European Resources Limited | ABN: 24 602 043 265

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2026

EUROPEAN RESOURCES LIMITED
and its controlled entities

CONTENTS

DIRECTORS' REPORT

The Directors of European Resources Limited (**the Company** or **European Resources**) and its controlled entities (The Group) for the half-year ended 30 June 2026 present their report together with the condensed consolidated interim financial report and the auditor's review report thereon.

Directors

The names of the Directors of the Company in office during the half year period and until the date of this report were:

Thomas Mann – Chairman since 26 September 2014
Jason Beckton – Managing Director since 26 September 2014
Peter Nightingale – Director and Chief Financial Officer from 26 September 2014 to 30 June 2026
John Levings – Director since 17 May 2016
Stephen Gemell – Director from 4 March 2021 to 3 September 2026

Highlights

Finland - Rare Earth Elements (REE) Projects

Korsnäs (100% owned)

- Metallurgical work advanced:
  Across beneficiation, mineralogy and downstream hydrometallurgical test work by GTK-Mintec, ANSTO and the University of Oulu.
- Passive seismic targeting advanced: Phase 2 HVSR surveying detected new anomalies south and east of the historic mine and current Mineral Resource area.
- Mineral Resource and Exploration Target:
  The April 2026 Inferred Mineral Resource increased to 15.4Mt @ 1.00% TREO[1] and a separate updated Exploration Target was announced in June 2026.

Slovakia – Gold-Silver-Copper Projects(100% owned)

- Hodrusa, Pukanec and Nova Bana gold silver projects remain to be granted after renewal applications.
- Zlatno Copper Gold, Kolba Copper Silver Cobalt and Zemplin Silver projects remain in good standing.

Corporate

- Completed a renounceable rights issue raising $2.57 million before costs for exploration activities on the Company's Finnish and Slovakian projects, advancing the Company's Korsnäs project's metallurgical work programs and general working capital and to cover costs associated with the rights issue.

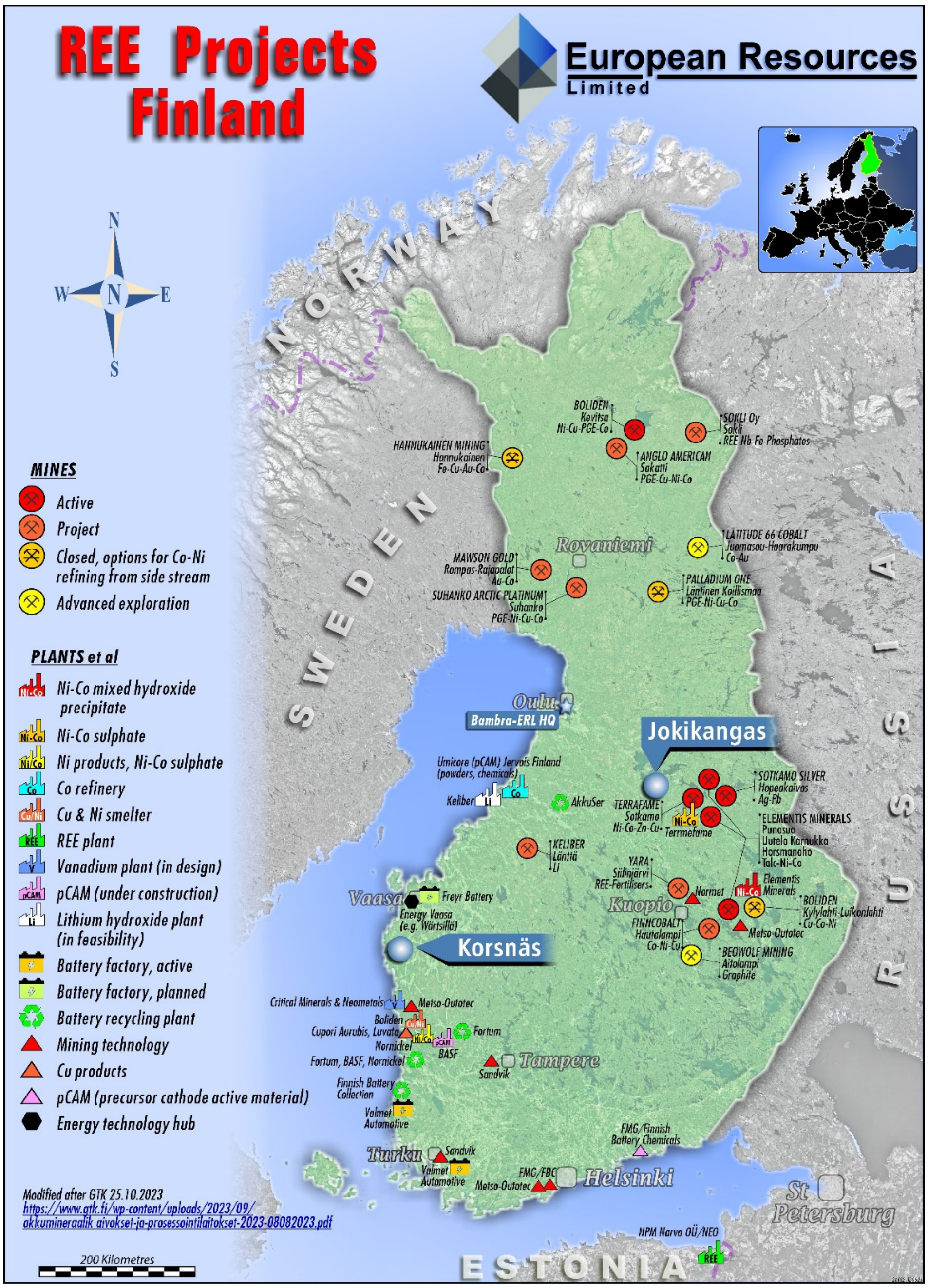
[1] TREO (Total Rare Earth Oxides) is the sum of rare earth oxides including La_2O_3, CeO_2, Pr_6O_{11}, Nd_2O_3, Sm_2O_3, Eu_2O_3, Gd_2O_3, Tb_4O_7, Dy_2O_3, Ho_2O_3, Er_2O_3, Tm_2O_3, Yb_2O_3, Lu_2O_3 and Y_2O_3.

