Sefton.

Corporate

During the year the Group divested its shareholding in Carnaby Resources Limited. On 11 June 2026 the Company entered into a binding Scheme Implementation Deed with Larvotto Resources Limited under which Larvotto proposes to acquire all issued shares in the Company by way of a scheme of arrangement, with the Group's Western Australian gold assets to be demerged to shareholders. The Scheme remains subject to shareholder approval, court approval and the satisfaction or waiver of other conditions precedent.

Competent Person Statement and JORC cross-references

The information in this report that relates to exploration results and Mineral Resources is extracted from the ASX announcements referenced above, available at www.asx.com.au (ASX: HMX). The Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements and, in the case of Mineral Resource estimates, that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

DIRECTORS' REPORT (CONTINUED)

Risk Management:

The Company takes a proactive approach to risk management. The Board is responsible for ensuring that risks, including emerging risks, and also opportunities, are identified on a timely basis and the Company's objectives and activities are aligned with the risks and opportunities identified by the Board. Given the size of the Company and its stage of development all Board members are involved and have responsibility for management of risk. Day-to-day management of risks is delegated to the Managing Director.

Material business risks

There are inherent risks associated with the exploration for minerals. The Group faces the usual risks encountered by companies engaged in the exploration, evaluation and development of minerals. The material business risks for the Group include:

External Risks

Environmental risks

The Company's operations and projects are subject to the laws and regulations of the jurisdictions in which it has interests and carries on business (Queensland and Western Australia) regarding environmental compliance and relevant hazards. There is also a risk that the environmental laws and regulations may become more onerous, making the Group's operations more expensive which may adversely affect the financial position and/or performance of the Group. The Directors are not aware of any environmental law that is not being complied with.

The Company may be impacted by climate related risks including reduced water availability, extreme weather events and changes to legislation and regulation in relation to climate.

Government regulations and claims risks

Changes in law and regulations or government policy may adversely affect the Group's operations. There is no guarantee that current or future exploration claim applications or existing claim renewals will be granted, that they will be granted without undue delay, or that the Company can economically comply with any conditions imposed on any granted exploration claims. Loss of claims may adversely affect the financial position and/or performance of the Group. Management maintains close contact with relevant Departments and industry bodies to monitor changes and proposed changes in regulation and policy.

Cyber risk

The Group uses various IT systems and cloud-based software. Should a cyber event occur, there is a risk of business disruption or data breach that may adversely affect the financial position and/or performance of the Group.

Operating Risks

Exploration and development risk

The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, not all exploration activity will lead to the discovery of economic deposits. Major expenditure may be required to locate and establish Ore Reserves, to establish rights to mine the ground, to receive all necessary operating permits, to develop metallurgical processes and to construct mining and processing facilities at a particular site.

Mineral Resources

The Group's estimates of Mineral Resources are based on different levels of geological confidence and different degrees of technical and economic evaluation, and no assurance can be given that anticipated tonnages and grades will be achieved or could be mined or processed profitably.

In addition to the risks described above, the Group's ability to successfully develop projects is contingent on the Group's ability to fund those projects through debt or equity raisings.

7. DIVIDENDS

No dividends were paid or declared by the Company during the financial year.

DIRECTORS' REPORT (CONTINUED)

8. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to year end, the following matter has occurred:

- The Company has continued to progress the proposed transaction with Larvotto Resources Limited. On 11 June 2026 the Company entered into a binding Scheme Implementation Deed ("SID") with Larvotto Resources Limited under which Larvotto proposes to acquire all issued shares in the Company by way of a scheme of arrangement, with the Group's Western Australian gold assets to be demerged to shareholders. The Scheme remains subject to shareholder approval, court approval and the satisfaction or waiver of other conditions precedent.
- On July 7 2026 the Company reported an unsolicited, non-binding indicative proposal from Austral Resources to acquire 100% of the issued capital of Hammer by way of scheme of arrangements. Under the scheme, Hammer's Western Australian gold assets are proposed to be demerged to Hammer's 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 (see ASX Announcement 7 July 2026).
- The Company received notification from SMMO on 17 July 2026 of its intention to withdraw from the Mount Isa East JV.
- On 3 August 2026, the Company announced that a binding proposal had been received from Austral Resources Australia Ltd, which is considered to be a superior proposal to that of Larvotto. The consideration under this proposal totals approximately $80.7 million in aggregate as follows:
    - 1.2903 Austral Shares for each Hammer share held, valued at $0.080 per Hammer share; and
    - $0.007 per Hammer share of implied value through shares in Carnegie Exploration Pty Ltd or such other corporate entity incorporated by Hammer for the purposes of undertaking a dermerger.

  Furthermore, Austral has agreed to provide an unsecured working capital facility of $6.0 million for the purposes of repaying the outstanding balance under the loan previously provided by Larvotto, for paying any break fee that becomes payable to Larvotto under the original SID and for general working capital purposes. The Company notes that in accordance with the Larvotto SID, Larvotto has a matching right which must be exercised within five business days.

Other than the above, there has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

9. LIKELY DEVELOPMENTS

The Company will continue planning and executing exploration and development work on its existing projects in Australia as well as reviewing projects in Australia to complement and expand on existing tenement holdings.

10. DIRECTORS' INTERESTS

The relevant interest of each Director in the shares and options of the Company as notified by the Directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary shares	Unlisted options	Performance Rights
Mr R Davis	46,500,000	5,000,000	-
Mr D Thomas	9,833,334	6,000,000	7,000,000
Mr D Church	1,052,631	5,000,000	-
Mr J Croser	-	5,000,000	-

The above table includes indirect shareholdings held by related parties to the directors.

11. ENVIRONMENTAL REGULATIONS

In the course of its normal mining and exploration activities Hammer adheres to environmental regulations imposed on it by the various regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna.

DIRECTORS' REPORT (CONTINUED)

Hammer has complied with all material environmental requirements up to the date of this report. The Board believes that Hammer has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to it.

12. REMUNERATION REPORT – AUDITED

12.1 Principles of compensation

Remuneration levels for key management personnel and other staff of Hammer are competitively set to attract and retain appropriately qualified and experienced personnel and therefore includes a combination of cash paid and the issuance of options and rights. Key management personnel comprise the directors of the Company and senior executives for Hammer. Staff remuneration is reviewed annually.

Consequences of performance on shareholder wealth

In establishing performance measures and benchmarks to ensure incentive plans are appropriately structured to align corporate behaviour with the long-term creation of shareholder wealth, the Board has regard for the stage of development of the Company's business, share price, operational and business development achievements (including results of exploration activities) that are of future benefit to the Company.

In considering Hammer's performance and benefits for shareholder wealth, the Board have regarded the following indices in respect to the current and previous four financial years:

	2026	2025	2024	2023	2022
Gain/(Loss) per share (cents)	(0.25)	(0.33)	0.71	(0.16)	(0.08)
Net (loss)/profit ($)	**(2,195,074)**	**(2,923,316)**	**6,270,584**	**(1,285,536)**	**(645,270)**
Share price at 30 June	$0.052	$0.028	$0.037	$0.061	$0.045

Service contracts

Daniel Thomas – Managing Director:

The Company entered into an Executive Service agreement with Mr Thomas on 1 August 2022, which was revised on 1 July 2024. An Executive service fee of $300,000 (plus superannuation) per annum is payable with an indefinite term. Either Party can terminate the agreement subject to a three-month notice period. Mr Thomas is not entitled to any termination payments other than for services rendered at time of termination.

Mark Pitts – Company Secretary

Mr Pitts is a Principal in the Company Secretarial and CFO advisory divisions of the Automic Group providing secretarial support and corporate and compliance advice, pursuant to a contract with the Company. The contract has no fixed term with the option of termination by either party with two months' written notice. Mr Pitts is not entitled to any termination payments other than for services rendered at time of termination.

Non-executive directors

Effective from 1 July 2024, all non-executive Directors receive a fixed annual Directors' fee of $50,000 (plus superannuation benefits as required under the applicable legislation). The Chair receives a fixed annual fee of $75,000 (plus superannuation benefits as required under the applicable legislation).

The maximum aggregate amount of non-executive Directors' fees payable by the Company as approved by the shareholders at the 2011 annual general meeting is $300,000 per annum.

Share trading policy

In December 2010, Hammer introduced a share trading policy which sets out the circumstances in which directors, executives, employees and other designated persons may deal with securities held by them in the Company. This includes any shares or any other securities issued by the Company such as options. The policy includes restriction on key management personnel and other employees from entering into arrangements that limit their exposure to losses that would result from share price decreases. Entering into such arrangements has been prohibited by law since 1 July 2011.

DIRECTORS' REPORT (CONTINUED)

12.2 Directors' and senior executives' remuneration

Details of the nature and amount of each major element of the remuneration of each director of the Company and other key management personnel of the Group are:

Year Ended 30 June 2026	Short term			Long term				
Directors	Salary & fees $	Consulting fees $	Movement in leave accruals[1] $	Superannuation benefits $	Options and Rights $	Total $	Proportion of remuneration performance related %	Value of options and rights as proportion of remuneration %
Executive								
Mr D Thomas	306,000	-	3,245	30,000	118,128	457,373	22.4%	25.8%
Non-executive								
Mr R Davis	75,000	-	-	9,000	7,900	91,900	-	8.6%
Mr D Church	50,000	-	-	6,000	7,900	63,900	-	12.4%
Mr J Croser	50,000	-	-	6,000	7,900	63,900	-	12.4%
Total - Directors	**481,000**	**-**	**3,245**	**51,000**	**141,828**	**677,073**	**15.1%**	**21.0%**
Other Key Management Personnel								
Executives								
Mr M Pitts (Company Secretary)[2]	67,320	-	-	-	-	67,320	-	-
Total – all key management personnel	**548,320**	**-**	**3,245**	**51,000**	**141,828**	**744,393**	**13.7%**	**19.1%**

1 – Represents the accounting value of the movement in accrued leave liabilities, and not amounts paid to the member of Key Management Personnel.

2 – Represents amounts paid to Automic Group for services provided by Mr Pitts as Company Secretary. Mr Pitts is an employee of Automic Group.

DIRECTORS' REPORT (CONTINUED)

Year Ended 30 June 2025	Short term			Long term				
Directors	**Salary & fees $**	**Consulting fees $**	**Movement in leave accruals[1] $**	**Superannuation benefits $**	**Options and Rights $**	**Total $**	**Proportion of remuneration performance related %**	**Value of options and rights as proportion of remuneration %**
Executive								
Mr D Thomas	304,568	-	(1,786)	29,932	192,346	525,060	36.6%	36.6%
Non-executive								
Mr R Davis	75,000	-	-	8,625	36,100	119,725	-	30.2%
Mr D Church	50,000	-	-	5,750	15,100	70,850	-	21.3%
Mr J Croser[2]	50,000	-	-	5,750	-	55,750	-	-
Mr Z Lubieniecki[3]	-	-	-	-	-	-	-	-
Total - Directors	**479,568**	**-**	**(1,786)**	**50,057**	**243,546**	**771,385**	**24.9%**	**31.6%**
Other Key Management Personnel								
Executives								
Mr M Pitts (Company Secretary)[4]	66,100	-	-	-	-	66,100	-	-
Total – all key management personnel	**545,668**	**-**	**(1,786)**	**50,057**	**243,546**	**837,485**	**23.0%**	**29.1%**

1 – Represents the accounting value of the movement in accrued leave liabilities and not amounts paid to the member of Key Management Personnel.

