INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 30 June 2026

ABN: 88 649 154 870

CONTENTS

The Directors of Brazilian Rare Earths Limited submit herewith the interim financial report of BRE and the entities it controlled for the half-year ended 30 June 2026 (collectively BRE or the Company). To comply with the provisions of the *Corporations Act 2001*, the Directors report as follows.

DIRECTORS

The Directors of BRE at any time during the period under review and up to the date of this report:

- Bernardo Sanchez Agapito da Veiga
- Todd Hannigan
- Kristie Young
- Camila Ramos
- Eric Noyrez

PRINCIPAL ACTIVITIES

BRE's principal activity during the period was exploring for rare earth elements and other critical minerals in the Rocha da Rocha Province in the state of Bahia in Brazil.

During the half-year BRE made substantial exploration and development progress across its portfolio of rare earth and critical minerals projects, with key milestones achieved that materially advance BRE's transition from exploration towards development. Key highlights during the half-year included:

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements, including statements regarding BRE's current expectations concerning, among other things, project development timelines, permitting and regulatory milestones, funding plans, production and processing schedules, and future studies. Words such as "expects," "intends," "plans," "anticipates," "estimates," "will," "should" and similar expressions identify forward-looking statements, but their absence does not mean a statement is not forward-looking. Forward-looking statements are based on BRE's current expectations, estimates and assumptions as at the date of this report and are subject to known and unknown risks and uncertainties, many of which are beyond BRE's control. Actual results, performance or achievements may differ materially from those expressed or implied by such statements. Specific cautionary statements regarding the Rocha da Rocha Scoping Study are set out separately below. Except as required by law or the ASX Listing Rules, BRE does not undertake any obligation to update or revise any forward-looking statements in this report to reflect new information or future events.

ROCHA DA ROCHA: INTEGRATED MONTE ALTO + CAMAÇARI SCOPING STUDY

On 18 August 2026, Brazilian Rare Earths announced the results of the Integrated Monte Alto + Camaçari Scoping Study, marking a significant milestone in the advancement of the Monte Alto rare earth project.

Since the first ultra-high-grade diamond drilling results were announced in February 2024, systematic exploration has confirmed Monte Alto as a high-grade rare earth and critical minerals deposit. Its primary and residual mineralisation averages 11.3% total rare earth oxide. This high-grade profile underpins a potential structural cost advantage, with the Scoping Study placing the Project in the first quartile of Benchmark Mineral Intelligence's global rare earth cost curve at approximately US$21/kg NdPr equivalent.

The Scoping Study outlines an integrated development linking the Monte Alto mine with a planned processing and refinery facility at Camaçari. Under this hub-and-spoke model, high-grade mineralisation from Monte Alto will undergo crushing, screening and dry, multi-sensor-based ore sorting at the mine site, with no on-site chemical processing. The upgraded mineral feed would then be transported to Camaçari for hydrometallurgical processing and separation.

Located within an established industrial complex near Salvador, the proposed Camaçari facility offers access to existing infrastructure, utilities, logistics and skilled labour. The facility will initially produce two saleable rare earth products: separated neodymium-praseodymium (NdPr) oxide and a heavy rare earth-rich concentrate (HRE+ concentrate) containing elements such as dysprosium, terbium, yttrium and gadolinium. Average annual production over the first five years is forecast at approximately 6,351 tonnes of NdPr oxide and 2,502 tonnes of HRE+ concentrate.

The downstream strategy is supported by a binding ten-year offtake agreement with Carester, a European rare earths separation specialist, providing a committed pathway to market for the Company's heavy rare earth products. In addition, Carester will provide engineering, construction and commissioning services for BRE's integrated rare earths separation plant at Camaçari.

Under the independent Argus EU/US rare earth price case, the Scoping Study estimates an after tax net present value (NPV_8) of approximately US$6 billion, an after tax internal rate of return of 90%, a payback period of 1.1 years and an average annual operating free cash flow of approximately US$1.2 billion. Operating free cash flow is a non-IFRS measure, refer to 18 August 2026 announcement for definition and reconciliation to IFRS measure.

The key strategic strengths of the integrated development are its high feed grade, exposure to heavy rare earths and access to established infrastructure within a large-scale provincial development platform. The current development case is based solely on an initial high-grade feed source at Monte Alto, combined with centralised downstream processing at the Camaçari industrial complex.

Importantly, the Scoping Study evaluates only the initial Monte Alto-Camaçari development configuration. It excludes the resource potential at Sulista and does not capture the broader exploration upside, critical-mineral co-product potential or downstream optionality associated with Sulista and the wider Rocha da Rocha Province.

The Scoping Study provided a sound basis for progressing the Project into the Pre-Feasibility Study phase. The objective is now to advance the integrated development towards its potential establishment as a strategically significant source of rare earth supply for global markets.

CAUTIONARY STATEMENT

The Scoping Study has been completed to assess the potential technical and economic viability of the Project and to help BRE determine whether to proceed to more definitive feasibility studies. It is a preliminary technical and economic assessment based on low-level technical and economic evaluations, prepared to an intended accuracy level of ±40%, and is insufficient to support the estimation of Ore Reserves or to provide assurance of an economic development case. Further exploration and evaluation work and appropriate studies are required before BRE will be in a position to estimate any Ore Reserves. There is no certainty that the conclusions of the Scoping Study will be realised. The production and financial outcomes are based on the Production Target and material assumptions set out in 18 August 2026 announcement. They should not be taken as a profit forecast or a forecast of BRE's consolidated financial performance.

The production target evaluated in the Study is derived from the current JORC (2012) Mineral Resource estimate for the Project. BRE confirms that it is not aware of any new information or data that materially affects the information included in the Mineral Resource estimate and that all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed. That Mineral Resource estimate was prepared by David Williams, a Competent Person, in accordance with the JORC Code (2012 Edition), as set out in BRE's announcement titled "Rocha da Rocha Scoping Study Update" released on 18 August 2026. Approximately 75% of the total production target is in the Indicated Mineral Resource category and 25% is in the Inferred Mineral Resource category. There is a low level of geological confidence associated with Inferred Mineral Resources, which are considered too speculative geologically for Modifying Factors to be applied in sufficient detail to support the estimation of Ore Reserves.

There is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the Production Target itself, or the forecast financial information derived from it, will be realised.

BRE considers that the Inferred Mineral Resources are not a determining factor in Project viability. Indicated Mineral Resources comprise approximately 93% of scheduled processing feed in Year 1 and average approximately 87% over the first five years of run-rate production, with the base-case payback of approximately 1.1 years occurring within this predominantly Indicated period. Inferred Mineral Resources do not feature as a significant proportion early in the mine plan, and BRE considers that the viability of the development scenario does not hinge on the current Inferred Mineral Resources or their conversion to Indicated Mineral Resources.

The Scoping Study is based on a number of material assumptions, including those related to capital and operating costs, product pricing, exchange rates, logistics (road, port, and shipping), permitting and approvals, fiscal regimes, and the availability and cost of future funding. While BRE considers all such assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Study will be achieved. Development is also subject to further studies, approvals, permitting, construction, market conditions and Board approval.

Development of the Project, if it proceeds, will require additional funding. To achieve the range of outcomes indicated in the Scoping Study, funding of the order of US$969 million will likely be required. BRE considers it has reasonable grounds to expect that the required funding can be secured as and when required, having regard to its approximately A$135 million cash balance at 30 June 2026, approximately A$1.2 billion market capitalisation at 12 August 2026, the Scoping Study economics, its binding Carester offtake and the range of potential debt, equity, strategic investment, offtake-linked funding, government support, joint venture and build-own-operate alternatives. Further details are set out in the Funding section of the Scoping Study in the ASX announcement dated 18 August 2026. No project financing or development funding arrangements have been secured at this stage, and there is no certainty that funding will be available when required or on terms acceptable to BRE. Any equity funding may be dilutive or otherwise affect the value of BRE's existing shares. BRE may also pursue other value-realisation strategies, such as a sale, partial sale or joint venture of the Project, which could reduce BRE's proportionate ownership of, or economic interest in, the Project.