Review of Operations

Finland Projects

Finland is currently rated by the Fraser Institute Annual Survey of Mining Companies as the 11th highest jurisdiction in the world for investment based on the Investment Attractiveness Index.

The Company's focus during the half year has been on the advancement of the Korsnäs REE project.



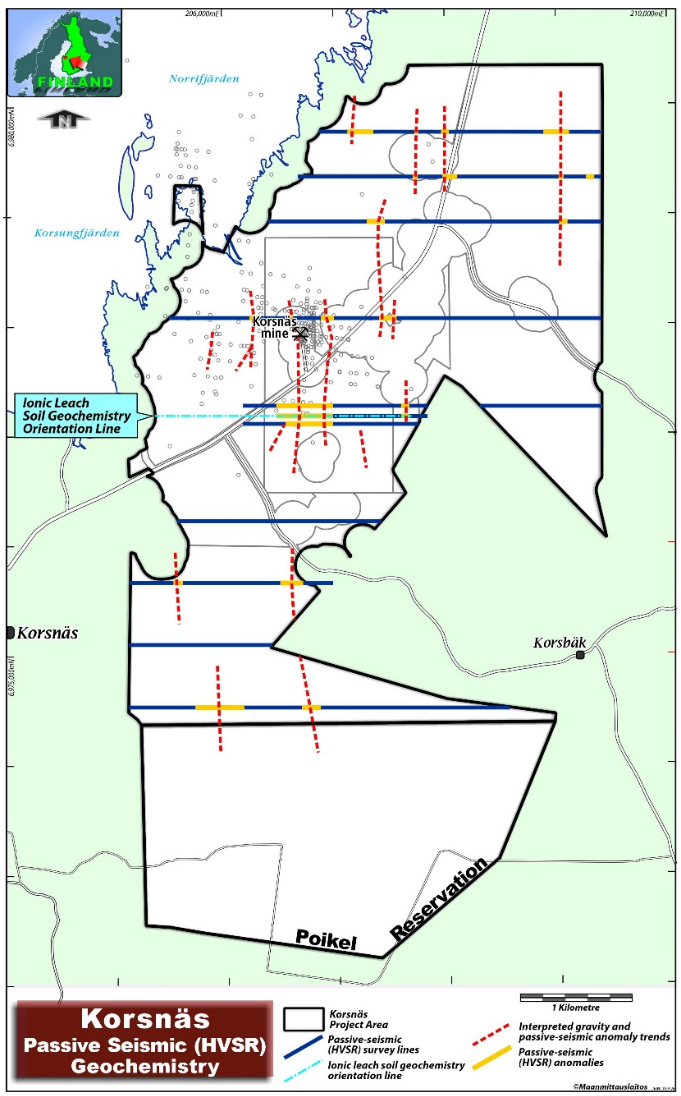
Korsnäs is located near an area geologically rich in critical minerals in Finland and proximate to the Neo Materials refining facility in Estonia.