2 – Appointed 8 September 2023

3 – Resigned 7 September 2023

4 – Represents amounts paid to Automic Group for services provided by Mr Pitts as Company Secretary. Mr Pitts is an employee of Automic Group.

DIRECTORS' REPORT (CONTINUED)

12.3 Value of options to key management personnel

The value of options will only be realised if and when the market price of the Company shares, as quoted on the Australian Securities Exchange, rises above the Exercise Price of the options. Further details of the options are contained below.

12.4 Options and rights over equity instruments granted as compensation

During the current financial year, 5,000,000 options were granted to Directors as compensation on 3 December 2025, exercisable at $0.06 on or before 30 November 2028.

12.5 Analysis of options and rights over equity instruments granted as compensation

Granted during the current financial year

The following options were granted as remuneration to key management personnel during the year:

	Number of options granted	Date issued	% Vested	% Forfeited / Lapsed	Financial year in which grant vests
Director Options	5,000,000	3 December 2025	100%	-	N/A

The fair value of the options issued during the year to key management personnel was determined using a Black-Scholes option pricing model, applying the inputs and producing the result set out below:

	Director Options
Underlying security price	$0.024
Exercise price	$0.06
Grant date	12 November 2025
Expiration date	30 November 2028
Vesting date	Immediate
Life (years)	3.0
Volatility	81%
Risk free rate	3.694%
Dividend yield	Nil
Fair value per option	$0.0079
Number of options granted	5,000,000
Total fair value	**$39,500**

Granted during previous financial years

The following options were granted as remuneration to directors during previous years.

	Number of options granted	Date granted	% Vested	% Forfeited / Lapsed	Financial year in which grant vested / will vest
Key Management Personnel					
Mr R Davis – Related Party Options – Tranche 1	1,000,000	15 November 2024	100%	-	-
Mr R Davis – Related Party Options – Tranche 2	1,500,000	15 November 2024	100%	-	-
Mr D Church – Related Party Options – Tranche 1	1,000,000	15 November 2024	100%	-	-

DIRECTORS' REPORT (CONTINUED)

The fair value of the options issued during the year to Key Management Personnel was determined by reference to the Black-Scholes option pricing model. The key inputs and valuations are summarised as follows:

	Related Party Options – Tranche 1	Related Party Options – Tranche 2
Underlying security spot price on grant date	$0.035	$0.035
Exercise price	$0.07	$0.08
Grant date	15/11/2024	15/11/2024
Expiration date	2/12/2028	2/12/2028
Vesting date	Immediate	Immediate
Life (years)	4	4
Volatility	75%	75%
Risk free rate	4.214%	4.214%
Dividend Yield	Nil	Nil
Number of options	2,000,000	1,500,000
Valuation per option	$0.0151	$0.0140
Remaining life (years)	3.4	3.4
Total value	**$30,200**	**$21,000**
Value recognised to date	$30,200	$21,000
Value still to be recognised	-	-

The following performance rights, which all expire on 15 November 2027, were issued to the Company's Managing Director during the previous financial year and remained on issue during the current financial year:

a) 1,000,000 Tranche 1 Related Party Performance Rights will vest subject to the Company announcing a new JORC 2012 compliant mineral resource estimate of 50,000 tonnes Cu or equivalent KPI at the sole discretion of the Board.

b) 1,000,000 Tranche 2 Related Party Performance Rights will vest subject to the Company announcing a new JORC 2012 compliant mineral resource estimate of 100,000 tonnes Cu or equivalent KPI at the sole discretion of the Board.

c) 1,000,000 Tranche 3 Related Party Performance Rights will vest subject to the Company announcing a new JORC 2012 compliant mineral resource estimate of 200,000 tonnes Cu or equivalent KPI at the sole discretion of the Board.

The fair value of the Related Party Performance Rights issued during the previous financial year to Key Management Personnel was determined by reference to the underlying security price on the date of issue, being $0.035 each.

Options or rights expired or exercised during the year

No options held by key management personnel expired or were exercised during the year.

5,000,000 performance rights held by Mr Daniel Thomas were converted into ordinary shares during the year. In addition, 1,500,000 performance rights held by an employee were forfeited upon their resignation.

DIRECTORS' REPORT (CONTINUED)

12.6 Option holdings

The movement during the reporting period in the number of options over ordinary shares in Hammer Metals Limited held, directly, indirectly or beneficially, by each key management person, including their personally-related entities, is as follows:

Key Management Personnel	Held at beginning of period/on appointment	Granted	Purchased	Exercised	Lapsed or Expired	Held at end of period / on resignation	Vested and exercisable at end of period
Mr R Davis	4,000,000	1,000,000	-	-	-	5,000,000	5,000,000
Mr D Thomas	4,000,000	2,000,000	-	-	-	6,000,000	6,000,000
Mr D Church	4,000,000	1,000,000	-	-	-	5,000,000	5,000,000
Mr J Croser	4,000,000	1,000,000	-	-	-	5,000,000	5,000,000
Mr M Pitts	-	-	-	-	-	-	-

12.7 Equity holdings and transactions

The movement during the reporting period in the number of ordinary shares in Hammer Metals Limited held directly, indirectly or beneficially, by each key management person, including their personally related entities, is as follows:

	Held at beginning of period/on appointment	Purchases	Sales	Granted in lieu of fees	Exercise of Options and Performance Rights	Held at end of period/on resignation
Mr R Davis	45,500,000	1,000,000	-	-	-	46,500,000
Mr D Thomas	4,833,334	-	-	-	5,000,000	9,833,334
Mr D Church	1,052,631	-	-	-	-	1,052,631
Mr J Croser	-	-	-	-	-	-
Mr M Pitts	1,729,459	-	-	-	-	1,729,459

12.8 Performance right holdings

The movement during the reporting period in the number of performance rights over ordinary shares in Hammer Metals Limited held, directly, indirectly or beneficially, by each key management person, including their personally-related entities, is as follows:

	Held at beginning of period/on appointment	Granted	Exercised	Other movements / Expiry	Held at end of period / on resignation	Vested and exercisable at end of period
Mr R Davis	-	-	-	-	-	-
Mr D Thomas	12,000,000	-	(5,000,000)	-	7,000,000	2,000,000
Mr D Church	-	-	-	-	-	-
Mr J Croser	-	-	-	-	-	-
Mr M Pitts	-	-	-	-	-	-

END OF REMUNERATION REPORT

DIRECTORS' REPORT (CONTINUED)

13. SHARE OPTIONS

Unissued shares under option

At the date of this report unissued ordinary shares of the Company under option are:

	Expiry Date	Exercise price	Number of options
Non-Executive Director Options	30 November 2026	$0.07	4,500,000
Non-Executive Director Options	30 November 2026	$0.08	5,500,000
Management Options – Tranche 1	30 November 2026	$0.08	2,000,000
Management Options – Tranche 1	30 November 2026	$0.08	2,000,000
Employee Incentive Options 2024	28 October 2028	$0.06	7,000,000
Related Party Options – Tranche 1	2 December 2028	$0.07	2,000,000
Related Party Options – Tranche 2	2 December 2028	$0.08	1,500,000
Director Options	30 November 2028	$0.06	5,000,000
			29,500,000

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Shares issued on exercise of options

No shares were issued during the current or previous year upon the exercise of options.

DIRECTORS' REPORT (CONTINUED)

14. PERFORMANCE RIGHTS

Unissued shares under performance rights

At the date of this report unissued ordinary shares of the Company under performance rights are:

		30 June 2026
	Expiry Date	**Number of rights**
Management Performance Rights – 1A	15 December 2027	500,000
Management Performance Rights – 1B	15 December 2027	500,000
Management Performance Rights – 2A	15 December 2027	500,000
Management Performance Rights – 2B	15 December 2027	500,000
Management Performance Rights – 3	15 December 2027	2,000,000
Related Party Performance Rights – T1	15 November 2027	1,000,000
Related Party Performance Rights – T2	15 November 2027	1,000,000
Related Party Performance Rights – T3	15 November 2027	1,000,000
		7,000,000

The terms of these rights are summarised in section 12.5 above.

Shares issued on exercise of performance rights

During the year, 5,000,000 performance rights were exercised and converted into ordinary shares.

15. CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviours and accountability, the Directors support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the ASX Corporate Governance Council and considers the Company is in compliance with those guidelines which are of importance to the operations of the Company. Where a recommendation has not been followed, that fact has been disclosed together with the reasons for the departure.

The Company's Corporate Governance Statement and disclosures available on the Company's website at www.hammermetals.com.au.

16. INDEMNIFICATION OF OFFICERS AND AUDITORS

The Company has entered into Deeds of Access and Indemnity (Deed) with each Director and the Company Secretary (officers). Under the Deed, the Company indemnifies the officers to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the officers in connection with the officers being an officer of the Company, the employment of the officer with the Company or a breach by the Company of its obligations under the Deed.

DIRECTORS' REPORT (CONTINUED)

Also pursuant to the Deed, the Company must insure the officers against liability and provide access to all board papers relevant to defending any claim brought against them in their capacity as officers of the Company.

The Company has paid insurance premiums during the year in respect of liability for any past, present or future Directors, secretary, officers and employees of the Company or related body corporate. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not provided any insurance or indemnification for the Auditor of the Company.

17. NON-AUDIT SERVICES

During the year PKF Perth, the Company's auditor, provided no non-audit services to the Company.

18. LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 30 and forms part of the Directors' report for the financial year ended 30 June 2026.

19. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of Directors, other than that disclosed elsewhere in this report, there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review.