BRE has concluded that it has a reasonable basis for the forward-looking statements contained in this report and expects to be able to fund the development of the Project, subject to the successful completion of further studies, market conditions, Board approval and financing negotiations. Key assumptions supporting the Study, including development strategy and funding pathway, are set out in the ASX announcement dated 18 August 2026. Given the uncertainties inherent in a Scoping Study-level assessment, investors should not make investment decisions based solely on the results of the Scoping Study. BRE confirms that all material assumptions underpinning the Production Target and the forecast financial information in the ASX announcement dated 18 August 2026 continue to apply and have not materially changed.

PROVINCIAL-SCALE EXPLORATION GROWTH PLATFORM

The Rocha da Rocha Province contains a portfolio of exploration and resource-growth opportunities spanning the advanced Monte Alto Deposit, the district-scale Sulista mineralised system and the emerging Pelé District. Together, these areas provide multiple pathways to expand the mineral inventory and support the potential development of a multi-deposit rare earth platform.

MONTE ALTO DEPOSIT

Monte Alto is the most advanced ultra-high-grade deposit identified within the Province. It is distinguished by ultra-high-grade primary mineralisation, shallow resource geometry and strong geological continuity.

The Monte Alto deposit remains open along strike, down dip and down plunge, providing significant scope for further growth. Ongoing drilling is focused on extending the known mineralised footprint and identifying additional high-grade zones that could support future expansions of the development case.

MONTE ALTO DISTRICT

Beyond the flagship deposit, the larger Monte Alto District contains several high-priority exploration and growth opportunities:

- **Monte Alto - Heavy Rare Earth Discovery**: Located approximately 2.5 km south of the Monte Alto Deposit, this discovery has returned ultra-high-grade mineralisation through surface sampling and diamond drilling. The mineralisation contains a strategically important heavy rare earth assemblage enriched in dysprosium, terbium, gadolinium and yttrium.
- **Monte Alto - Velhinhas Corridor**: Located south of Monte Alto, Velhinhas is a major emerging exploration corridor comprising multiple parallel magnetic–radiometric trends. These trends define an extensive target area with more than 9 km of combined prospective strike. Its scale, structural repetition and encouraging early drilling results indicate the potential for a significant mineralised system extending beyond an isolated discovery.

SULISTA DISTRICT

Located approximately 80 km from Monte Alto, Sulista represents a substantial district-scale growth opportunity. Extensive diamond drilling has confirmed shallow, continuous and high-grade mineralisation across a footprint more than ten times the size of Monte Alto.

The scale and continuity of the mineralised system, together with its shallow geometry, support Sulista's potential to become a major component of a broader multi-deposit development platform.

SULISTA GROWTH CORRIDORS

The broader Sulista mineralised system extends across more than 17 km of cumulative prospective strike and contains multiple structurally repeated mineralised corridors.

- **Sulista East:** occurs within a persistent strata-bound contact zone drilled over more than 1,000 m of strike and to depths exceeding 230 m. Mineralised thickness ranges from several metres to approximately 30 metres. Mapping, drilling and geophysical data consistently define the same geometry, with strong geological and grade continuity and low variability. Mineralisation remains open in both directions along strike and at depth. Sulista remains a coherent, well-defined geological system and major future growth opportunity.
- **Sulista South**: Represents a major southern extension to the 7.5 km Sulista East deposit and trend, providing further scope to expand the mineralised footprint.
- **Outcrop Ridge and Sulista West**: Together define a second high-grade centre within the broader Sulista system.
- **Sulista North:** Extends the prospective mineralised system a further ~7 km to the north[1].

PELÉ DISTRICT

Pelé is an emerging district-scale exploration opportunity characterised by high-grade surface mineralisation and multiple untested geophysical anomalies. Although exploration at Pelé is less advanced than at Monte Alto and Sulista, the convergence of high-grade surface results, favourable geophysical signatures and limited historical exploration provides a compelling basis for systematic follow-up work. Pelé therefore represents an important source of longer-term discovery potential within the Rocha da Rocha Province[2].

Collectively, Monte Alto, Sulista and Pelé provide a strong exploration pipeline spanning near-deposit resource growth, district-scale expansion and earlier-stage discovery targets. This extensive opportunity set supports the potential for sustained mineral inventory growth across the large-scale Rocha da Rocha Province.

MONTE ALTO TRIAL MINING LICENCE SECURED

TRIAL MINING LICENCE GRANTED FOR MONTE ALTO: BRE has been granted a Trial Mining Licence by Brazil's National Mining Agency for Monte Alto. The licence authorises extraction of up to 2,000 tonnes per annum of product from the Monte Alto deposit, enabling BRE to produce bulk shipments for potential customer offtakes and metallurgical testing at its Camaçari pilot plant.

SUPPORT FOR PILOT PLANT COMMISSIONING: Trial mining at Monte Alto will support commissioning and operation of BRE's fully permitted pilot plant at the Camaçari Petrochemical Complex, which remains on schedule to commence operations in 2026.

[1] The information in this report that relates to Exploration Results for Sulista is extracted from BRE's ASX announcement titled "Sulista Rare Earth District Grows to 17 km Strike" released on 11 March 2026. BRE confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

[2] The information in this report that relates to Exploration Results for Pelé is extracted from BRE's ASX announcements titled "Exploration underway at Pelé Project" released on 11 June 2026 and "High-Grade Discoveries Enhance Scale of Pele Project" released on 26 March 2025. BRE confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

ALURION RESOURCES DEMERGER

BRE completed the demerger and separate ASX listing of the Amargosa Bauxite-Gallium project into newly formed Alurion Resources Limited and its subsidiaries (Alurion), sharpening BRE's strategic focus on its core rare earth and critical mineral assets.

- **BRE Shareholders approved the demerger:** 99.94% of votes were cast in favour of the demerger resolution at the General Meeting held on 10 July 2026. Each eligible shareholder received approximately 0.5607 shares in Alurion per BRE share held.
- **A$50 million IPO:** BRE shareholders received priority access to participate in the Alurion IPO. Alurion accepted applications for 47,619,048 new fully paid ordinary shares at A$1.05 per share (gross proceeds of approximately A$50 million), with demand exceeding the Maximum Subscription.
- **BRE retains strategic exposure:** BRE retains approximately 16% of Alurion's issued ordinary capital immediately after the IPO on an undiluted basis.
- **Dedicated leadership and listing:** A dedicated board and leadership team were appointed to drive Amargosa's next development phase, with Alurion (ASX: ALU) admitted to the Official List on 29 July 2026.

OPERATING RESULT

The significant items affecting the loss after tax were:

EXPLORATION AND EVALUATION EXPENSES of A$31,794 thousand (restated 2025: A$13,656 thousand) increased by A$18,138 thousand on the prior half-year, reflecting BRE's policy to expense exploration and evaluation costs as incurred. The current half-year expenditure comprised:

- **Rare earth exploration and evaluation expense** of A$24,636 thousand to deliver exploration success via accelerated extension and infill drilling activity across the Monte Alto and Sulista Districts.
- **Água Verde project acquisition** of A$5,000 thousand of shares issued in consideration to acquire the Água Verde tenements (refer Note 6, Note 13 and "Significant changes in the state of affairs" below).
- **Amargosa Bauxite-Gallium exploration and evaluation expense** of A$2,158 thousand incurred on geological resource modelling studies.