Korsnäs – REE Project

The Korsnäs project is a series of stacked rare earth hosting carbonatite zones up to 20 metres in horizontal thickness, generally 50 metres to 100 metres apart across strike with zones highlighted by known gravity anomalies. To date, 5 gravity anomalies have been identified with a total strike length exceeding 5 kilometres.

The Korsnäs REE project is centered around a former lead mine, which operated from 1959 to 1972. The original mine operator was aware that the Korsnäs orebody contained REEs, however, with a primary focus on lead production, the REEs were initially discarded into the tailings storage facility (**TSF**).

Historical records also indicate that later in the mine's operation a REE concentrate was produced from more than 0.5 million tonnes of ore between 1965 and 1972 but was never sold and remains stockpiled in the lanthanide concentrate stockpile (**LnCS**). Assay results from auger sampling of the LnCS confirm an average TREO grade of 25,541 ppm (2.55%), with a significant 31% enrichment in neodymium-praseodymium oxide (**NdPrO**) at 7,869 ppm (0.79%).



Korsnäs tenement package with control of most REE exposures in the area.

Resource

In April 2026, the Company announced an updated JORC Code (2012) Inferred Mineral Resource Estimate (MRE) for the 100%-owned Korsnäs REE project of 15.4 Mt @ 1.00% TREO at a 0.5% TREO cut-off.

The April 2026 MRE is based on an integrated dataset comprising re-assayed historical drill core, recent drilling by the Company, geological logging, structural observations and modern analytical data. Resource growth was driven by the incorporation of new drilling and assay data from holes KR-311 to KR-316 and refinement of the geological model, rather than any material relaxation of reporting criteria.

The estimate is based on 42 modelled mineralised domains.

- The MRE is confined to hard-rock mineralisation interpreted within wireframe domains below the base of glacial till and above RL -400 m and excludes known historical underground stoping.
- At the 5,000 ppm TREO cut-off, the Inferred MRE has an average grade of 10,013 ppm TREO with 22.7% NdPr enrichment. Average grades include 1,754 ppm Nd2O3, 514 ppm Pr6O11, 221 ppm Sm2O3, 10.3 ppm Tb4O7 and 39.7 ppm Dy2O3.
- On a contained oxide basis, the estimate includes approximately 137.9 million kg TREO, 27.8 million kg Nd2O3 and 8.1 million kg Pr6O11.

The MRE remains wholly classified as Inferred. The Company adopted a conservative approach, noting that metallurgical studies are still in progress and have not yet defined a sufficiently robust end-to-end process flowsheet, supported by recovery, concentrate and product assumptions, to justify a higher classification.

Korsnäs Project Inferred Mineral Resource Estimate (April 2026)
15.4Mt @ 1.00% TREO – lower cut-off 0.5% TREO

TREO Cut-Off (ppm)	Resource (Mt)	TREO (ppm)	NdPrO Enrichment (%)	Nd_2O_3 (ppm)	Pr_6O_{11} (ppm)	Sm_2O_3 (ppm)	Tb_4O_7 (ppm)	Dy_2O_3 (ppm)
10,000	5.2	16,360	20.7	2,586	807	286	12.2	48.1
9,000	6.1	15,288	21.1	2,469	759	281	12.1	47.6
8,000	7.4	14,122	21.4	2,317	705	270	11.7	46.0
7,000	9.3	12,797	21.7	2,139	644	255	11.3	44.3
6,000	11.6	11,503	22.1	1,962	584	240	10.9	42.4
5,000	**15.4**	**10,013**	**22.7**	**1,754**	**514**	**221**	**10.3**	**39.7**
4,000	21.6	8,427	23.2	1,515	437	197	9.3	35.9
3,000	31.9	6,823	23.6	1,256	356	168	8.1	31.0
2,000	48.8	5,311	23.8	985	276	134	6.6	25.3
1,000	80.7	3,804	24.0	713	198	99	5.0	19.8

Table 1 Korsnäs Project Inferred Mineral Resource Estimate, April 2026.