This report is made with a resolution of the Directors:



R Davis
Chairman
Perth
7 August 2026

PKF Perth
ABN 64 591 268 274
Dynons Plaza,
Level 8, 905 Hay Street,
Perth WA 6000
PO Box 7206,
Cloisters Square WA 6850
Australia

+61 8 9426 8999
perth@pkfperth.com.au
pkf.com.au

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF HAMMER METALS LIMITED

In relation to our audit of the financial report of Hammer Metals Limited for the year ended 30 June 2026, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Perth

PKF PERTH

ALEXANDRA SOFIA
BALDEIRA PEREIRA CARVALHO
PARTNER

7 August 2026
PERTH, WESTERN AUSTRALIA

PKF Perth is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separately owned legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s). Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Note	30 June 2026	30 June 2025
		$	$
Current assets			
Cash and cash equivalents	10	1,530,850	2,559,394
Trade and other receivables	11	71,685	145,815
Total current assets		**1,602,535**	**2,705,209**
Non-current assets			
Other financial assets	12	118,698	3,633,385
Plant and equipment		4,163	5,136
Right-of-use assets	13	57,956	141,368
Exploration and evaluation expenditure	14	31,285,719	27,901,337
Total non-current assets		**31,466,536**	**31,681,226**
Total assets		**33,069,071**	**34,386,435**
Current liabilities			
Trade and other payables	15	713,753	875,498
Borrowings	17	1,000,000	-
Lease liabilities	16	33,801	89,155
Total current liabilities		**1,747,554**	**964,653**
Non-current liabilities			
Lease liabilities	16	18,789	52,134
Total non-current liabilities		**18,789**	**52,134**
Total liabilities		**1,766,343**	**1,016,787**
Net assets		**31,302,728**	**33,369,648**
Equity			
Share capital	18	67,117,154	66,859,386
Reserves	19	619,134	748,748
Accumulated losses		(36,433,560)	(34,238,486)
Total equity		**31,302,728**	**33,369,648**

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2026

	Note	30 June 2026	30 June 2025
		$	$
Other income	4	141,033	227,320
Marketing expenses		(99,620)	(122,119)
Administrative expenses		(927,500)	(524,250)
Employee benefits expense	5	(271,803)	(259,501)
Share based payments	5	(130,386)	(344,480)
Occupancy expenses		(57,661)	(61,551)
Depreciation and amortisation	5	(84,385)	(92,305)
Exploration written off	14	(201,772)	(907,190)
Net fair value gain/(loss) on financial assets at FVTPL	12	(630,345)	(978,158)
Other expenses		(2,156)	-
Profit / (Loss) from operating activities		**(2,264,595)**	**(3,062,234)**
Finance income		77,612	150,939
Finance expenses		(8,091)	(12,021)
Net finance income / (expense)	**6**	**69,521**	**138,918**
Profit/(loss) before income tax		**(2,195,074)**	**(2,923,316)**
Income tax benefit	8	-	-
Net profit/(loss) for the year from continuing operations		**(2,195,074)**	**(2,923,316)**
Other comprehensive income		-	-
Other comprehensive loss for the year, net of income tax		**-**	**-**
Total Comprehensive profit/(loss) for the year		**(2,195,074)**	**(2,923,316)**
Loss per share:			
Basic gain/(loss) per share (cents per share)	9(a)	(0.25)	(0.33)
Diluted gain/(loss) per share (cents per share)	9(a)	(0.25)	(0.33)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2026

	Share capital	Share based payment reserve	Accumulated losses	Total
Balance at 1 July 2024	**66,810,197**	**787,618**	**(31,698,520)**	**35,899,295**
Loss for the year	**-**	**-**	**(2,923,316)**	**(2,923,316)**
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**(2,923,316)**	**(2,923,316)**
Shares issued to acquire tenement	50,000	-	-	50,000
Lapse of options	-	(251,350)	251,350	-
Lapse of performance rights	-	(132,000)	132,000	-
Share based payments	-	344,480	-	344,480
Share issue costs	(811)	-	-	(811)
Balance at 30 June 2025	**66,859,386**	**748,748**	**(34,238,486)**	**33,369,648**
Loss for the year	**-**	**-**	**(2,195,074)**	**(2,195,074)**
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**(2,195,074)**	**(2,195,074)**
Conversion of performance rights	260,000	(260,000)	-	-
Issue of options	-	39,500	-	39,500
Further vesting of performance rights	-	118,207	-	118,207
Reversal of forfeited performance rights	-	(27,321)	-	(27,321)
Share issue costs	(2,232)	-	-	(2,232)
Balance at 30 June 2026	**67,117,154**	**619,134**	**(36,433,560)**	**31,302,728**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2026

	Note	30 June 2026	30 June 2025
		$	$
Cash flows from operating activities			
Interest received		76,835	150,939
Fuel rebate received		-	10,054
Management fees received from farm-in and joint arrangement partners		147,360	169,310
Exploration incurred on behalf of farm-in partner		(1,049,099)	(1,285,014)
Reimbursement of exploration on behalf of farm-in partner received		1,080,280	1,540,933
Payments to suppliers and employees		(1,760,004)	(1,142,911)
Net cash used in operating activities	**24**	**(1,504,628)**	**(556,689)**
Cash flows from investing activities			
Payments for exploration expenditure		(3,314,327)	(3,353,403)
Purchase of property, plant & equipment		-	(3,103)
Purchase of tenements		-	(100,000)
Receipt of research and development grant		-	933,755
Security bonds refunded / (paid)		18,142	-
Farm-in fee received		-	100,000
Sale of investments	12	2,884,341	4,390
Net cash calls received on behalf of joint venture partners		-	110,000
Government exploration grants received		-	300,000
Net cash provided by / (used in) investing activities		**(411,844)**	**(2,008,361)**
Cash flows from financing activities			
Proceeds from borrowings	17	1,000,000	-
Transaction costs from issue of shares and options		(2,232)	(811)
Lease payments made		(109,840)	(103,357)
Net cash from financing activities		**887,928**	**(104,168)**
Net decrease in cash and cash equivalents		**(1,028,544)**	**(2,669,218)**
Cash and cash equivalents at beginning of year		2,559,394	5,228,612
Cash and cash equivalents at end of year	**10**	**1,530,850**	**2,559,394**

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Hammer Metals Limited (the "Company") is a company domiciled in Australia. The Company's registered office is Suite 2, Level 2, 41 Colin Street, West Perth, Western Australia. The consolidated financial statements of the Company for the financial year ended 30 June 2026 comprises the Company and its subsidiaries (together referred to as the "Group").

The Group is a for profit entity and is primarily involved in the exploration and extraction of mineral resources.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS's) adopted by the International Accounting Standards Board (IASB).

The consolidated financial report was authorised for issue by the Directors on 7 August 2026.

(b) Basis of measurement

The financial report is prepared on the historical cost basis except for share based payments and other financial assets which are measured at their fair value.

(c) Functional and presentation currency

The financial report is presented in Australian dollars which is the functional and presentation currency of the Company and its subsidiaries.

(d) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 27.

(e) Use of estimates and judgements

Set out below is information about:

- critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements; and
- assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (continued)

(e) Use of estimates and judgements (continued)

Estimates and assumptions

i. Ore Reserves and Mineral Resources

Economically recoverable reserves represent the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions. The Group determines and reports ore reserves and mineral resources under the standards incorporated in the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, 2012 edition (the JORC Code). The determination of ore reserves or mineral resources includes estimates and assumptions about a range of geological, technical and economic factors, including: quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Changes in ore reserves and mineral resources impact the assessment of recoverability of exploration and evaluation assets, provisions for site restoration and the recognition of deferred tax assets, including tax losses.

ii. Exploration and evaluation assets

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the Group's accounting policy (refer Note 3(l)), requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. Critical to this assessment is estimates and assumptions as to ore reserves (refer Note 2(e)(ii)), the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. Changes in these estimates and assumptions as new information about the presence or recoverability of an ore reserve becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after having capitalised the expenditure under accounting policy 3(l), a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the statement of profit and loss and other comprehensive income in accordance with accounting policy 3(e). The carrying amounts of exploration and evaluation assets are set out in Note 14.

iii. Share based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model considering the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to Note 21 for further information.

(f) Adoption of new and revised standards

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (continued)

(g) Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Directors believe that the Group will have sufficient working capital to meet its minimum project development and administrative expenses in the next twelve months following the date of signing of the financial report.

For the year ended 30 June 2026, the Group incurred a loss before tax of $2,195,074 and net cash outflows from operating and investing activities of $1,916,472. As at 30 June 2026, the Group held $1,530,850 in cash and cash equivalents. On 11 June 2026 the Company entered into a binding Scheme Implementation Deed with Larvotto Resources Limited under which Larvotto proposes to acquire all issued shares in the Company by way of a scheme of arrangement, with the Group's Western Australian gold assets to be demerged to shareholders. The Scheme remains subject to shareholder approval, court approval and the satisfaction or waiver of other conditions precedent. In conjunction with this scheme, the Group also entered into a loan agreement with Larvotto Resources Limited, under which Larvotto advanced to the Group $1,000,000 of a total facility of $4,000,000. Refer Note 17 for the terms of the loan facility. As at the date of this report, the remaining loan facility remains undrawn.

Whilst not immediately required, the Group may need to raise additional funds to meet its planned and budgeted exploration expenditure as well as regular corporate overheads. The Group's capacity to raise additional funds will be impacted immediately by the outcome of the above-mentioned Scheme Implementation Deed, and furthermore by the success of the ongoing exploration activities and market conditions. The Group has, at its immediate availability, the remaining funding under the Larvotto Loan Agreement, and should the above proposed transaction not be completed, the Group would investigate other alternatives to raise further capital include, but not limited to, the issue of shares or the realisation of its assets through sale or joint venture opportunities.

These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, on its ability to realise its assets and discharge its liabilities in the ordinary course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities, that might be necessary should the Group be unable to continue as a going concern.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(a) Basis of consolidation (continued)

ii. Investments in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 percent and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investments includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the investment, including any long-term interest that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

iii. Joint arrangements

The Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligation for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

iv. Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(b) Plant and equipment

Items of plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see Note 3(e) below). Depreciation is charged to the statement of profit and loss and other comprehensive income on a straight-line basis over their estimated useful lives. The estimated useful lives in the current and comparative periods are as follows:

- Office equipment 3 to 4 years
- Plant and equipment 3 to 5 years

The residual value, if significant, is reassessed annually.

(c) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(c) Financial instruments (continued)

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(c) Financial instruments (continued)

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(e) Impairment

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

Trade receivables are initially recognised at their transaction price and other receivables at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss.

The group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises the lifetime expected credit loss for trade receivables carried at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(e) Impairment (continued)

The expected credit losses on these financial assets are estimated based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast conditions at the reporting date.

For all other receivables measured at amortised cost, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to expected credit losses within the next 12 months.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets (see accounting policy 3(k)) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Share capital

Ordinary shares

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(g) Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of profit and loss and other comprehensive income over the period of the borrowings on an effective interest basis.

(h) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of profit and loss and other comprehensive income as incurred.

Share based payment transactions

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcome.

Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as, workers compensation insurance and payroll tax.

(i) Finance income and expenses

Net finance income

Net finance income comprises interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested and realised foreign exchange gains and losses. Interest income is recognised in the statement of profit and loss and other comprehensive income as it accrues, using the effective interest method.

(j) Income tax

Income tax on the statement of profit and loss and other comprehensive income for the periods presented comprises current and deferred tax. Income tax is recognised in the statement of profit and loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(j) Income tax (continued)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company and its Australian resident wholly owned subsidiaries adopted the tax consolidation legislation with effect from 1 July 2014 and are therefore taxed as a single entity from that date. Hammer Metals Ltd is the head entity within the tax-consolidated group. Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group.

(k) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

(l) Exploration and evaluation expenditure

Exploration for and evaluation of mineral resources is the search for mineral resources after the Group has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resources. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Group in connection with the exploration for and evaluation of minerals resources before the technical feasibility and commercial viability of extracting mineral resources are demonstrable.

Accounting for exploration and evaluation expenditure is assessed separately for each area of interest. An area of interest is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(l) Exploration and evaluation expenditure (continued)

For each area of interest, the expenditure is recognised as an exploration and evaluation asset where the following conditions are satisfied:

a) The rights to tenure of the area of interest are current; and

b) At least one of the following conditions is also met:

i. The expenditure is expected to be recouped through successful development and commercial exploitation of an area of interest, or alternatively by its sale; and

ii. Exploration and evaluation activities in the area of interest have not, at reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise 'economically recoverable reserves' and active and significant operations in, or in relation to, the area of interest are continuing. Economically recoverable reserves are the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable conditions.