GENERAL AND ADMINISTRATION EXPENSES of A$10,791 thousand (restated 2025: A$4,511 thousand) increased by A$6,280 thousand, or 139.2%, primarily due to:

- **BRE Employee benefits and contractors' expense** of A$3,161 thousand (restated 2025: A$1,408 thousand), an increase of A$1,753 thousand.
- **BRE share-based payment expense** of A$4,415 thousand (restated 2025: A$1,946 thousand), an increase of A$2,469 thousand related to the acceleration of expense of A$2,029 thousand for the ~2.6 million trial mining licence options that vested during the period (refer to Note 6 and Note 9) and related to the acceleration of expense of A$303 thousand for the ~0.4 million Bauxite demerger options which had the estimated vesting period shortened in the current half-year.
- **BRE Other general and administration expenses** of A$1,703 thousand (restated 2025: A$1,157 thousand) are mainly comprised of professional fees, insurance, travel, listing/registry costs and depreciation, an increase of A$546 thousand.
- **ALU general and administration expenses** of A$1,512 thousand are comprised of employee benefits and contractors of A$872 thousand, share-based payment of A$322 thousand and other general and administration expenses of A$318 thousand.

INTEREST AND OTHER INCOME of A$3,188 thousand (restated 2025: A$2,282 thousand), an increase of A$906 thousand due to higher cash balances.

NET LOSS AFTER TAX of A$39,565 thousand (restated 2025: A$16,104 thousand), an increase of A$23,461 thousand for the half-year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

- **Shares issued on option exercise:** During the half-year BRE issued 4,491,948 fully paid ordinary shares on the exercise of vested management performance options.
- **Employee Incentive Plan options:** BRE issued 1,985,448 options expiring May 2031, with a nominal exercise price of A$0.01, to director, employees, consultants and contractors under the Employee Incentive Plan, following shareholder approval obtained at BRE's 2026 annual general meeting (refer Note 9).
- **Água Verde project acquisition:** BRE completed the acquisition of four rare earth and critical minerals exploration tenements comprising the Água Verde project on 27 April 2026 for consideration of approximately A$5 million. In accordance with the acquisition agreement, the consideration was satisfied through the issue of 1,035,196 BRE shares at A$4.83 per share, being the 5-day volume weighted average price of BRE shares traded on ASX immediately prior to completion.

EVENTS OCCURRING AFTER BALANCE SHEET DATE

There have been no other subsequent events that require adjustment to, or disclosure in, the Financial Statements of BRE for the half-year ended 30 June 2026, other than the following:

- **Demerger and IPO of Alurion:** On 10 July 2026, BRE shareholders approved the demerger of Alurion into a newly incorporated ASX-listed company, with 99.94% of votes cast in favour of the resolution. On 22 July 2026, BRE announced that all conditions precedent to the Demerger and IPO had been satisfied or waived. On 24 July 2026, BRE distributed Alurion shares to eligible BRE shareholders by way of in-specie distribution, completing the Demerger. Alurion completed its IPO of 47,619,048 new fully paid ordinary shares at A$1.05 per share on 28 July 2026 and was admitted to the Official List of the ASX on 29 July 2026. Following completion of the IPO, BRE retains approximately 16% of Alurion's issued ordinary capital on an undiluted basis, valued at approximately A$41 million based on the Offer Price.
- **Settlement of related party Alurion loan**: At 30 June 2026, BRE had an intercompany receivable of A$779 thousand and a loan of A$3,000 thousand to Alurion and its subsidiary while they were wholly-owned subsidiaries of BRE. These balances were eliminated on consolidation and did not represent a related party balance as at 30 June 2026. Following the reporting date, the intercompany receivable of A$779 thousand increased by a further A$1,603 thousand to A$2,382 thousand. Upon completion of the Demerger on 24 July 2026, Alurion ceased to be a subsidiary of BRE and the loan and intercompany receivable became related party receivables, totalling approximately A$5,382 thousand, which were repaid in full from IPO proceeds in July and August 2026. Refer to Note 13 Related party transactions.
- **Sulista share repurchase right:** In January 2024 BRE acquired the Sulista tenements under an option agreement, with the equity consideration measured and recognised as described in Note 5(B). The acquisition terms included a shareholder-approved contractual right entitling BRE to repurchase 4,000,000 of the ordinary shares issued as consideration, for total nominal consideration of A$1, exercisable if the vendor did not achieve a defined tenement-approval milestone (approval by Brazil's Agência Nacional de Mineração of the relevant Final Research Reports) by the end of a two-year period which expired on 26 March 2026. The 31 December 2025 annual report disclosed an intention to exercise the buy-back; during the first half of 2026 BRE instead pursued negotiated arrangements, which remained unresolved at 30 June 2026, and BRE did not consider the repurchase probable at that date. Following further events in August 2026, the Board resolved to exercise the option and on 11 August 2026 the 4,000,000 ordinary shares were repurchased and cancelled. In August 2026, BRE reversed a A$9,480 thousand expense previously recognised in exploration and evaluation expense with a corresponding reduction in contributed equity (see Note 15).

The above are non-adjusting events after the reporting period in accordance with AASB 110 Events after the Reporting Period and no adjustment has been made to the amounts recognised in the financial statements as at 30 June 2026. The financial effects of these events are set out above.

ROUNDING

BRE is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183 applies and, in accordance with that instrument, amounts in the consolidated interim financial statements and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

AUDITOR'S DECLARATION

The auditor's independence declaration under section 307C of the *Corporations Act 2001*, for the half-year ended 30 June 2026, is set out on page 10.

The Directors' report is signed in accordance with a resolution of Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors.

Bernardo da Veiga

Managing Director and CEO

Sydney

28 August 2026

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Auditor's independence declaration to the directors of Brazilian Rare Earths Limited

As lead auditor for the review of the half-year financial report of Brazilian Rare Earths Limited for the half-year ended 30 June 2026, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Brazilian Rare Earths Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
28 August 2026

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 30 JUNE 2026

	Note	2026 A$'000	Restated* 2025 A$'000
Exploration and evaluation expenses	6	(31,794)	(13,656)
General and administration expenses	6	(10,791)	(4,511)
Operating loss		**(42,585)**	**(18,167)**
Loss before investing, financing and income taxes		**(42,585)**	**(18,167)**
Interest and other income		3,188	2,282
Loss before financing and income taxes		**(39,397)**	**(15,885)**
Finance costs		(168)	(219)
Loss before income tax		**(39,565)**	**(16,104)**
Income tax expense		-	-
Loss for the half-year		**(39,565)**	**(16,104)**
Other comprehensive income/(loss)			
Items that may be reclassified to the profit or loss		-	-
Exchange differences on translation of foreign operations	9	(5)	941
Comprehensive loss for the half-year		**(39,570)**	**(15,163)**

Loss per share for loss attributable to the ordinary equity holders of BRE:	Note	2026 Cents	Restated* 2025 Cents
Basic loss per share	11	(14.26)	(6.49)
Diluted loss per share	11	(14.26)	(6.49)

The accompanying notes form part of these financial statements.

* Comparative information has been restated. Refer to Note 5 Prior period restatement.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Note	30 June 2026 A$'000	31 December 2025 A$'000
Current assets			
Cash and cash equivalents		134,400	136,903
Financial assets		-	25,462
Trade and other receivables		1,056	2,011
Other assets		1,796	1,580
Assets held for distribution	7	2,811	-
Total current assets		**140,063**	**165,956**
Non-current assets			
Other assets		641	360
Right-of-use assets		1,475	1,435
Property, plant and equipment		3,981	3,272
Total non-current assets		**6,097**	**5,067**
Total assets		**146,160**	**171,023**
Current liabilities			
Trade and other payables		7,948	7,160
Lease liabilities		1,575	1,194
Provisions		244	195
Liabilities directly associated with assets classified as held for distribution	7	2,404	-
Total current liabilities		**12,171**	**8,549**
Non-current liabilities			
Lease liabilities		177	353
Total non-current liabilities		**177**	**353**
Total liabilities		**12,348**	**8,902**
Net assets		**133,812**	**162,121**
Equity			
Issued Capital	8	329,021	324,088
Reserves	9	20,509	14,186
Accumulated losses		**(215,718)**	**(176,153)**
Total equity		**133,812**	**162,121**