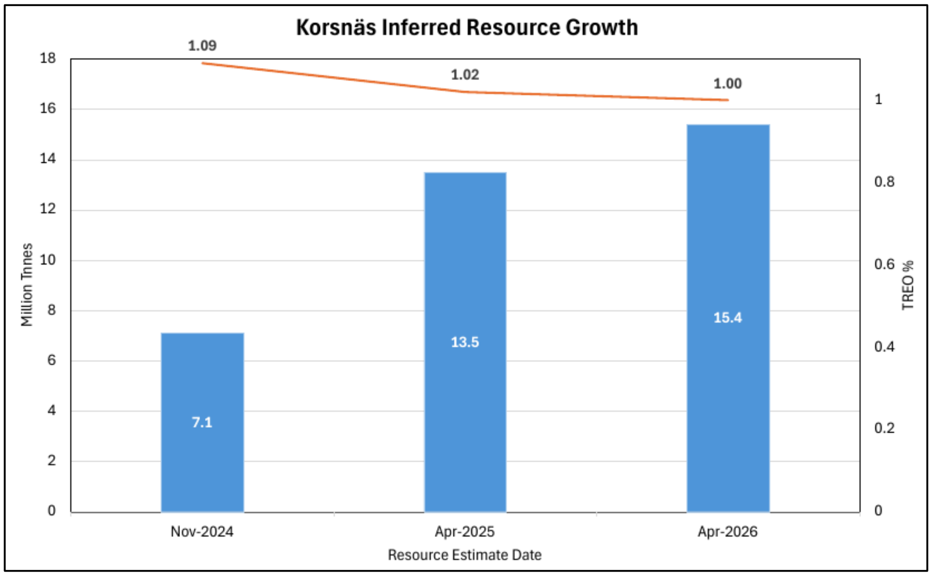


Figure 1 Korsnäs Inferred Mineral Resource growth from November 2024 to April 2026.

In June 2026, the Company announced an updated Exploration Target for Korsnäs of approximately 18 Mt to 32 Mt at 0.8% to 1.0% TREO. The potential quantity and grade of the Exploration Target are conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource in respect of the Exploration Target and it is uncertain whether further exploration will result in the estimation of a Mineral Resource.

The updated Exploration Target is additional to, and separate from, the April 2026 Inferred Mineral Resource Estimate of 15.4 Mt at 1.0% TREO. The Exploration Target is not included in the Mineral Resource Estimate and no aggregate total of Mineral Resource plus Exploration Target is reported in this half-year report.

The updated Exploration Target replaces the previously reported Exploration Target of 9 Mt to 11 Mt at 0.9% to 1.1% TREO announced on 22 April 2025. It comprises two separate components: new target areas defined by passive seismic interpretation, principally outside the immediate mine and Mineral Resource area; and projection of known mineralised zones within existing geological wireframes down to -400 m RL. There is no overlap between the April 2026 MRE, the known-zone projection component or the passive seismic target component, and historical underground stopes have been excluded.

Component	Tonnage range	Grade range
Passive seismic target areas	8 Mt to 15 Mt	0.8% to 1.1% TREO
Projection of known zones to -400 m RL	10 Mt to 17 Mt	0.7% to 0.9% TREO
Combined updated Exploration Target	18 Mt to 32 Mt	0.8% to 1.0% TREO

Table 2 Exploration Target components and total

The passive seismic target component is based on approximately 9 km of interpreted prospective structure outside the immediate mine and Mineral Resource area. The interpreted target corridors are based on Phase 2 passive seismic HVSR anomalies and associated geological interpretation. The target volume used a 400 m down-dip projection, an assumed average true thickness of 7 m and a bulk density of 2.77 t/m^3, consistent with the April 2026 MRE. The existing Resource model block-tonnage proportions above selected TREO cut-offs were then applied to the interpreted target volume.

Metallurgy

Metallurgical development at Korsnäs advanced materially during the half year and has continued to deliver strong results subsequent to period end. Work is being undertaken as a coordinated program spanning upstream beneficiation by GTK-Mintec under the European Union-funded REMHub program and downstream mineralogical and hydrometallurgical test work by ANSTO Minerals. The program is progressively defining an integrated route from hard-rock feed through concentrate production and leaching to solution purification and, ultimately, a mixed rare earth carbonate (MREC) intermediate product.