Exploration and evaluation assets include

- Acquisition of rights to explore;
- Topographical, geological, geochemical and geophysical studies;
- Exploratory drilling, trenching, and sampling and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resource.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation assets only to the extent that those costs can be related directly to the operational activities in the area of interest to which the exploration and evaluation assets relate. In all other instances, these costs are expensed as incurred.

Exploration and evaluation assets are transferred to Development Assets once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are assessed for impairment, and any impairment loss is recognised prior to being reclassified.

The carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

Impairment testing of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(l) Exploration and evaluation expenditure (continued)

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploitation for and evaluation of mineral resources in the specific area are not budgeted or planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified are; or
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, an assessment is performed for each cash generating unit which is no larger than the area of interest. The Group performs impairment testing in accordance with accounting policy 3(e).

Farm-in arrangements (in the exploration and evaluation phase)

For exploration and evaluation asset acquisitions (farm-in arrangements) in which the Group has made arrangements to fund a portion of the selling partner's (farmor's) exploration and/or future development expenditures (carried interests), these expenditures are reflected in the financial statements as and when the exploration work progresses.

Farm-out arrangements (in the exploration and evaluation phase)

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained.

Monies received pursuant to farm-in agreements are treated as a liability (advanced cash call) on receipt and until such time as the relevant expenditure is incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		30 June 2026	30 June 2025
4.	**OTHER INCOME**	$	$
	Management fee from farm-in partners	128,106	169,310
	Other income	12,927	58,010
	Total other income	**141,033**	**227,320**

		30 June 2026	30 June 2025
5.	**RESULT FROM OPERATING ACTIVITIES**	$	$
	Net loss for the year before tax has been arrived at after charging the following expenses:		
	Depreciation of plant and equipment	973	973
	Amortisation of right-of-use assets	83,412	91,332
	Total depreciation and amortisation	**84,385**	**92,305**
	Salary and wages	248,045	236,383
	Superannuation expense	23,758	23,118
	Share based payments	130,386	344,480
	Total employee costs	**402,189**	**603,981**

		30 June 2026	30 June 2025
6.	**FINANCE INCOME AND FINANCE COSTS**	$	$
	Recognised in loss for the year:		
	Interest income	77,612	150,939
	Finance costs / lease interest expense	(8,091)	(12,021)
	Net finance income	**69,521**	**138,918**

		30 June 2026	30 June 2025
7.	**AUDITORS' REMUNERATION**	$	$
	Auditors of the Company – PKF		
	Audit services:		
	Audit and review of financial reports	47,000	40,000
		47,000	**40,000**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		30 June 2026	30 June 2025
8.	**INCOME TAX**	$	$
	(a) Income tax benefit		
	Current tax	-	-
	Deferred tax	-	-
	Total income tax benefit	**-**	**-**
	Numerical reconciliation of income tax benefit to pre-tax accounting profit / (loss):		
	Profit / (loss) before income tax	(2,195,074)	(2,923,316)
	Income tax expenses / (benefit) using the Company's domestic tax rate of 25% (2025: 25%)	(548,769)	(730,829)
	Adjusted for:		
	(Non-deductible expenses) / Non-Assessable Income	186,512	87,004
	Over provision in respect of prior years	-	(1,542,863)
	Temporary differences and tax losses not recognised	362,257	2,186,688
	Income tax benefit	**-**	**-**
	(b) Unrecognised deferred tax assets / liabilities		
	Deferred tax assets / liabilities have not been recognised in respect of the following items:		
	Temporary timing differences related to:		
	Property, plant and equipment	(1,041)	(1,284)
	Exploration and evaluation expenditure	(6,790,915)	(5,944,819)
	Investments	(29,675)	667,386
	Right-of-use assets	(14,489)	(35,342)
	Accrued expenses and provisions	48,282	46,430
	Lease liabilities	13,148	35,322
	Capital raising costs	15,048	21,397
	Capital losses	177,365	23,450
	Income tax losses	12,542,968	10,785,894
		5,960,691	**5,598,434**

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits from.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		30 June 2026	30 June 2025
9.	**GAIN/(LOSS) PER SHARE**		
	(a) Basic (loss) / gain per share calculated using the weighted average number of fully paid ordinary shares on issue at the reporting date.	(0.25)	(0.33) cents
	Dilutive (loss) / gain per share calculated using the weighted average number of fully paid ordinary shares on issue at the reporting date.	(0.25)	(0.33) cents
	(b) Weighted average number of shares used in calculation of basic earnings per share	891,690,207	887,314,420
	(b) Weighted average number of shares used in calculation of dilutive earnings per share	891,690,207	887,314,420

		30 June 2026	30 June 2025
10.	**CASH AND CASH EQUIVALENTS**	$	$
	Cash at bank and on hand	**1,530,850**	**2,559,394**
	The Group's exposure to interest rate risk and sensitivity analysis for financial assets and financial liabilities are disclosed in Note 26.		

		30 June 2026	30 June 2025
11.	**TRADE AND OTHER RECEIVABLES**	$	$
	Current		
	GST receivable	23,757	5,594
	Security deposit	47,928	23,956
	Reimbursement of exploration costs incurred on behalf of Joint Ventures receivable	-	116,264
		71,685	**145,815**
	Trade and other receivables are non-interest bearing.		

		30 June 2026	30 June 2025
12.	**OTHER FINANCIAL ASSETS**	$	$
	Non - Current		
	Investments in other entities		
	Listed shares in TSXV and ASX-listed companies - at fair value	**118,698**	**3,633,385**
	Movements in other financial assets for the period:		
	Opening balance at the beginning of the period	3,633,385	4,615,933
	Additions – CNB shares received as part consideration for sale of tenement	-	-
	Sale of investments	(2,884,341)	(4,390)
	Fair value adjustment on financial assets	(630,345)	(978,158)
	Closing balance at the end of the period	**118,698**	**3,633,385**
	The Group's exposure to equity price risk and sensitivity analysis is disclosed in Note 26. Listed shares recognised as non-current assets have been recognised at fair value through profit or loss ("FVTPL")		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		30 June 2026	30 June 2025
13.	**RIGHT-OF-USE ASSETS**	$	$
	Right-of-use assets	361,092	361,092
	Less: accumulated depreciation	(303,136)	(219,724)
	Total right-of-use assets	**57,956**	**141,368**
	Movements in right-of-use assets for the period:		
	Opening balance at the beginning of the period	141,368	177,663
	Additions for the period	-	91,055
	Depreciation and amortisation	(83,412)	(91,332)
	Disposals	-	(36,018)
	Closing balance at the end of the period	**57,956**	**141,368**

		30 June 2026	30 June 2025
14.	**EXPLORATION AND EVALUATION EXPENDITURE**	$	$
	Balance at 1 July	27,901,337	26,540,119
	Exploration and evaluation expenditure incurred	3,576,154	3,452,163
	Tenements acquired – Mt Sefton (a)	10,000	-
	Tenements acquired – Lady Jenny (b)	-	150,000
	Exploration grants received	-	(300,000)
	Exploration written-off (c)	(201,772)	(907,190)
	Farm-in fee received (d)	-	(100,000)
	Research and development grant received	-	(933,755)
	Balance at 30 June	**31,285,719**	**27,901,337**

(a) During the current financial year, the Group acquired an option over the Mt Sefton tenement (E38/4006) from Casino Mining Corporation Pty Ltd for cash consideration of $10,000. The tenement was subsequently granted during the year.
(b) During the comparative period, the Group acquired an interest in the Lady Jenny prospect through the payment of $100,000 cash and the issue of 1,351,351 shares. Due to the nature of the asset acquired, the Group determined that it could not obtain a reliable estimate of the fair value of the interest acquired and therefore measured the interest by reference to the fair value of the cash paid and the shares issued, being $0.037 per share, or $50,000.
(c) During the current and previous financial year, the Group wrote off exploration expenditure relating to tenements that were relinquished. The comparative amount of $907,190 includes exploration expenditure relating to its Mt Frosty joint venture written off because the Group no longer met the requirements for carrying the expenditure forward. The Group considers that the project retains significant value; however, it adopted a conservative approach in accordance with the Australian Accounting Standards.
(d) During the comparative period, the Group received a farm-in fee related to the initial establishment of the Bullrush Joint Venture. Refer Note 23.
The ultimate recovery of costs carried forward for exploration and evaluation phases is dependent on successful development and commercial exploitation, or sale, of the respective areas of interest at an amount greater than or equal to carrying value. Refer Note 3(l).
Expenses capitalised to exploration and evaluation expenditure assets for the year include direct exploration costs (including drilling, rock-chip programs and geophysical surveys), laboratory costs (including assaying, analysis and review), geological and geochemical consultants, and allocated administration costs (including salaries and wages) where those costs can be directly attributed to exploration or evaluation activities for a particular area of interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		30 June 2026	30 June 2025
15.	**TRADE AND OTHER PAYABLES**	$	$
	Trade payables and accruals	540,284	740,140
	Employee leave accruals	173,469	135,358
		713,753	**875,498**

All trade and other payables are non-interest bearing and payable on normal commercial terms.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 26.

		30 June 2026	30 June 2025
16.	**LEASE LIABILITIES**	$	$
	Current lease liabilities	33,801	89,155
	Non-current lease liabilities	18,789	52,134
		52,590	**141,289**

The nature of the Group's leasing activities includes property leases and the lease of motor vehicles.

A reconciliation of the movement in the lease liabilities balances is as follows:

Opening	141,289	177,588
Additions for new leases	-	35,322
Interest expense on lease liabilities	8,091	12,021
Lease payments made (principal amount)	(96,790)	(83,641)
Balance at 30 June	**52,590**	**141,289**

		30 June 2026	30 June 2025
17.	**BORROWINGS**	$	$
	Current		
	Interest-bearing loan – Larvotto Resources Limited	1,000,000	-
		1,000,000	**-**

During the year, the Company entered into a binding loan agreement with Larvotto Resources Limited (ASX: LRV) for an unsecured loan facility of up to $4,000,000 in connection with the Scheme Implementation Deed. At 30 June 2026, the Company had drawn $1,000,000 and $3,000,000 remained undrawn. The facility is unsecured and non-interest bearing while the Scheme remains on foot. Interest becomes payable only in specified circumstances following termination of the Scheme, at which time the drawn amount also becomes repayable in accordance with the facility terms. The borrowing is classified as current because it may become repayable within twelve months of the reporting date. Larvotto Resources Limited is not a related party of the Company. Refer Note 29 for further information about the proposed Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		30 June 2026 No.	30 June 2026 $	30 June 2025 No.	30 June 2025 $
18.	**ISSUED CAPITAL**				
(a)	Share capital				
	Ordinary shares				
	On issue at 1 July	887,758,700	66,859,386	886,407,349	66,810,197
	Conversion of performance rights	5,000,000	260,000	-	-
	Issue of shares to acquire tenements	-	-	1,351,351	50,000
	Share issue costs	-	(2,232)	-	(811)
	On issue at 30 June – fully paid	**892,758,700**	**67,117,154**	**887,758,700**	**66,859,386**

Terms and conditions
Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.
The company does not have authorised capital or par value in respect of its issued shares.
In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Dividends

No dividends were paid or declared for the year (2025: Nil).