The accompanying notes form part of these financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2026

2026	Share Capital	Share-Based Payment Reserve	Foreign Exchange Translation Reserve	Reserve of disposal group held for distribution	Accumulated Losses	Total
	A$'000	A$'000	A$'000	A$'000	A$'000	A$'000
Balance at 1 January 2026	**324,088**	**13,989**	**197**	**-**	**(176,153)**	**162,121**
Comprehensive income:						
- Loss for the half-year	-	-	-	-	(39,565)	(39,565)
- Foreign currency translation difference	-	-	(5)	-	-	(5)
Total comprehensive loss for the half-year	**-**	**-**	**(5)**	**-**	**(39,565)**	**(39,570)**
Held for distribution reclassification (Note 7)	-	-	139	(139)	-	-
Transactions with owners in their capacity as owners:	-	-	-	-	-	-
- Issue of equity securities	5,000	-	-	-	-	5,000
- Share issue costs	(67)	-	-	-	-	(67)
- Share-based payments	-	6,328	-	-	-	6,328
Total transactions with owners	**4,933**	**6,328**	**-**	**-**	**-**	**11,261**
Balance at 30 June 2026	**329,021**	**20,317**	**331**	**(139)**	**(215,718)**	**133,812**

2025	Share Capital	Share-Based Payment Reserve	Foreign Exchange Translation Reserve	Accumulated Losses	Total
	A$'000	A$'000	A$'000	A$'000	A$'000
Balance at 1 January 2025 (Restated*)	**207,920**	**8,798**	**(517)**	**(134,089)**	**82,112**
Comprehensive income:					
- Loss for the half-year	-	-	-	(16,104)	(16,104)
- Foreign currency translation difference	-	-	941	-	941
Total comprehensive loss for the half-year	**-**	**-**	**941**	**(16,104)**	**(15,163)**
Transactions with owners in their capacity as owners:					
- Issue of equity securities	-	-	-	-	-
- Share issue costs	(4)	-	-	-	(4)
- Share-based payments	-	2,354	-	-	2,354
Total transactions with owners	**(4)**	**2,354**	**-**	**-**	**2,350**
Balance at 30 June 2025	**207,916**	**11,152**	**424**	**(150,193)**	**69,299**

The accompanying notes form part of these financial statements.

* Comparative information has been restated. Refer to Note 5 Prior period restatement.

BRAZILIAN RARE EARTHS

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 30 JUNE 2026

	Note	30 June 2026 A$'000	Restated* 30 June 2025 A$'000
Cash flow from operating activities			
Payments to suppliers and employees		(28,052)	(15,429)
Net cash used in operating activities		**(28,052)**	**(15,429)**
Cash flow from investing activities			
Purchase of financial assets		-	(53,681)
Maturity of financial assets		25,462	60,340
Interest received		3,682	2,619
Payments for property, plant and equipment		(1,062)	(807)
Net cash provided by investing activities		**28,082**	**8,471**
Cash flow from financing activities			
Payment of lease liabilities		(965)	(657)
Interest paid		(168)	(219)
Payment of share issue costs		(787)	(44)
Net cash used in financing activities		**(1,920)**	**(920)**
Net increase/(decrease) in cash held		(1,890)	(7,878)
Cash and cash equivalents at beginning of half-year		136,903	81,686
Effects of exchange rate fluctuations on cash and cash equivalents		81	219
Cash and cash equivalents at end of half-year		**135,094**	**74,027**
Less: cash included within assets held for distribution	**7**	**(694)**	**-**
Cash and cash equivalents per statement of financial position		**134,400**	**74,027**
Non-cash operating and financing activities	12		

The accompanying notes form part of these financial statements.

* Comparative information has been restated. Refer to Note 5 Prior period restatement.

1. GENERAL INFORMATION

Brazilian Rare Earths Limited (BRE or the Company) is an Australian public company whose shares are listed on the Australian Securities Exchange (ASX). BRE's registered office and principal place of business are located at Level 12, 347 Kent Street, Sydney NSW 2000.

The entity's principal activity during the half-year was exploring for rare earth elements and other critical minerals in the Rocha da Rocha Province in the state of Bahia in Brazil.

2. BASIS OF PREPARATION

These consolidated interim financial statements of BRE for the half-year ended 30 June 2026 (interim financial statements) are presented in Australian dollars (A$), which is also the functional currency of BRE and have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. BRE is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183 applies and, in accordance with that instrument, amounts in the consolidated interim financial statements and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

The interim financial statements do not include all the notes of the type normally included in an annual financial report prepared in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated annual financial statements of BRE for the year ended 31 December 2025 and any public announcements made by BRE during the half-year up to the date of this report in accordance with BRE's continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The accounting policies adopted are consistent with those adopted in the annual financial statements for the year ended 31 December 2025 except for the adoption of new and amended standards and the new accounting policy for assets and liabilities held for distribution to owners as set out below. The accounting policies included in BRE's last annual financial statements for the year ended 31 December 2025 are the relevant policies for the purposes of comparatives.

The interim financial statements were approved and authorised for issue by the Board of Directors on 28 August 2026.

EARLY ADOPTION OF AASB 18: PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

In the reporting period, BRE has adopted all the new and revised accounting standards and interpretations that are relevant to its operations and effective for the current financial half-year. As set out in Note 4, BRE has early adopted AASB 18 Presentation and Disclosure in Financial Statements and changed its presentation of expenses from a classification by nature to a classification by function. This is a material presentational change to the financial statements for the period, which does not affect recognition or measurement of any item, net assets, total equity or earnings per share. Refer to Note 4 (Application of new and revised accounting standards) and Note 5 (Prior period restatement) for further details, including the restatement of comparative information.

NEW ACCOUNTING POLICY: ASSETS AND LIABILITIES HELD FOR DISTRIBUTION TO OWNERS

BRE classifies non-current assets and disposal groups as held for distribution to owners when their carrying amount will be recovered principally through a distribution to owners rather than through continuing use. This classification is applied only where the assets are available for immediate distribution in their present condition and the distribution is highly probable, being where BRE is committed to the distribution, the actions required to complete it have been initiated, and the distribution is expected to be completed within one year from the date of classification.

Immediately before classification, the assets and liabilities of the disposal group are measured in accordance with BRE's other applicable accounting policies. Thereafter, the disposal group is measured at the lower of its carrying amount and fair value less costs to distribute, with any resulting impairment loss recognised in profit or loss. Non-current assets classified as held for distribution to owners are not depreciated or amortised.

Assets and liabilities classified as held for distribution to owners are presented separately as current assets and current liabilities in the Interim Consolidated Statement of Financial Position, and comparative amounts are not restated. Refer to Note 7 for details of the disposal group classified as held for distribution to owners at 30 June 2026.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENTS

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The Directors evaluate estimates and judgements incorporated into the interim financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within BRE. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in BRE's annual financial statements for the year ended 31 December 2025.

4. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

ADOPTION OF AASB 18 AND CHANGE IN EXPENSE PRESENTATION

Effective 1 January 2026 (with 1 January 2025 being the transition date for comparatives), BRE has early adopted AASB 18 Presentation and Disclosure in Financial Statements, which replaces AASB 101 Presentation of Financial Statements. AASB 18 has been applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Simultaneously, BRE has changed its presentation of expenses from a classification by nature to a classification by function of expense. Although AASB 18 permits both methods, the Directors consider function-of-expense presentation provides more relevant information because it distinguishes between exploration and evaluation costs and general and administration costs and aligns the statutory income statement with how BRE communicates financial performance externally.

These changes are presentational only. There is no effect on the recognition or measurement of any item, net assets, total equity, or earnings per share for any period presented.

KEY CLASSIFICATION JUDGEMENTS

(A) Finance income: Interest income earned on cash at bank and term deposits has been classified in the Investing category.

(B) Finance costs: Interest on lease liabilities has been classified in the Financing category. This classification is determined by the nature of the liability, not the use of the underlying leased assets.