Upstream beneficiation - strong magnetic separation response

GTK-Mintec demonstrated a strong response to Wet High Gradient Magnetic Separation (WHGMS) in both principal Korsnäs hard-rock mineralisation styles. At 0.5 Tesla, Type 1 allanite-dominant material achieved an 84% TREO grade upgrade at 85% TREO recovery, while Type 2 apatite-monazite-dominant material achieved a 129% grade upgrade at 74% recovery. The Type 2 sample assayed only 0.24% TREO compared with 1.35% TREO for Type 1, making the upgrade response of the lower-grade material particularly encouraging.

Higher magnetic field strengths produced still higher concentrate grades but with a recovery penalty. Gravity concentration gave lower recoveries than WHGMS and de-sliming was not required under the reported test conditions. The results support WHGMS as the preferred basis for pre-concentration, with flotation and mini-pilot work intended to further improve concentrate quality and generate representative fresh concentrate for downstream testing.

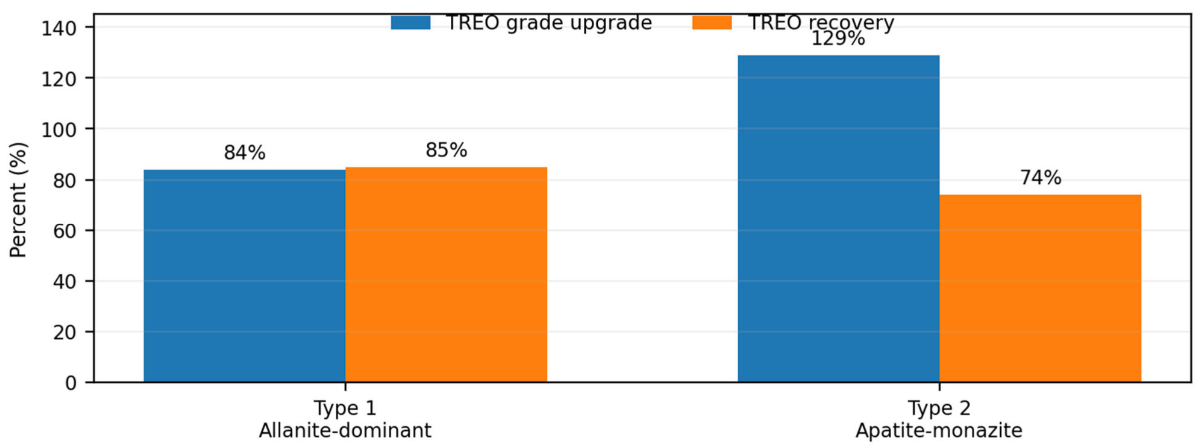


Figure 1 GTK-Mintec WHGMS grade upgrade and TREO recovery at 0.5 T.

Mineralogy establishes a practical downstream treatment target

ANSTO mineralogical characterisation materially clarified the downstream treatment task. The historical lanthanide concentrate composite assayed 2.3 wt% TREY, including 0.7 wt% magnet rare earths. QEMSCAN work indicated that approximately 60%-70% of the rare earth inventory is hosted in monazite, with a smaller but important contribution from apatite. Only a small proportion of neodymium and praseodymium was identified in allanite.

The principal magnet rare earth value is therefore associated with the monazite-apatite assemblage. This provided a clear technical direction: manage calcite and apatite behaviour, then apply acid bake/water leach to extract the monazite-hosted rare earths while retaining the value associated with the apatite fraction.

ANSTO extraction results - magnet rare earth extraction increased from 83% to 92%

Subsequent to 30 June 2026, ANSTO demonstrated high extraction from untreated historical concentrate using direct acid bake and water leaching[2]. The test extracted 88% praseodymium, 83% neodymium, 83% combined magnet rare earths and 86% TREY. Heavy rare earth extraction was lower - 49% terbium, 43% dysprosium and 43% yttrium - consistent with part of the heavy rare earth assemblage being associated with apatite and affected by calcium sulphate formation during baking.