		30 June 2026 No.	30 June 2025 No.
(b)	Options outstanding over ordinary shares		
	Unlisted options (Share-based payment reserve)		
	Unlisted options exercisable at $0.07 expiring 30 Nov 2026	4,500,000	4,500,000
	Unlisted options exercisable at $0.08 expiring 30 Nov 2026	5,500,000	5,500,000
	Unlisted options exercisable at $0.08 expiring 30 Nov 2026 – Management Tranche 1	2,000,000	2,000,000
	Unlisted options exercisable at $0.08 expiring 30 Nov 2026 – Management Tranche 2	2,000,000	2,000,000
	Employee Incentive Options - exercisable at $0.06 expiring 25 Oct 2028	7,000,000	7,000,000
	Related Party Options – Tranche 1 - exercisable at $0.07 expiring 2 December 2028	2,000,000	2,000,000
	Related Party Options – Tranche 2 - exercisable at $0.08 expiring 2 December 2028	1,500,000	1,500,000
	Unlisted options exercisable at $0.06 expiring 30 Nov 2028 – Director Options	5,000,000	-
		29,500,000	**24,500,000**

5,000,000 unlisted options were granted to directors during the year (2025: 10,500,000). Refer to Note 21.
No unlisted options were exercised during the year (2025: Nil).
No unlisted options were granted to consultants or employees during the year (2025: Nil).
No unlisted options expired unexercised during the period (2025: 9,100,000).
Options carry no voting rights until converted to fully paid ordinary shares. All unlisted options were granted for no cash consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		30 June 2026	30 June 2025
		No.	No.
18.	**ISSUED CAPITAL (CONTINUED)**		
(c)	Performance rights outstanding		
	Performance rights (Share-based payment reserve)		
	Management Performance Rights – Tranche 1A	500,000	500,000
	Management Performance Rights – Tranche 1B	500,000	500,000
	Management Performance Rights – Tranche 2A	500,000	500,000
	Management Performance Rights – Tranche 2B	500,000	500,000
	Management Performance Rights – Tranche 3	2,000,000	7,000,000
	Employee Incentive 2024 Performance Rights – Tranche 1	-	500,000
	Employee Incentive 2024 Performance Rights – Tranche 2	-	500,000
	Employee Incentive 2024 Performance Rights – Tranche 3	-	500,000
	Related Party Performance Rights – Tranche 1	1,000,000	1,000,000
	Related Party Performance Rights – Tranche 2	1,000,000	1,000,000
	Related Party Performance Rights – Tranche 3	1,000,000	1,000,000
		7,000,000	**13,500,000**

No performance rights were granted during the current financial year (2025: 4,500,000). During the year, 5,000,000 performance rights vested and were converted into fully paid ordinary shares, and 1,500,000 performance rights were forfeited. Performance rights carry no voting rights until converted to fully paid ordinary shares.

	Number of Rights	Vesting Date	Vesting Condition	Expiry Date
Related Party Performance Rights				
- Tranche 1	1,000,000	Refer below	Refer below	15/11/2027
- Tranche 2	1,000,000	Refer below	Refer below	15/11/2027
- Tranche 3	1,000,000	Refer below	Refer below	15/11/2027
Employee Incentive Performance Rights (cancelled/forfeited 5 June 2026)				
- Tranche 1	1,000,000	Refer below	Refer below	15/11/2027
- Tranche 2	1,000,000	Refer below	Refer below	15/11/2027
- Tranche 3	1,000,000	Refer below	Refer below	15/11/2027

All performance rights require the recipient to remain employed until vesting date. Each tranche of Employee Incentive and Related Party performance rights contains the same vesting conditions as follows:

- Tranche 1 performance rights vest upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 50,000 tonnes Cu or equivalent KPI at the sole discretion of the Board;
- Tranche 2 performance rights vest upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 100,000 tonnes Cu or equivalent KPI at the sole discretion of the Board; and
- Tranche 3 performance rights vest upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 200,000 tonnes Cu or equivalent KPI at the sole discretion of the Board.

The Employee Incentive Rights were cancelled/forfeited during the period as the holder failed to meet the vesting conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		30 June 2026	30 June 2025
		$	$
19.	**RESERVES**		
	Share-based payment reserve [1]		
	Balance at beginning of period	748,748	787,618
	Options issued to Employees, Directors and executives	39,500	159,000
	Performance rights issued to Employees	-	14,430
	Performance rights issued to Managing Director	-	26,178
	Expiry of options	-	(251,350)
	Reversal of forfeited performance rights	(27,321)	(132,000)
	Further vesting expense of options and rights issued in previous periods	118,207	144,872
	Conversion of performance rights	(260,000)	-
		619,134	**748,748**

[1] The share-based payment reserve is used to record the fair value of options and rights issued to Directors and employees and consultants under various share-based payment schemes and options issued for the acquisition of assets.

20. COMMITMENTS

a) Exploration Expenditure Commitments

In order to maintain current rights of tenure to exploration tenements the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State Governments within Australia. These obligations may be reset when application for a mining lease is made and at other times. As a result, exploration expenditure commitments beyond twelve months cannot be reliably determined.
The Group has a minimum expenditure commitment on tenure under its control.
The Group can apply for exemption from compliance with the minimum exploration expenditure requirements.
These obligations are not provided for in the financial report and are payable:

	Consolidated		Company	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	$	$	$	$
Annual minimum exploration expenditure	4,275,845	4,208,207	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. SHARE BASED PAYMENTS

Employee Incentive Plan

The Hammer Metals Employee Incentive Plan was approved by shareholders on 17 November 2023. The key features of this plan are:

(a) The plan will be available to directors, employees and other permitted persons of the Company and its subsidiaries.

(b) Performance Rights or Options are granted for no consideration.

(c) Where options are issued an exercise price will be determined by the Board from time to time.

(d) The number of shares the subject of Performance Rights or Options issued under this plan and other similar plans will not exceed 5% of the Company's issued capital from time to time.

(e) If a holder ceases to be an eligible participant of the plan during the exercise period of a vested Performance Right or Option, the holder may exercise the options within 30 days of ceasing to be an eligible participant and thereafter the options will lapse.

(f) The Performance Rights or Options issued under this plan shall not be quoted on ASX.

(g) The Performance Rights or Options' terms are at the discretion of the Directors.

Options

The number and weighted average exercise price of unlisted share options on issue is as follows:

	30 June 2026		30 June 2025	
	No of unlisted options	Weighted average exercise price	No of unlisted options	Weighted average exercise price
Outstanding at 1 July	24,500,000	$0.072	23,100,000	$0.065
Granted during the period	5,000,000	$0.060	10,500,000	$0.065
Exercised during the period	-	-	-	-
Expired / lapsed during the period	-	-	9,100,000	$0.048
Outstanding at 30 June	**29,500,000**	**$0.070**	**24,500,000**	**$0.072**
Exercisable at 30 June	29,500,000		24,500,000	

The options outstanding at year end have exercise prices ranging from $0.06 to $0.08 and a weighted average remaining contractual life of 1.45 years.

Options granted during current financial year

The following options were granted during the year.

	Number of options granted	Date granted	% Vested	% Forfeited / Lapsed	Financial year in which grant vested / will vest
Key Management Personnel					
Russell Davis – Director Options	1,000,000	12 November 2025	100%	-	30 June 2026
Daniel Thomas – Director Options	2,000,000	12 November 2025	100%	-	30 June 2026
David Church – Director Options	1,000,000	12 November 2025	100%	-	30 June 2026
James Croser – Director Options	1,000,000	12 November 2025	100%	-	30 June 2026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. SHARE BASED PAYMENTS (CONTINUED)

The fair value of the options issued during the year to Key Management Personnel was determined by reference to the Black-Scholes option pricing model. The key inputs and valuations are summarised as follows:

	Director Options
Underlying security spot price on grant date	$0.024
Exercise price	$0.06
Grant date	12/11/2025
Expiration date	30/11/2028
Vesting date	Immediate
Life (years)	3.0
Volatility	81%
Risk free rate	3.694%
Dividend Yield	Nil
Number of options	5,000,000
Valuation per option	$0.0079
Remaining life (years)	2.4
Total value	**$39,500**
Value recognised to date	$39,500
Value still to be recognised	-

Options granted during previous financial year

The following options were granted during the prior year.

	Number of options granted	Date granted	% Vested	% Forfeited / Lapsed	Financial year in which grant vested / will vest
Key Management Personnel					
Related Party Options – Tranche 1	1,000,000	15 November 2024	100%	-	30 June 2025
Related Party Options – Tranche 2	1,500,000	15 November 2024	100%	-	30 June 2025
Related Party Options – Tranche 3	1,000,000	15 November 2024	100%	-	30 June 2025
Other Employees					
Employee Incentive Options	7,000,000	28 October 2024	100%	-	30 June 2025

The fair value of the options issued during the year to Directors was determined by reference to the Black-Scholes option pricing model. The key inputs and valuations are summarised as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. SHARE BASED PAYMENTS (CONTINUED)

	Related Party Options – T1	Related Party Options – T2	Employee Incentive Options
Underlying security spot price on grant date	$0.035	$0.035	$0.034
Exercise price	$0.07	$0.08	$0.06
Grant date	15/11/2024	15/11/2024	28/10/2024
Expiration date	2/12/2028	2/12/2028	25/10/2028
Vesting date	Immediate	Immediate	Immediate
Life (years)	4	4	4
Volatility	75%	75%	75%
Risk free rate	4.214%	4.214%	4.025%
Dividend Yield	Nil	Nil	Nil
Number of options	2,000,000	1,500,000	7,000,000
Valuation per option	$0.0151	$0.0140	$0.0154
Remaining life (years)	3.4	3.4	3.3
Total value	**$30,200**	**$21,000**	**$107,800**
Value recognised to date (at 30 June 2026)	$30,200	$21,000	$107,800
Value still to be recognised (at 30 June 2026)	-	-	-

Performance Rights

	30 June 2026 No.	30 June 2025 No.
The number of performance rights on issue is as follows:		
Outstanding at 1 July	13,500,000	12,000,000
Granted during the period	-	4,500,000
Exercised during the period	(5,000,000)	-
Expired / lapsed during the period	(1,500,000)	(3,000,000)
Outstanding at 30 June	7,000,000	13,500,000
Vested and exercisable at 30 June	-	-

Performance Rights granted during previous financial year

The following performance rights, which all expire on 25 October 2027, were issued to Employees during the year:

a) 500,000 Tranche 1 Employee Incentive 2024 Performance Rights will vest subject to the Company announcing a new JORC 2012 compliant mineral resource estimate of 50,000 tonnes Cu or equivalent KPI at the sole discretion of the Board.

b) 500,000 Tranche 2 Employee Incentive 2024 Performance Rights will vest subject to the Company announcing a new JORC 2012 compliant mineral resource estimate of 100,000 tonnes Cu or equivalent KPI at the sole discretion of the Board.

c) 500,000 Tranche 3 Employee Incentive 2024 Performance Rights will vest subject to the Company announcing a new JORC 2012 compliant mineral resource estimate of 200,000 tonnes Cu or equivalent KPI at the sole discretion of the Board.