(C) Share-based payments: Presented as an operating line item split between exploration and evaluation and general and administration expenses, based on the line of work of the respective Directors, employees, contractors and consultants.

MANAGEMENT-DEFINED PERFORMANCE MEASURES (MPM)

BRE does not communicate any subtotals of income and expenses outside its financial statements that are not specified by AASB 18. No MPM disclosures are required for the periods presented.

5. PRIOR PERIOD RESTATEMENT

During the year ended 31 December 2025, BRE reassessed historical accounting treatment and disclosure in the previously issued 2024 financial statements. In order to correct errors and provide more relevant information which better reflects the nature of the transaction, BRE has restated the comparative financial information in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The restatements relate to:

(A) the classification of certain term deposits;

(B) the measurement of equity consideration issued in connection with the Sulista tenement acquisition;

(C) timing of share-based payment expense; and

(D) the accounting for certain lease arrangements.

Further details of each restatement are provided below.

(A) RECLASSIFICATION OF TERM DEPOSITS

BRE holds term deposits with major Australian financial institutions with original maturities of less than twelve months. In previously issued interim consolidated financial statements for the half-year ended 30 June 2025, certain term deposits with original maturities greater than three months were classified as cash and cash equivalents. Under AASB 107 Statement of Cash Flows, cash equivalents are defined as short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Investments with original maturities of three months or less generally qualify as cash equivalents.

Following reassessment, BRE determined that term deposits with original maturities greater than three months do not meet the definition of cash equivalents and should instead be presented as financial assets measured at amortised cost in accordance with AASB 9 Financial Instruments.

Accordingly, the comparative statement of cash flows for the half-year ended 30 June 2025 has been restated to reclassify these balances from cash and cash equivalents to financial assets. This adjustment does not impact total assets, net assets, or profit or loss. However, the restatement results in changes to the presentation within the statement of cash flows for the half-year ended 30 June 2025, as movements in these term deposits are now presented as investing activities rather than operating activities.

(B) MEASUREMENT OF EQUITY CONSIDERATION – SULISTA TENEMENT ACQUISITION

In January 2024, BRE entered into an option agreement providing the right to acquire the Sulista tenements. The option was subsequently exercised on 16 February 2024, at which time BRE obtained control of the tenements. In previously reported interim consolidated financial statements for the half-year ended 30 June 2025, the equity consideration associated with the acquisition was measured using BRE’s share price of A$1.60 on 22 January 2024, being the date the option agreement was entered into.

Following reassessment, BRE determined that the appropriate measurement date for equity instruments issued as consideration is the date on which the goods or services are received, being the date BRE obtained control of the tenements. This treatment is consistent with the requirements of AASB 2 Share-based Payment.

Applying the share price of A$2.37 at 16 February 2024 resulted in a higher fair value of consideration than previously recognised. In accordance with BRE’s accounting policy under AASB 6 Exploration for and Evaluation of Mineral Resources to expense exploration and evaluation costs as incurred, the adjustment results in an increase in accumulated losses of $5,836 thousand in the statement of changes in equity at 1 January 2025 with corresponding impact in issued capital.

(C) TIMING OF SHARE-BASED PAYMENT EXPENSE

In 2023, BRE granted options under its employee incentive plan, including tranches with market-based vesting conditions linked to sustained increases in BRE's share price and non-market conditions linked to the achievement of corporate priorities. During the year ended 31 December 2024, the share price vesting conditions associated with the market-based tranches were achieved, resulting in the vesting of the options during 2024.

In the previously reported interim consolidated financial statements for the half-year ended 30 June 2025, BRE continued to recognise the share-based payment expense on options with market-based vesting conditions over the originally estimated vesting period determined at grant date. BRE reassessed the vesting term of awards with non-market and market-based vesting conditions and adjusted the vesting period for non-market-based options to align to performance period and determined that where equity instruments with market-based vesting conditions vest earlier than estimated at the grant date, any remaining unrecognised share-based payment expense should be recognised immediately upon vesting, in accordance with AASB 2 Share-based Payment.

Accordingly, the comparative interim consolidated financial statements for the half-year ended 30 June 2025 have been restated to reassess the vesting periods that share-based payment expense has been recognised over. This adjustment affects the timing of expense recognition only and does not change the total grant-date fair value recognised over the life of the awards. This resulted in a net decrease to remuneration and share-based payments expense of A$818 thousand with a corresponding increase of A$4,672 thousand (including the cumulative impact on accumulated losses) in reserves and the remaining corresponding impact recognised in exploration and evaluation and remuneration expenses.

(D) LEASE ACCOUNTING – REASSESSMENT OF LEASE TERM

BRE leases certain properties and vehicles in Brazil. These contracts commonly include early termination provisions allowing termination with relatively short notice periods and limited termination penalties. In previously reported financial statements, BRE applied the short-term lease exemption available under AASB 16 Leases on the basis that these termination provisions resulted in lease terms of 12 months or less. Accordingly, lease payments were recognised as an expense as incurred.

During the year ended 31 December 2025, BRE reassessed the determination of the lease term for these arrangements. The reassessment concluded that the previous accounting treatment did not appropriately apply the requirements of AASB 16 in determining whether it is reasonably certain that termination options will be exercised. Following this reassessment, BRE concluded that it was not reasonably certain that the early termination provisions would be exercised. Accordingly, the lease term has been reassessed to reflect the contractual lease term together with extension periods that are reasonably certain to be exercised.

Accordingly, the comparative interim consolidated financial statements for the half-year ended 30 June 2025 have been restated to increase finance costs by A$176 thousand (interest on lease liabilities).

This change also affects the presentation of cash flows in the statement of cash flows. Under the previous treatment, lease payments were presented within operating activities. Following the restatement and the adoption of AASB 18, the principal and interest cash flows of the lease payments are presented within financing activities as repayments of lease liabilities and interest paid.

IMPACT OF RESTATEMENTS

STATEMENT OF PROFIT OR LOSS (HALF-YEAR ENDED 30 JUNE 2025)

	Previously Reported A$'000	Restatement Adjustment A$'000	AASB 18 Reclassifications A$'000	Restated A$'000
Exploration and evaluation expense	(13,900)	130	114	(13,656)
General and administration expenses	(515)	-	(3,996)	(4,511)
Other expenses (as previously presented) *	(1,528)	-	1,528	-
Share-based payments expense	(3,172)	818	2,354	-
Finance costs	(43)	(176)	-	(219)
Loss before income tax	(16,876)	772	-	(16,104)
Loss for the period	(16,876)	772	-	(16,104)

*Comprises consultancy, depreciation, remuneration, share registry and foreign exchange costs as separately disclosed in the June 2025 half-year report.

	Previously Reported Cents	Restatement Adjustment Cents	Restated Cents
Basic loss per share	(6.80)	0.31	(6.49)
Diluted loss per share	(6.80)	0.31	(6.49)

STATEMENT OF CHANGES IN EQUITY – IMPACT ON OPENING BALANCE (1 JANUARY 2025)

	Previously Reported A$'000	Restatement Adjustment A$'000	Restated A$'000
Issued capital	202,084	5,836	207,920
Accumulated losses	(123,902)	(10,187)	(134,089)
Reserves	3,609	4,672	8,281
Total equity	81,791	321	82,112

STATEMENT OF CASH FLOWS (HALF-YEAR ENDED 30 JUNE 2025)

	Previously Reported A$'000	Restatement Adjustment A$'000	Restated A$'000
Finance costs paid	(43)	(176)	(219)
Payments to suppliers and employees	(16,261)	832	(15,429)
Purchase of financial assets	-	(53,681)	(53,681)
Maturity of financial assets	-	60,340	60,340
Payment of lease liabilities	-	(657)	(657)
Net increase/(decrease) in cash and cash equivalents	(14,536)	6,658	(7,878)

6. EXPENSES BY NATURE

The following tables present certain significant expenses by nature that are included within exploration and evaluation expenses and general and administration expenses. They do not represent the full composition of those line items.