ANSTO then removed calcite ahead of the same bake/leach sequence. Hydrochloric acid pre-leaching achieved 69% calcium extraction, interpreted as close to complete calcite removal, while phosphorus extraction was only 0.02%, indicating that apatite and monazite were not materially leached. TREY grade increased from 2.3 wt% to 3.9 wt%, an approximately 70% relative uplift, with reported rare earth losses generally only 0%-2%.

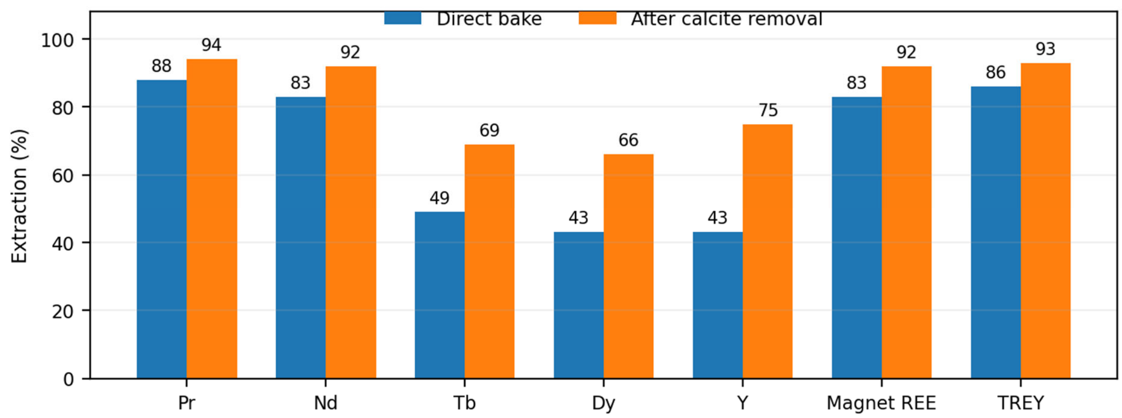


Figure 2 ANSTO solids-based REE extraction before and after calcite removal.

The subsequent bake of the calcite-free feed produced a broad uplift across the rare earth suite. Praseodymium extraction increased to 94%, neodymium to 92%, combined magnet rare earths to 92% and TREY to 93%. The largest improvements were in the heavy rare earth indicators: terbium increased from 49% to 69%, dysprosium from 43% to 66% and yttrium from 43% to 75%. The results identify calcite control as an important flowsheet lever and demonstrate a clear progression from mineralogical interpretation to high bench-scale extraction.

Integrated process pathway and next steps

The programs are now converging on a coherent end-to-end testwork pathway comprising hard-rock beneficiation using WHGMS and flotation; calcite control ahead of acid bake and water leaching; solution purification and impurity removal; and precipitation of an MREC product. Priority work includes:

- Optimise calcite removal and compare chemical pre-leach with physical rejection methods such as HGMS;
- Continue flotation and mini-pilot beneficiation to produce representative fresh hard-rock concentrate;
- Optimise extraction and develop impurity-removal steps, particularly for aluminium, iron, silicon, uranium and thorium;
- Produce and characterise a bench-scale MREC sample from purified rare earth-bearing solution; and
- Apply the preferred downstream route to fresh concentrate generated by the REMHub hard-rock beneficiation program.

The reported extraction results are bench-scale test results and are not plant recoveries or production forecasts. Reagent consumption, impurity removal, product specification, process sequencing and scale-up remain subject to further test work.

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[2] The 8 July and 19 August 2026 results were announced after the half-year end and are included as subsequent operational progress. Results are drawn from the Company's ASX announcements dated 7 April, 4 May, 8 July and 19 August 2026.

Jokikangas REE Project

Sampling of core at the GTK Loppi facility for Kontiaho 6 (KO6) is a new discovery in old core open to the north-west in a synform with significant tonnage potential. Mineralisation occurs from 29 to 107m - a 78m zone of mineralisation in northern sector which is open, with high tonnage potential.

KA06: 17m @ 1681 ppm TREO and 54ppm Hafnium and 379 ppm Niobium from 35m.