The fair value of the Employee Incentive 2024 Performance Rights issued during the prior year was determined by reference to the underlying security on the date of issue, being $0.034 each.

These 1,500,000 Employee Incentive 2024 Performance Rights lapsed unvested on 5 June 2026. The cumulative share-based payment expense of $27,321 recognised in respect of these rights to the date of lapse (comprising $11,442 recognised in prior periods and $15,879 in the current year) was reversed through profit or loss for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. SHARE BASED PAYMENTS (CONTINUED)

The following performance rights, which all expire on 15 November 2027, were issued to the Company's Managing Director during the previous financial year and remained on issue during the current financial year:

d) 1,000,000 Tranche 1 Related Party Performance Rights will vest subject to the Company announcing a new JORC 2012 compliant mineral resource estimate of 50,000 tonnes Cu or equivalent KPI at the sole discretion of the Board.

e) 1,000,000 Tranche 2 Related Party Performance Rights will vest subject to the Company announcing a new JORC 2012 compliant mineral resource estimate of 100,000 tonnes Cu or equivalent KPI at the sole discretion of the Board.

f) 1,000,000 Tranche 3 Related Party Performance Rights will vest subject to the Company announcing a new JORC 2012 compliant mineral resource estimate of 200,000 tonnes Cu or equivalent KPI at the sole discretion of the Board.

The fair value of the Related Party Performance Rights issued during the previous financial year to Key Management Personnel was determined by reference to the underlying security price on the date of issue, being $0.035 each.

	Employee Incentive 2024 Performance Rights – all tranches	Related Party Performance Rights – all tranches
Underlying security spot price on grant date	$0.034	$0.035
Grant date	28 Oct 2024	15 Nov 2024
Expiration date	25 Oct 2027	15 Nov 2027
Vesting date (estimated)	25 Oct 2027	15 Nov 2027
Life (years)	3.0	3.0
Discount applied {a}	-	-
Number of rights	1,500,000	3,000,000
Value per right	$0.034	$0.035
Remaining life (years) {b}	2.3	2.4
Total value	**$51,000**	**$105,000**
Value recognised to date (as at 30 June 2026)	-	$56,767
Value still to be recognised (as at 30 June 2026)	-	$48,233

22. RELATED PARTIES

Key Management Personnel Compensation:

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Executive Directors
Mr D Thomas

Non-executive Directors
Mr R Davis
Mr D Church
Mr J Croser

Executives
Mr M Pitts (Company Secretary)

	30 June 2026	30 June 2025
The key management personnel compensation comprised:	$	$
Short-term employee benefits	551,565	543,882
Post-employment benefits	51,000	50,057
Share-based payments	141,828	243,546
	744,393	**837,485**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. RELATED PARTIES (CONTINUED)

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and executives. Remuneration packages include a mix of fixed remuneration and equity-based remuneration.

Information regarding individual Directors and executive's compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 is provided in the remuneration report section of the Directors' report.

23. INTEREST IN OTHER ENTITIES

A - SUBSIDIARIES

Name	Country of Incorporation	Percentage held 2026	Percentage held 2025
Parent and ultimate controlling entity			
Hammer Metals Limited			
Subsidiaries			
Hammer Metals Australia Pty Ltd	Australia	100%	100%
Mt. Dockerell Mining Pty Ltd	Australia	100%	100%
Mulga Minerals Pty Ltd	Australia	100%	100%
Carnegie Exploration Pty Ltd	Australia	100%	100%
Hammer Bulk Commodities Pty Ltd	Australia	100%	100%
Midas Metals Asia Pty Ltd [(i)]	Australia	85%	85%

(i) This subsidiary is dormant and has not traded during the year.

The investments held in controlled entities are included in the financial statements of the parent at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. INTEREST IN OTHER ENTITIES (CONTINUED)

B – FARM-IN ARRANGEMENTS

The Group has the following farm-in / farm-out arrangements:

Mt Frosty – Mt Isa Mines (Glencore)

During a previous financial year the Group (through its wholly owned subsidiary Mulga Minerals Pty Ltd ('Mulga')) completed the acquisition of a 51% interest in the Mt. Frosty prospect and agreed terms for a new joint venture agreement with Mount Isa Mines Limited ('MIM') (a 100% owned subsidiary of Glenore PLC).

Each party to the joint arrangement contributes exploration expenditure according to their participating interest (Hammer – 51% and MIM – 49%). Dilution provisions apply if a party elects not to contribute to a programme. If a party's participating interest falls below 10% their interest will convert to a 3% Net Profits Royalty. Mulga acts as the initial manager of the joint arrangement.

In previous years, the Group wrote-off exploration expenditure relating to its Mt. Frosty joint venture, as a result of the Group no longer meeting the requirements for carrying the expenditure forward.

Mt Isa East – JOGMEC/SMMO

The Agreement with Japan Oil, Gas and Metals National Corporation ("JOGMEC") was signed in November 2019 and covers sections of the Even Steven, Mount Philp, Dronfield West and Malbon targets for a total area of approximately 290km^2 of the 2,200km^2 Mount Isa Project. The arrangement is referred to as the Mount Isa East Joint Venture ("Mt Isa East JV" or "MIEJV"), however in accordance with the Australian Accounting Standards is a farm-in arrangement by nature.

During the financial year ended 30 June 2023, JOGMEC and Sumitomo Metal Mining Oceania Pty Ltd. ("SMMO") signed an agreement whereby JOGMEC would transfer its position within the Mt Isa East JV to SMMO. The terms of the agreement remain unchanged.

The agreement allowed for SMMO to achieve a 60% interest in the project areas by expending $6,000,000 by 31 March 2024 through five stages (Farm-In Periods). During the financial year ended 30 June 2024, SMMO completed its fifth stage of the Farm-In, and therefore earned the 60% interest. The Agreement also allows for, subsequent to the completion of the Fifth Farm-in Period, each company to elect to contribute its pro-rata share of future funding. If either party does not contribute and is diluted to an ownership of less than 10% of the Mt Isa East JV, the Group's equitable interest will convert to a 2% Net Smelter Return Royalty. At any time, the Net Smelter Royalty Return Rate can be reduced to 1% via the payment of A$2,000,000.

The areas of interest subject to the Agreement are held by the Company's subsidiaries Mt Dockerell Mining Pty Ltd and Mulga Minerals Pty Ltd.

On 4 November 2025, the Group announced that it had reached an agreement with SMMO whereby the Malbon and Dronfield targets would be returned to the 100% ownership of the Group. On 17 July 2026, SMMO informed Hammer of it's withdrawal from the Mount Isa East Joint Venture.

Isa Valley Project – South32 Limited

On 27 May 2024, the Group announced a farm-in arrangement with South32 Limited ("South32"), whereby South32 can earn an 80% interest in the Isa Valley Project as follows:

- An initial commitment to earn 70% through the completion of a 900m drilling campaign within 18 months of entering into the agreement (for an estimated cost of $150,000), and the expenditure of an additional $3 million within 3 years. South32 can extend this earn-in period by up to 1 year by spending an additional $1 million (therefore, $4 million over 4 years).
- Once South32 has earned the 70% interest, this can be increased to an 80% interest through the agreement to free-carry the Group's interest in the project through to a Pre-Feasibility Study.

South32 is responsible for managing and operating the exploration program.

During the current financial year the initial commitment milestone (being the completion of a 900m drilling campaign) was achieved.

Bullrush Project – Sumitomo Metal Mining Oceania Pty Ltd ("SMMO")

On 27 June 2024, the Group announced a farm-in arrangement with SMMO whereby SMMO can earn an 80% interest in the Bullrush Project as follows:

- An initial commitment to earn 51% through the completion of a 2,000m drilling campaign within 12 months of entering into the agreement, and the expenditure of an additional $4.5 million within 4 years.
- An additional 9% interest (to 60% total) through the expenditure of $2 million in a further 2-year period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. INTEREST IN OTHER ENTITIES (CONTINUED)

Bullrush Project – Sumitomo Metal Mining Oceania Pty Ltd ("SMMO") – continued

Subsequently, the Group can maintain its 40% interest in the project by contributing its pro-rata share of exploration expenditure. Should the Group elect to not contribute its share, SMMO can increase its interest from 60% to 80% by electing to free-carry the Group's interest in the project through to a Pre-Feasibility Study.

The Group will act as the manager an operator of the project until at least the end of the first earn-in period.

On 5 June 2026, SMMO informed the Group of its intention to withdraw from the Bullrush Joint Venture.

		30 June 2026	30 June 2025
24.	**RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES**	$	$
	(Loss) / profit for the year	**(2,195,074)**	**(2,923,316)**
	Adjustments for:		
	Depreciation and amortisation	84,385	92,305
	Share based payments	130,386	344,480
	Fair value adjustment on financial assets	630,345	978,158
	Partial sale of tenements	-	-
	Interest expense	8,091	12,021
	Exploration expenditure written-off	201,772	907,190
	Movements attributable to operating activities:		
	Decrease / (increase) in trade and other receivables	74,130	(83,588)
	Increase / (decrease) in trade and other payables	(438,663)	116,061
	Net cash used in operating activities	**(1,504,628)**	**(556,689)**

25. SEGMENT INFORMATION

The Group has three reportable segments, being mineral exploration in Queensland and Western Australia, and corporate activities. The Group's operating segments have been determined with reference to the monthly management accounts, program budgets and cash flow forecasts used by the chief operating decision maker to make decisions regarding the Group's operations and allocation of working capital.

Segment information

The following tables represent revenue and profit information and certain asset and liability information regarding geographical segments for the year ended 30 June 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. SEGMENT INFORMATION (CONTINUED)

	Queensland Exploration	Western Australia Exploration	Corporate	Total
	$	$	$	**$**
30 June 2026				
Segment income	-	-	141,033	**141,033**
Segment profit / (loss) before income tax expense	(947,813)	(202,107)	(1,045,154)	**(2,195,074)**
Segment assets	21,872,322	9,413,397	1,783,352	**33,069,071**
Segment liabilities	(29,874)	(30)	(1,736,439)	**(1,766,343)**
30 June 2025				
Segment income	-	-	227,320	**227,320**
Segment loss before income tax expense	(1,682,812)	(321)	(1,240,183)	**(2,923,316)**
Segment assets	20,022,661	7,878,676	6,485,098	**34,386,435**
Segment liabilities	(33,770)	(36,565)	(946,452)	**(1,016,787)**

26. FINANCIAL INSTRUMENTS DISCLOSURES

Overview

The Group has exposure to the following risks from their use of financial instruments:

Credit risk

Liquidity risk

Market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

Trade and other receivables

As the Company operates in the mining exploration sector it does not have significant trade receivables and is therefore not exposed to credit risk in relation to trade receivables. The Group receives advanced cash calls from its farm-in / joint arrangement partner which are classified as liabilities. The cash call amounts are reduced as and when expenditure in terms of the farm-in/ joint arrangement agreement is incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS DISCLOSURES

Presently, the Group undertakes exploration and evaluation activities in Australia. At the balance sheet date there were no significant concentrations of credit risk.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

		Carrying amount	
	Note	30 June 2026	30 June 2025
		$	$
Cash and cash equivalents	10	1,530,850	2,559,394
Trade and other receivables	11	71,685	145,815

Impairment losses

None of the Group's trade and other receivables are past due and impaired (2025: Nil).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due (refer Note 2(g)). The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. Typically, the Group ensures it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The expected settlement of the Group's financial liabilities is as follows:

Consolidated	Carrying Amount	Contractual Cash-Flows	< 6 months	6-12 months	1-2 years	2-5 years
30 June 2026						
Trade and Other Payables	713,753	713,753	713,753	-	-	-
Borrowings – Larvotto loan	1,000,000	1,000,000	1,000,000	-	-	-
Lease liabilities	52,590	64,406	23,988	17,322	23,096	-
	1,766,343	**1,778,161**	**1,737,741**	**17,322**	**23,096**	**-**
30 June 2025						
Trade and Other Payables	875,498	875,498	875,498	-	-	-
Lease liabilities	141,289	151,333	45,840	44,420	37,977	23,096
	1,016,787	**1,026,831**	**921,338**	**44,420**	**37,977**	**23,096**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS DISCLOSURES

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group has no exposure to currency risk on investments and transactions that are denominated in a currency other than the respective functional currencies of Group entities. The Group has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.