Half-year ended 30 June 2026	Exploration and evaluation expenses A$'000	General and administration expenses A$'000	Total A$'000
Depreciation and amortisation on property, plant and equipment and leased assets	360	12	**372**
Employee benefits expense	5,056	2,965	**8,021**
Share-based payments expense	1,591	4,737	**6,328**
Exploration and evaluation expense comprises:			
Operational exploration expenses	26,794		
Tenement acquisition	5,000		
Total exploration and evaluation expense	**31,794**		

Half-year ended 30 June 2025 (restated)	Exploration and evaluation expenses A$'000	General and administration expenses A$'000	Total A$'000
Depreciation and amortisation on property, plant and equipment and leased assets	276	6	**282**
Employee benefits expense	125	921	**1,046**
Share-based payments expense	408	1,946	**2,354**
Exploration and evaluation expense comprises:			
Operational exploration expenses	13,656		
Tenement acquisition	-		
Total exploration and evaluation expense	**13,656**		

7. ASSETS AND LIABILITIES HELD FOR DISTRIBUTION TO OWNERS

On 25 May 2026, the Board resolved to proceed with the demerger of Alurion from BRE by way of a pro-rata in-specie distribution of shares to BRE shareholders (the Demerger). By 30 June 2026, BRE had completed the substantive steps required for the Demerger, including Board approval, lodgement of the Prospectus and Supplementary Prospectus with ASIC on 5 June 2026 and 19 June 2026 respectively, and convening of a general meeting of shareholders for July 2026 to approve the Demerger.

Having regard to these facts and circumstances, the Directors concluded that, as at 30 June 2026, the distribution of Alurion was highly probable and Alurion was available for immediate distribution in its present condition, subject only to shareholder approval (subsequently obtained on 10 July 2026 - refer Note 15 Events subsequent to reporting date). Accordingly, the assets and liabilities of Alurion have been classified as held for distribution to owners in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations.

The following table sets out the assets and liabilities of Alurion classified as held for distribution.

	30 June 2026 A$'000
Assets	
Cash and cash equivalents	694
Trade and other receivables	62
Prepayments	424
Plant and equipment (net)	51
Right-of-use assets (net)	552
Other current assets (deferred IPO costs)	1,028
Assets held for distribution	**2,811**
Liabilities	
Trade and other payables	994
Taxes and other statutory charges payable	164
Provisions	8
Accrued expenses	680
Lease liabilities	558
Liabilities directly associated with assets classified as held for distribution	**2,404**
Net assets/(liabilities) directly associated with disposal group	**407**
Amounts included in accumulated other comprehensive income relating to the disposal group:	
Foreign currency translation reserve	(139)

The Directors have assessed whether Alurion represents a discontinued operation under AASB 5 and concluded that it does not, as the Amargosa Bauxite-Gallium project does not represent a separate major line of business or geographical area of operations for BRE. Accordingly, the results of Alurion for the half-year continue to be presented within continuing operations in the Statement of Profit or Loss and Other Comprehensive Income, and no separate discontinued operations disclosure or restated comparative loss per share is required.

Following completion of the Demerger and Alurion's Initial Public Offering (IPO) (refer Note 15), Alurion ceased to be a subsidiary of BRE. BRE's retained approximately 16% interest in Alurion, the related party loan, and other matters arising from the separation are disclosed in Note 13 Related party transactions and Note 15 Events subsequent to reporting date.

8. ISSUED CAPITAL AND OTHER EQUITY

	30 June 2026 A$'000	31 December 2025 A$'000
Ordinary Shares fully paid	329,021	324,088

(A) MOVEMENTS IN ORDINARY SHARES

	30 June 2026		31 December 2025	
Ordinary Shares Fully Paid	Number	A$'000	Number	A$'000
Opening balance	**274,626,572**	**324,088**	**246,538,695**	**207,920**
Issue of shares - share placement	-	-	25,641,027	120,000
Issue of shares - tenement acquisition (Note 13)	1,035,196	5,000	-	-
Issue of shares - exercise of options	4,491,948	-	2,446,850	-
Share issue costs	-	(67)	-	(3,832)
Closing balance	**280,153,716**	**329,021**	**274,626,572**	**324,088**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of BRE in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

(B) MOVEMENTS IN UNLISTED SHARE OPTIONS

	Zero Exercise Price Options Expiring in 2028 Number	Zero Exercise Price Options Expiring in 2030 Number	Incentive Performance Options Expiring in 2031 Number	Alurion Options Expiring in 2031 Number
Number of options on issue at 1 January 2025	**9,904,300**	**-**	-	-
Options issued	-	3,889,421	-	-
Options exercised	(2,446,850)	-	-	-
Number of options on issue at 31 December 2025	**7,457,450**	**3,889,421**	**-**	**-**
Options issued (refer Note 9)	-	-	1,985,448	10,200,000
Options exercised	(3,422,475)	(1,069,473)	-	-
Lapsed and other movements	-	(111,543)	-	-
Number of options on issue at 30 June 2026	**4,034,975**	**2,708,405**	**1,985,448**	**10,200,000**

9. RESERVES

	30 June 2026 A$'000	31 December 2025 A$'000
Foreign currency translation reserve	331	197
Share-based payments reserve	20,317	13,989
Reserve of disposal group held for distribution	(139)	-
	20,509	**14,186**

(A) FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve records exchange differences arising on translation of foreign controlled entities. Movements in the foreign exchange translation reserve during half-year ended 30 June 2026 and the year ended 31 December 2025 were:

	Half-year ended 30 June 2026 A$'000	Year ended 31 December 2025 A$'000
Balance at beginning of period	197	(517)
Movement during the period	(5)	714
Reclassification to reserve of disposal group held for distribution (Note 7)	139	-
Balance at end of period	**331**	**197**

(B) SHARE-BASED PAYMENTS RESERVE

The share-based payments reserve is used to recognise the fair value of share options and employee incentive rights granted.

Movement	Half-year ended 30 June 2026 A$'000	Year ended 31 December 2025 A$'000
Balance at beginning of period	13,989	8,798
Share-based payments expense for the period	6,328	5,191
Balance at end of period	**20,317**	**13,989**

From time-to-time share-based compensation benefits are provided to directors, key management personnel and external service providers as part of their remuneration and incentive arrangements. The number of benefits awarded and the terms of those benefits are determined by the Board. Shareholder approval is sought where required.

The share-based payments expense is allocated between exploration and evaluation expenses and general and administration expenses by reference to the function in which each recipient (Directors, employees, contractors and consultants) works, on the same basis as the related employee benefits expense (refer Note 6).

OPTIONS VESTING DURING THE PERIOD

During the half-year ended 30 June 2026, a subsidiary of BRE was granted a Trial Mining Licence by Brazil's National Mining Agency over its Monte Alto rare earths and critical minerals project, announced on 25 March 2026. Under the terms of the Employee Options, the vesting condition attaching to the relevant tranches is satisfied on BRE announcing that it has been granted a Mining Concession (including trial mining) over an area that includes part of the tenements in which BRE or a subsidiary held a tenement ownership interest (or was the applicant) at the time of its admission to the Official List of the ASX and continues to hold at the date of grant.

As the vesting condition was satisfied earlier than the estimated date used in prior periods, the portion of the grant-date fair value of the affected options that remained unrecognised was recognised in full on the date the condition was met, accelerating the associated share-based payment expense into the half-year. The tranches affected were FY23 Tranche A, comprising 2,869,125 options, which accelerated an expense of A$2.2 million into the half-year, and FY25 Tranche A, comprising 175,000 options, which accelerated an expense of A$0.3 million. The resulting accelerated expense of A$2.5 million is included within the total share-based payment expense of A$6.3 million recognised for the half-year (refer to the reserve movement above) and within operating expenses in the consolidated statement of profit or loss. The acceleration reflects the earlier-than-estimated satisfaction of a non-market vesting condition and does not represent a modification of the terms of the options.

In 2025, BRE issued 575,000 options under the LTI plan, the vesting of which was conditional on the sale or demerger of BRE's bauxite assets. At the beginning of June 2026, management concluded that the demerger of the bauxite assets (via the demerger and listing of Alurion) was highly probable and, accordingly, revised the estimated vesting date to the expected admission date of 29 July 2026. The remaining share-based payment expense has been recognised over this revised vesting period. As a result, approximately half of the outstanding expense, A$464 thousand of the total A$929 thousand, was accelerated and recognised in the current half-year, with the remaining balance of A$465 thousand recognised in the second half of 2026 up to the admission date, on which date the options vested.

NEW BRE OPTIONS GRANTED DURING THE PERIOD

During the half-year ended 30 June 2026, BRE granted 1,985,448 options under the Employee Incentive Plan to directors, employees, consultants and contractors.

- Grants to directors were approved by shareholders at BRE’s Annual General Meeting on 28 May 2026.
- Awards are accounted for as equity-settled with vesting conditions comprising a mix of continued service, non-market performance conditions (project milestones including pilot plant commissioning, feasibility study outcomes, receipt of mining and operating permits, and commercial production of separated rare earth products), and market performance conditions (relative total shareholder return (rTSR) against a custom comparator group of listed rare earth companies and against the S&P Global Mining Index). All options have an exercise price of A$0.01 and expiry five years from issue date. Issue date fair values were estimated using Black-Scholes and Monte Carlo option pricing models using the inputs set out in the table below.

	HY2026 Executive Director STI Options	HY2026 LTI rTSR Options	HY2026 LTI Milestone Options	HY2026 Employee project Milestone Options
VALUATION METHODOLOGY				
Valuation methodology	Black-Scholes	Monte Carlo	Black-Scholes	Black-Scholes
ISSUE DETAILS				
Grant / valuation date	28 May 2026	28 May 2026	28 May 2026	28 May 2026
Share price at valuation date (A$)	6.25	6.25	6.25	6.25
Exercise price (A$)	0.01	0.01	0.01	0.01
Vesting period (years)	1-2	2-5	1-5	1-5
VALUATION INPUTS				
Risk-free rate (%)	4.35 – 4.57	4.53	4.57	4.53 – 4.57
Volatility (%)	71.50 – 71.80	Note 1	72.82	67.80 – 72.32
Dividend yield (%)	Nil	Nil	Nil	Nil
ISSUED QUANTUM AND VALUE				
Weighted average fair value per option (A$)	6.242	5.269	6.242	6.242
Number of options issued	196,878	1,032,446	536,124	220,000
Total issue date fair value (A$'000)	**1,229**	**5,440**	**3,346**	**1,373**

Note 1: For options subject to market-based rTSR vesting conditions, expected volatility is incorporated within the Monte Carlo simulation and has been determined with reference to the historical share price volatility of BRE and, as applicable, the custom rare earth comparator group or the S&P Global Mining Index.

ALURION OPTIONS GRANTED DURING THE PERIOD

During the half-year ended 30 June 2026, Alurion granted 10,200,000 options, in connection with its Initial Public Offering, comprising 7,850,000 options to Executive Directors and Management and 2,350,000 options to Non-Executive Directors. Awards are accounted for as equity-settled and vest subject to a mix of continued service, non-market performance conditions (grant of a Mining Concession and completion of a JORC feasibility-level study) and a market performance condition (a 100% increase in the share price relative to the IPO offer price on a 20-day VWAP basis). All options have an exercise price of A$0.01 and expiry five years from issue date. Issue date fair values were estimated using the Black-Scholes model, and a Monte Carlo simulation for the options subject to the market condition, using the inputs below.

	Executive Directors and Management Market	Executive Directors and Management Non-market	Non-Executive Directors
VALUATION METHODOLOGY			
Valuation methodology	Monte Carlo	Black-Scholes	Black-Scholes
ISSUE DETAILS			
Grant / valuation date	21 May 2026	21 May 2026	21 May 2026
Share price at valuation date (A$)	1.05	1.05	1.05
Exercise price (A$)	0.01	0.01	0.01
Vesting period (years)	4	3	1 – 3
VALUATION INPUTS			
Share price target (A$)	2.10	N/A	N/A
Risk-free rate (%)	4.64	4.59	4.35 – 4.69
Volatility (%)	74.60	67.35	60.50 – 67.35
Dividend yield (%)	Nil	Nil	Nil
ISSUED QUANTUM AND VALUE			
Weighted average fair value per option (A$)	0.658	1.042	1.042
Number of options issued	3,140,000	4,710,000	2,350,000
Total issue date fair value (A$'000)	**2,065**	**4,908**	**2,449**

EFFECT OF THE ALURION DEMERGER

The options were granted in connection with Alurion's demerger from BRE and its IPO, and the vesting conditions are set by reference to the date of Alurion's IPO. The Demerger completed on 24 July 2026, on which date Alurion ceased to be a controlled entity of BRE. The options are accounted for as equity-settled in ordinary shares of the Alurion; their terms were not modified by, and the options did not vest or lapse as a result of, completion of the Demerger. From the Demerger completion date, the associated share-based payment expense is recognised in Alurion's financial statements over the relevant vesting periods and does not form part of BRE's share-based payment arrangements.

10. SEGMENT INFORMATION

Operating segments are identified, and segment information disclosed, on the basis of internal reports that are regularly provided to, or reviewed by, BRE's chief operating decision maker which, for BRE, is the Board of Directors.

BRE is managed primarily on a geographic basis, that is, the location of the respective areas of interest. Operating segments are therefore determined on the same basis.

ACTIVITY BY SEGMENT

- **Brazil exploration**

BRE was founded for the purpose of exploring Rare Earth Elements and other critical minerals in the Rocha da Rocha Province in the state of Bahia in Brazil.

- **Corporate**

Expenditure incurred that is not directly allocated to other segments is reported as corporate costs in the internal reports prepared for the chief operating decision maker.

The following tables present revenue and profit information for BRE's operating segments for the half-year ended 30 June 2026 and 2025, respectively.

(A) SEGMENT PERFORMANCE

Half-year ended 30 June 2026	Brazil exploration A$'000	Corporate A$'000	Total A$'000
Total segment revenue and other income	**235**	**2,953**	**3,188**
Significant expenditure items included in segment expenditure:			
Exploration and evaluation expenses	(23,488)	(8,306)	(31,794)
Share-based payments expenses	(1,591)	(4,737)	(6,328)
Total segment expenditure	**(23,627)**	**(19,126)**	**(42,753)**
Segment result	**(23,392)**	**(16,173)**	**(39,565)**

Half-year ended 30 June 2025 (restated)	Brazil exploration A$'000	Corporate A$'000	Total A$'000
Total segment revenue and other income	880	1,402	2,282
Significant expenditure items included in segment expenditure:			
Exploration and evaluation expenses	(12,239)	(1,417)	(13,656)
Share-based payments expenses	(408)	(1,946)	(2,354)
Total segment expenditure	**(12,490)**	**(5,896)**	**(18,386)**
Segment result	**(11,610)**	**(4,494)**	**(16,104)**

(B) SEGMENT ASSETS

	Brazil exploration A$'000	Corporate A$'000	Total A$'000
30 June 2026 – Segment assets	14,023	132,137	**146,160**
31 December 2025 – Segment assets	9,502	161,521	**171,023**

11. LOSS PER SHARE

	Half-year ended 30 June 2026 A$'000	Restated Half-year ended 30 June 2025 A$'000
Loss after income tax attributable to BRE	(39,565)	(16,104)

Weighted average number of shares used as the denominator	Number	Number
Weighted average number of ordinary shares outstanding during the half-year used in calculation of Basic EPS	277,486,043	248,068,568
Weighted average number of options outstanding which are considered potentially dilutive[1]	-	-
Weighted average number of potential ordinary shares outstanding during the half-year used in calculation of Diluted EPS	**277,486,043**	**248,068,568**

[1] Options and other potential equity securities on issue at the end of the period have not been included in the determination of diluted earnings per share as BRE has incurred a loss for the period and they are therefore not dilutive in nature.