Interest rate risk

The Group is not exposed to interest rate risk on borrowings as it has no borrowings subject to variable interest. The Group is exposed to interest rate risk on its cash balances.

Profile

At the reporting date the interest rate profile of the Company's and the Group's interest-bearing financial instruments was:

	Carrying amount	
	30 June 2026	30 June 2025
	$	$
Fixed rate instruments		
Cash and cash equivalents	25,332	24,358
Weighted average interest rates	4.50%	3.20%
Variable rate instruments		
Cash and cash equivalents	1,505,518	2,535,037
Weighted average interest rates	3.85%	3.28%

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss or equity (2025: Nil)

Cash flow sensitivity analysis for variable rate instruments

A sensitivity of 50 basis points has been used and considered reasonable given current interest rates. A 0.5% movement in interest rates at the reporting date would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis for 2025 was performed on the same basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS DISCLOSURES

	Loss		Equity	
	50bp increase	50bp decrease	50bp increase	50bp decrease
Consolidated	**$**	**$**	**$**	**$**
30 June 2026				
Variable rate instruments	7,654	(7,654)	7,654	(7,654)
30 June 2025				
Variable rate instruments	12,797	(12,797)	12,797	(12,797)

Carrying amounts versus fair values

The fair values of financial assets and liabilities materially equates to the carrying amounts shown in the statement of financial position.

	30 June 2026 $	30 June 2025 $
Financial assets carried at fair value through profit or loss		
Equity securities – listed on ASX and TSXV at quoted prices	118,698	3,633,385
Financial assets carried at amortised costs		
Cash and cash equivalents	1,530,850	2,559,394
Trade and other receivables	71,685	145,815
Financial liabilities carried at amortised costs		
Trade and other payables	(713,753)	(875,498)
Lease liabilities	(52,590)	(141,289)
Borrowings	(1,000,000)	-

There are no off-balance sheet financial asset and liabilities at year-end.

All financial assets and liabilities were denominated in Australian dollars during the years ended 30 June 2026 and 2025.

Fair value risk

The group uses three different methods in estimating the fair value of a financial investment. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets; and

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3 – the fair value is estimated using inputs other than quoted prices.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

The fair value of derivatives that do not have an active market are based on valuation techniques. Level 2 derivatives include market observable inputs whilst level 3 derivatives do not include market observable inputs.

Transfer between categories

There were no transfers between levels during the year.

The fair value of financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS DISCLOSURES

Consolidated	Quoted Market Price Level 1 $	Valuation Technique: Market Observable Inputs Level 2 $	Valuation Technique: Non-market Observable Inputs Level 3 $	Total $
30 June 2026				
Equity securities – listed on ASX and TSXV at quoted prices (Note 12)	118,698	-	-	118,698
	118,698	**-**	**-**	**118,698**
30 June 2025				
Equity securities – listed on ASX and TSXV at quoted prices (Note 12)	3,633,385	-	-	3,633,385
	3,633,385	**-**	**-**	**3,633,385**

Other Market Price Risk

Other Equity price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. Investments are managed on an individual basis and material buy and sell decisions are approved by the Board of Directors. The primary goal of the Group's investment strategy is to maximise investment returns.

Fair value sensitivity analysis for equity securities (listed investments)

A sensitivity of 10% has been used and considered reasonable given current market rates. A 10% movement in market prices at the reporting date would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis for 2025 was performed on the same basis.

Consolidated	Loss		Equity	
	10%	10%	10%	10%
30 June 2026	increase	decrease	increase	decrease
Equity securities – listed on TSXV	$11,870	($11,870)	$11,870	($11,870)
30 June 2025				
Equity securities – listed on TSXV	$363,339	($363,339)	$363,339	($363,339)

Commodity Price Risk

The Group operates primarily in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are subject to minimal commodity price risk at this stage.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		Company	
		30 June 2026 $	30 June 2025 $
27.	**PARENT ENTITY DISCLOSURES**		
	Financial Position		
	Assets		
	Current assets	28,261,436	23,529,828
	Non-current assets	4,778,631	10,712,280
	Total assets	**33,040,067**	**34,242,108**
	Liabilities		
	Current liabilities	1,718,550	841,504
	Non-current liabilities	18,789	30,956
	Total liabilities	**1,737,339**	**872,460**
	Net assets	**31,302,728**	**33,369,648**
	Equity		
	Issued capital	67,117,154	66,859,386
	Accumulated losses	(36,433,560)	(34,238,486)
	Reserves	619,134	748,748
	Total equity	**31,302,728**	**33,369,648**

		Company	
		30 June 2026 $	30 June 2025 $
	Financial Performance		
	Loss for the year	**(2,195,074)**	**(2,539,966)**
	Other comprehensive income	-	-
	Total comprehensive income	**(2,195,074)**	**(2,539,966)**

The parent entity current liabilities at 30 June 2026 include the $1,000,000 Larvotto borrowing disclosed in Note 17.

There were no contingent liabilities of the parent entity at 30 June 2026 (2025: Nil), nor where there any commitments of the parent entity (2025: Nil).

28. CONTINGENCIES

The Group has no contingencies as at 30 June 2026 (2025: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to year end, the following matter has occurred:

- The Company has continued to progress the proposed transaction with Larvotto Resources Limited. On 11 June 2026 the Company entered into a binding Scheme Implementation Deed ("SID") with Larvotto Resources Limited under which Larvotto proposes to acquire all issued shares in the Company by way of a scheme of arrangement, with the Group's Western Australian gold assets to be demerged to shareholders. The Scheme remains subject to shareholder approval, court approval and the satisfaction or waiver of other conditions precedent.
- On July 7 2026 the Company reported an unsolicited, non-binding indicative proposal from Austral Resources to acquire 100% of the issued capital of Hammer by way of scheme of arrangements. Under the scheme, Hammer's Western Australian gold assets are proposed to be demerged to Hammer's 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 (see ASX Announcement 7 July 2026).
- The Company received notification from SMMO on 17 July 2026 of its intention to withdraw from the Mount Isa East JV.
- On 3 August 2026, the Company announced that a binding proposal had been received from Austral Resources Australia Ltd, which is considered to be a superior proposal to that of Larvotto. The consideration under this proposal totals approximately $80.7 million in aggregate as follows:
    - 1.2903 Austral Shares for each Hammer share held, valued at $0.080 per Hammer share; and
    - $0.007 per Hammer share of implied value through shares in Carnegie Exploration Pty Ltd or such other corporate entity incorporated by Hammer for the purposes of undertaking a dermerger.

  Furthermore, Austral has agreed to provide an unsecured working capital facility of $6.0 million for the purposes of repaying the outstanding balance under the loan previously provided by Larvotto, for paying any break fee that becomes payable to Larvotto under the original SID and for general working capital purposes. The Company notes that in accordance with the Larvotto SID, Larvotto has a matching right which must be exercised within five business days.

Other than the above, there has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

AS AT 30 JUNE 2026

		Body Corporates		Tax Residency	
Entity Name	**Entity Type**	**Place of Incorporation**	**% Share Capital Held**	**Australian or Foreign**	**Foreign Jurisdiction**
Hammer Metals Limited	Body Corporate	Australia	N/a	Australian	N/a
Hammer Metals Australia Pty Ltd	Body Corporate	Australia	100%	Australian	N/a
Mt. Dockerell Mining Pty Ltd	Body Corporate	Australia	100%	Australian	N/a
Mulga Minerals Pty Ltd	Body Corporate	Australia	100%	Australian	N/a
Carnegie Exploration Pty Ltd	Body Corporate	Australia	100%	Australian	N/a
Hammer Bulk Commodities Pty Ltd	Body Corporate	Australia	100%	Australian	N/a
Midas Metals Asia Pty Ltd	Body Corporate	Australia	85%	Australian	N/a

All entities except for Midas Metals Asia Pty Ltd are members of the Hammer Metals Limited consolidated tax group. Midas Metals Asia Pty Ltd is a dormant entity with no trading and no assets.

None of the abovementioned entities acts as a trustee of a trust within the Group, nor is a partner in partnership with the Group, nor is a participant in a joint venture within the Group.

Basis of preparation

The consolidated entity disclosure statement (CEDS) has been prepared in accordance with subsection Section 295 (3A) of the Corporations Act 2001. The entities listed in the statement are Hammer Metals Limited and all the entities it controls in accordance with AASB 10 Consolidated Financial Statements.

Key assumptions and judgements

Determination of tax residency

Section 295 (3A) Corporations Act requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997 (Cth). The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied the following interpretations:

Australian tax residency

The Group has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Hammer Metals Limited ("the Company"):

   (a) the consolidated financial statements and notes and the remuneration report in the Directors' report, are in accordance with the Corporations Act 2001, including:

      i. giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the financial year ended on that date; and

      ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations by the managing director and company secretary for the financial year ended 30 June 2026 pursuant to Section 295A of the Corporations Act 2001.

3. The Directors draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

4. The Consolidated Entity Disclosure Statement as set out on page 68 is true and correct.

Signed in accordance with a resolution of the Directors:



R Davis
Chairman

Perth

Dated 7 August 2026

PKF Perth
ABN 64 591 268 274
Dynons Plaza,
Level 8, 905 Hay Street,
Perth WA 6000
PO Box 7206,
Cloisters Square WA 6850
Australia

+61 8 9426 8999
perth@pkfperth.com.au
pkf.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HAMMER METALS LIMITED

Report on the Financial Report

Opinion

We have audited the financial report of Hammer Metals Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement, and the directors' declaration of the Company and the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the accompanying financial report of Hammer Metals Limited is in accordance with the Corporations Act 2001, including:

i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 2(g) in the financial report, which indicates that the consolidated entity incurred a loss of $2,195,074 (2025: loss of $2,923,316) and operating cash outflows of $1,504,628 (2025: $556,689) during the year ended 30 June 2026. This condition, along with other matters as set out in note 2(g), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as going concern.

Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Key Audit Matter

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial report of the current year. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

Carrying value of capitalised exploration expenditure

Why significant	How our audit addressed the key audit matter
As at 30 June 2026 the carrying value of exploration and evaluation assets was $31,285,719 (2025: $27,901,337), as disclosed in note 14. Exploration and Evaluation assets written off during the year amounted to $201,772. The consolidated entity's accounting policy in respect of exploration and evaluation expenditure is outlined in notes 2(e) ii and 3(l). Significant judgement is required: • in determining whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment in accordance with Australian Accounting Standard *AASB 6 - Exploration for and Evaluation of Mineral Resources* ("AASB 6"); and • in determining the treatment of exploration and evaluation expenditure in accordance with AASB 6, and the consolidated entity's accounting policy. In particular: o whether the particular areas of interest meet the recognition conditions for an asset; and o which elements of exploration and evaluation expenditures qualify for capitalisation for each area of interest.	Our work included, but was not limited to, the following procedures: • conducting a detailed review of management's assessment of impairment trigger events prepared in accordance with AASB 6 including: o assessing whether the rights to tenure of the areas of interest remained current at reporting date as well as confirming that rights to tenure are expected to be renewed for permits that will expire in the near future; o holding discussions with the Directors and management as to the status of ongoing exploration programmes for the areas of interest, as well as assessing if there was evidence that a decision had been made to discontinue activities in any specific areas of interest; and o obtaining and assessing evidence of the Group's future intentions for the relevant areas of interest, including reviewing project updates and exploration results disclosed in ASX announcements, board minutes, future budgeted exploration expenditure, and planned work programmes. • considering whether exploration activities for the areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • testing, on a sample basis, exploration and evaluation expenditure incurred during the year by agreeing transactions to supporting invoices, payroll allocation workings and other supporting documentation for compliance with AASB 6 and the consolidated entity's accounting policy; and • assessing the appropriateness of the related disclosures in notes 2(e) ii, 3(l) and 14.

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Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of:-

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and
b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001; and

for such internal control as the Directors determine is necessary to enable the preparation of:-

i) the financial report (other than the consolidated entity disclosure statements) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.



As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Hammer Metals Limited for the year ended 30 June 2026, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF Perth

PKF PERTH

ALEXANDRA SOFIA
BALDEIRA PEREIRA CARVALHO
PARTNER

7 August 2026
PERTH, WESTERN AUSTRALIA

SHAREHOLDER INFORMATION

Tenement Schedule

Mining tenements held at 30 September 2026 in accordance with ASX Listing Rule 5.20.

Mount Isa Project, Queensland

Tenement	Status	Interest	Comment
EPM 11919	Granted	100%	1.5% NSR
EPM 12205	Granted	100%	
EPM 13870	Granted	100%	2% NSR
EPM 14019	Granted	100%	GEMC (Mt Dorothy JV) 20% of 2 of 8 blocks; 1% NSR
EPM 14022	Granted	100%	
EPM 14467	Granted	51%	Mount Isa Mines (Mt Frosty JV) 49%
EPM 18084	Granted	80%	Kabiri Resources Pty Ltd 20%
EPM 25145	Granted	100%	
EPM 25165	Granted	100%	1.5% NSR
EPM 25866	Granted	100%	
EPM 25867	Granted	100%	
EPM 26126	Granted	100%	
EPM 26127	Granted	100%	
EPM 26130	Granted	100%	
EPM 26474	Granted	100%	
EPM 26511	Granted	100%	
EPM 26512	Granted	100%	
EPM 26628	Granted	100%	
EPM 26694	Granted	100%	
EPM 26775	Granted	100%	GEMC (Mt Cobalt JV) 20% of 4 of 90 blocks; 1% NSR
EPM 26776	Granted	100%	
EPM 26777	Granted	100%	CNB (Mt Isa Hope JV) 51% of 3 of 108 blocks
EPM 26902	Granted	100%	
EPM 26904	Granted	100%	
EPM 27018	Granted	100%	
EPM 27355	Granted	100%	
EPM 27469	Granted	100%	
EPM 27470	Granted	100%	
EPM 27806	Granted	100%	
EPM 27815	Granted	100%	
EPM 27861	Granted	100%	
EPM 28189	Granted	100%	South32 (Isa Valley earn-in)
EPM 28285	Granted	100%	
EPM 28903	Granted	100%	
EPM 28921	Application	100%	Ashover
EPM 29066	Granted	100%	
EPM 29170	Application	100%	Fort William
EPM 29265	Application	100%	Top Tank
EPM 29316	Application	100%	Galah Bore

Tenement	Status	Interest	Comment
EPM 29347	Application	100%	Olympic
EPM 29436	Application	100%	Capsize Creek
EPM 29451	Application	100%	Alligator Creek
EPM 29469	Application	100%	Why Not
EPM 29595	Application	100%	Shire Bore

Yandal Gold Project and Mt Sefton, Western Australia

Tenement	Status	Interest	Comment
E36/854	Granted	100%	
E36/855	Granted	100%	1.5% NSR
E36/868	Granted	100%	
E36/869	Granted	100%	
E36/870	Granted	100%	
E36/882	Granted	100%	1.5% NSR
E36/916	Granted	100%	
E36/948	Granted	100%	
E36/996	Granted	100%	
E36/1006	Application	100%	
E36/1108	Application	100%	
E36/1126	Application	100%	Weebo 3
E36/1127	Application	100%	Weebo 4
E36/1128	Application	100%	Weebo 5
E36/1129	Application	100%	
P36/1965	Application	100%	
P36/1966	Application	100%	
M36/702	Application	100%	Orelia North MLA
E53/1989	Granted	100%	
E53/1996	Granted	100%	
E53/2030	Granted	100%	
E53/2085	Granted	100%	
E53/2112	Granted	100%	
E53/2113	Granted	100%	
E53/2114	Granted	100%	
E53/2115	Granted	100%	
E53/2116	Granted	100%	
E53/2359	Application	100%	Tiberius
E53/2375	Application	100%	Julius
P53/1683	Granted	100%	
P53/1684	Granted	100%	
P53/1685	Granted	100%	
P53/1686	Granted	100%	
P53/1688	Granted	100%	
P53/1689	Granted	100%	
P53/1690	Granted	100%	
P53/1691	Granted	100%	

Tenement	Status	Interest	Comment
P53/1692	Granted	100%	
P53/1693	Granted	100%	
P53/1697	Granted	100%	
E38/4006	Granted	Option	Mt Sefton – option from Casino Mining Pty Ltd

NSR – net smelter royalty. SMMO – Sumitomo Metal Mining Oceania. GEMC – Global Energy Metals Corp. CNB – Carnaby Resources Limited.

SHAREHOLDER INFORMATION

ASX Additional Information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. The information is current as at 16 October 2026.

(a) Twenty largest holders of ordinary shares

Holder	Number of shares	% held
MR ZBIGNIEW WALDEMAR LUBIENIECKI	60,085,588	6.73
ZENITH PACIFIC LIMITED	58,000,000	6.50
CENTRAL MUTUAL (INVESTMENTS) PTY LTD <CENTRAL MUTUAL (INV) A/C>	54,926,074	6.15
BNP PARIBAS NOMS PTY LTD	49,909,500	5.59
CITICORP NOMINEES PTY LIMITED	48,426,067	5.42
DAVIS FAMILY CAPITAL PTY LTD <THE DAVIS SUPER FUND A/C>	43,000,000	4.82
BNP PARIBAS NOMINEES PTY LTD	35,810,550	4.01
HSBC CUSTODY NOMINEES	27,990,860	3.14
SAMLISA NOMINEES PTY LTD	20,000,000	2.24
LUNDIE INVESTMENTS PTY LTD <PATASH INVESTMENTS S/F A/C>	16,212,748	1.82
PALM BEACH NOMINEES PTY LIMITED	14,813,430	1.66
MR JOSEPH LEVIN ARGUS	12,564,000	1.41
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	10,404,122	1.17
B & C WATSON HOLDINGS PTY LTD <WATSON SUPER FUND A/C>	8,888,888	1.00
MR JOHN ALBERT REX MAITLAND & MRS LINDA MAITLAND <MAITLAND S/F A/C>	8,100,000	0.91
NATIONAL HEALTH RECOVERY AGENTS PTY LTD	8,000,000	0.90
MR SHANE RONALD BRITTEN	7,890,842	0.88
WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	7,304,894	0.82
MR JAMES GLEN FOLEY	6,905,000	0.77
MRS LAURA TENNILLE THOMAS	6,333,334	0.71
Total top 20	**505,565,897**	**56.63**

(b) Substantial shareholders

The substantial holders of the Company, based on substantial holding notices received, are:

Shareholder	Number of shares	% held
Central Mutual (Investments) Pty Ltd	79,648,822	8.92
Zenith Pacific Limited	66,000,000	7.39
Mr Zbigniew Waldemar Lubieniecki	60,085,588	6.73
BNP Paribas Noms Pty Ltd	50,176,500	5.62
Mr Russell Davis	46,500,000	5.21

(c) Distribution of ordinary shareholders

Holding range	Number of holders	Number of shares	%
1 – 1,000	181	33,991	0.00%
1,001 – 5,000	109	399,165	0.04%
5,001 – 10,000	361	2,852,265	0.32%
10,001 – 100,000	1,208	48,670,231	5.45%
100,001 and over	631	840,803,048	94.18%
Total	**2,490**	**892,758,700**	**100.00%**

(d) Voting rights and other information

- Each fully paid ordinary share carries one vote at general meetings of shareholders and is entitled to dividends when declared. Options and performance rights carry no voting rights.
- The total number of shares on issue is 892,758,700, held by 2,490 shareholders.
- There are 404 shareholders holding less than a marketable parcel (1,096,563 shares), based on a closing price of $0.075.
- There is no current on-market buy-back.
- The Company has no ordinary shares subject to voluntary escrow.

(e) Unquoted securities

Class	Number	Holders
Non-Executive Director Options – $0.07, expiring 30 November 2026	4,500,000	3
Non-Executive Director Options – $0.08, expiring 30 November 2026	5,500,000	2
Management Options Tranche 1 – $0.08, expiring 30 November 2026	2,000,000	2
Management Options Tranche 2 – $0.08, expiring 30 November 2026	2,000,000	2
Employee Incentive Options 2024 – $0.06, expiring 28 October 2028	7,000,000	8
Related Party Options Tranche 1 – $0.07, expiring 2 December 2028	2,000,000	2
Related Party Options Tranche 2 – $0.08, expiring 2 December 2028	1,500,000	1
Director Options – $0.06, expiring 30 November 2028	5,000,000	4
Management Performance Rights 1A – expiring 15 December 2027	500,000	2
Management Performance Rights 1B – expiring 15 December 2027	500,000	2
Management Performance Rights 2A – expiring 15 December 2027	500,000	2
Management Performance Rights 2B – expiring 15 December 2027	500,000	2
Management Performance Rights 3 – expiring 15 December 2027	2,000,000	2
Related Party Performance Rights T1 – expiring 2 December 2027	1,000,000	1
Related Party Performance Rights T2 – expiring 2 December 2027	1,000,000	1
Related Party Performance Rights T3 – expiring 2 December 2027	1,000,000	1

Per the issued capital report at 16 October 2026: 29,500,000 options and 7,000,000 performance rights on issue.

Hammer Metals Limited
Suite 2, Level 2, 41 Colin Street, West Perth WA 6005
+61 8 6369 1195 | info@hammermetals.com.au | hammermetals.com.au