	Half-year ended 30 June 2026 Cents	Restated Half-year ended 30 June 2025 Cents
Basic loss per share	(14.26)	(6.49)
Diluted loss per share	(14.26)	(6.49)

12. CASH FLOW INFORMATION

	Half-year ended 30 June 2026 A$'000	Half-year ended 30 June 2025 A$'000
Non-cash operating activities		
Exploration expenditure settled through the issue of shares (acquisition of the Água Verde tenements)	(5,000)	-
Non-cash financing activities		
Issue of shares for exploration expenditure (acquisition of the Água Verde tenements)	5,000	-

13. RELATED PARTY TRANSACTIONS

ACQUISITION OF ÁGUA VERDE TENEMENTS FROM RARE EARTHS AMERICAS LIMITED

On 27 April 2026, BRE completed the acquisition of four rare earth and critical minerals tenements comprising the Água Verde project from Rare Earths Americas Limited (REA), an Australian company. REA is a related party of BRE by virtue of Bernardo da Veiga's and Renato Gonzaga's roles as directors of REA and as Managing Director and CEO and President of BRE Brazil, respectively, both key management personnel of BRE. BRE and REA also have a number of common shareholders. Consideration for the acquisition comprised 1,035,196 fully paid ordinary shares in BRE, issued at A$4.83 per share, being the 5-day volume weighted average price of BRE shares immediately prior to completion, for total consideration of A$5.0 million. Consistent with BRE's accounting policy to expense exploration and evaluation expenditure, including the cost of acquiring tenements, as incurred in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the consideration was recognised in full as exploration and evaluation expense in the current half-year (refer Note 6).

No other transactions were entered into with REA during the half-year, and no amount was outstanding to or from REA as at 30 June 2026.

LOAN TO ALURION AND COMPLETION OF DEMERGER

During the half-year and up to completion of the Demerger described in Notes 7, 9 and 15, Alurion and its subsidiary Alurion Recursos Estratégicos Ltda. were wholly-owned subsidiaries of BRE. Accordingly, all transactions and balances between BRE and Alurion during this period - including an intercompany receivable of A$779 thousand and a loan of A$3,000 thousand advanced by BRE and subsidiaries to fund Alurion's pre-IPO project and working capital requirements - were intercompany in nature and were eliminated on consolidation in accordance with AASB 10 Consolidated Financial Statements. No related party balance existed in respect of Alurion as at 30 June 2026.

Following completion of the Demerger on 24 July 2026 (refer Note 15), Alurion ceased to be a subsidiary of BRE. BRE retains a 16% interest in Alurion's issued ordinary share capital and is represented on Alurion's board by common directors, Todd Hannigan and Bernardo da Veiga as Executive Directors, and Alurion is accordingly considered a related party of BRE under AASB 124 Related Party Disclosures from that date.

Immediately prior to loss of control, the A$3,000 thousand loan to Alurion was unsecured and fully subordinated, repayable upon completion of the IPO. Following the reporting date, the intercompany receivable of A$779 thousand increased by a further A$1,603 thousand to A$2,382 thousand. The intercompany receivable, together with the loan, totalling approximately A$5,382 thousand, was repaid in full by Alurion from IPO proceeds in July and August 2026, and no balance remained outstanding at the date of signing of this report.

As the change in relationship and the repayments both occurred after the reporting date, there is no related party receivable or payable balance with Alurion recognised in the Statement of Financial Position as at 30 June 2026.

14. CONTINGENT LIABILITIES

The Directors are not aware of any contingent assets or any contingent liabilities that are likely to have a material effect on the results of BRE other than those disclosed in these financial statements or in the annual financial report for the year ended 31 December 2025.

15. EVENTS SUBSEQUENT TO REPORTING DATE

There have been no subsequent events that require adjustment to, or disclosure in, the Financial Statements of BRE for the half-year ended 30 June 2026, other than the following:

DEMERGER AND IPO OF ALURION

On 10 July 2026, BRE shareholders approved the demerger of Alurion into a newly incorporated ASX-listed company, with 99.94% of votes cast in favour of the resolution. On 22 July 2026, BRE announced that all conditions precedent to the Demerger and IPO had been satisfied or waived. On 24 July 2026, BRE distributed Alurion shares to eligible BRE shareholders by way of in-specie distribution, completing the Demerger. Alurion completed its IPO of 47,619,048 new fully paid ordinary shares at A$1.05 per share on 28 July 2026 and was admitted to the Official List of the ASX on 29 July 2026. Following completion of the IPO, BRE retains approximately 16% of Alurion's issued ordinary capital on an undiluted basis, valued at approximately A$41 million based on the Offer Price.

Following completion of the Demerger on 24 July 2026, Alurion ceased to be a subsidiary of BRE and the intercompany receivable and the loan became related party receivables, which were repaid in full from IPO proceeds in July and August 2026. Refer to Note 13 Related party transactions.

SULISTA TENEMENT ACQUISITION – CONTRACTUAL SHARE REPURCHASE RIGHT

In January 2024 BRE acquired the Sulista tenements under an option agreement, with the equity consideration measured and recognised as described in Note 5(B). The acquisition terms included a shareholder-approved contractual right entitling BRE to repurchase 4,000,000 of the ordinary shares issued as consideration, for total nominal consideration of A$1, exercisable if the vendor did not achieve a defined tenement-approval milestone (approval by Brazil's Agência Nacional de Mineração of the relevant Final Research Reports) within the contractually specified two-year period which expired on 26 March 2026.

As disclosed in the 31 December 2025 annual report, BRE had indicated an intention to exercise the buy-back. During the first half of 2026 BRE reconsidered that position and instead pursued negotiated arrangements. Those negotiations were unresolved at 30 June 2026 and BRE did not believe that it was probable that the share repurchase would occur.

Following new events in August 2026, the Board resolved to exercise the repurchase option and on 11 August 2026, BRE completed the legal and corporate steps to implement the contractual repurchase of the 4,000,000 ordinary shares for aggregate nominal consideration of A$1, and the shares were cancelled. In August 2026, BRE reversed a A$9,480 thousand expense previously recognised in exploration and evaluation expense related to the acquisition of the Sulista tenements in 2024 with a corresponding reduction in contributed equity.

The repurchase had not been completed before 30 June 2026; accordingly, the 4,000,000 shares remain included in ordinary shares on issue at 30 June 2026 (refer Note 8).

As the decision to repurchase the shares was post 30 June 2026, the above has been accounted for as a non-adjusting event after the reporting period in accordance with AASB 110 Events after the Reporting Period and no adjustment has been made to the amounts recognised in the financial statements as at 30 June 2026. The financial effects of these events are set out above.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

(1) The financial statements and notes, as set out on pages 11 to 30, are in accordance with the *Corporations Act 2001*;

   (a) comply with Australian Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*; and

   (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the half-year ended on that date.

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

This declaration is made in accordance with a resolution of the Board of Directors and has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* and as recommended under ASX Corporate Governance Council's Corporate Governance Principles for the financial half-year ended 30 June 2026.

Bernardo da Veiga

Managing Director and CEO

Sydney

28 August 2026

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Independent auditor's review report to the members of Brazilian Rare Earths Limited

Conclusion

We have reviewed the accompanying half-year financial report of Brazilian Rare Earths Limited (the Company) and its subsidiaries (collectively the Group), which comprises the interim consolidated statement of financial position as at 30 June 2026, the interim consolidated statement of profit or loss and other comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the half-year ended on that date, explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2026 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group 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 reviews of the half-year financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2026 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
28 August 2026