- KA02: 0.20m @ 24,448 ppm TREO and 4,700 ppm Niobium from 74.2m
- KA03: 0.15m @ 15,346 ppm TREO and 2,980 ppm Niobium from 9.2m
- KA03: 0.17m @ 8,690 ppm TREO and 2,030 ppm Niobium from 57.3m
- JO11: 0.20m @ 2,106 ppm TREO from 54.1m
- JO12: 0.20m @ 1,704 ppm TREO from 26.9m
- JO12: 0.40m @ 4,509 ppm TREO from 42.2m
- JO13: 0.50m @ 7,556 ppm TREO and 940 ppm Hafnium from 22.6m
- JO13: 0.30m @ 10,445 ppm TREO and 1,160 ppm Hafnium from 32.8m
- KO06: 0.40m @ 2,865 ppm TREO and 510 ppm Hafnium from 85.6m

ERE has commenced sampling wider intervals of the Jokikangas drill core and has also applied to expand the project to cover open ground with reported vanadium mineralisation. Positive results support ERE's emerging Finland rare earth project portfolio, amid continued EU demand for local rare earth supply.

Slovakia Projects

The Company's projects are situated around 180 kilometres east of Bratislava, Slovakia, near the Austrian border. As a member of the European Union and the Eurozone, Slovakia offers an attractive environment for foreign investment, featuring modern western-style legislation, an independent legal system, low wages, low tax rates and a well-educated labour force.

Location map of European Resources' projects in Slovakia.
The Hodruša-Hámre, Nova Bana and Pukanec licences are currently undergoing a re-application process.

Limited field activities were undertaken during the half year period at each of the Slovakian exploration licences, i.e. Cejkov-Zemplin, Hodrusa-Hamre, Kolba, Nova Bana, and Pukanec until such time as the regranting process for the Hodrusa-Hamre, Nova Bana and Pukanec licences is completed. There have been widespread delays in the re-granting of exploration licences in Slovakia, a situation that the Board is closely monitoring.

The Company confirms it is not aware of any new information or data that materially affects the information included in this report and that all material assumptions and technical parameters underpinning the Exploration Results, Mineral Resources and Exploration Target in this announcement continue to apply and have not materially changed.

Project Licences

Project	Tenement Number	Country	Interest
Cejkov-Zemplin	11006/2022-5.3	Slovakia	100%
Hodruša-Hamre[3]	*7120/2023-5.3*	*Slovakia*	*100%*
Jokikangas	ML2021:0017 Jokikangas[2] ML2023:0015 Honkamäki[2] ML2025:0024 Honkamäki 2[1] VA2025:0056-01 Jylhy[1]	Finland	100%
Kolba	9313/2022-5.3	Slovakia	100%
Korsnäs	ML2021:0019 Hägg[2] ML2025:0020 Hägg 2[2] ML2024:0087 Hägg 3[2] ML2024:0103 Petalax[1] VA2026:0035 Poikel[1]	Finland	100%
Nova Baňa[3]	*P22/15*	*Slovakia*	*100%*
Pukanec[3]	*9707/2021-5.3*	*Slovakia*	*100%*
Zlatno	9355/2024-5.3	Slovakia	100%

1 Tenement areas are reserved by Reservation Applications followed by Reservation Notifications then Exploration Permits approved by the Finnish Safety and Chemicals Agency (**TUKES**), the Finnish mining authority. These Exploration Permit applications are currently in handling by TUKES.

2 These are Exploration Permits approved by TUKES.

3 *Undergoing regranting.*

Corporate

Capital Raising

During the half year the Company undertook a renounceable rights issue, raising $2,571,045 before costs of issue. 171,402,980 shares at $0.015 per share and 171,402,980 attaching listed options were issued, with a further 5,142,090 listed options issued to the Lead Manager of the Offer, Mahe Capital Pty Ltd.

The net proceeds will be used for:
- exploration activities on the Company's Finnish and Slovakian projects;
- advancing the Company's Korsnäs project's metallurgical work programs; and
- general working capital and to cover costs associated with the rights issue.

Competent Person's Statement

The information in this Report that relates to the Inferred Resource Estimate, the Exploration Target and Exploration Results are based on information compiled by Mr Jason Beckton, who is a Member of the Australian Institute of Geoscientists. Mr Beckton, who is Managing Director of the Company, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Beckton consents to the inclusion in this Report of the matters based on the information in the form and context in which it appears.

Subsequent Events

There have been no matters arising in the interval between the end of the half year and the date of this report of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Lead Auditor's Independence Declaration on page 11 as required under Section 307C of the *Corporations Act 2001* is attached to and forms part of the Directors' Report for the half year ended 30 June 2026.

Signed at Sydney, this 10th day of September 2026
in accordance with a resolution of the Board of Directors:

Thomas J. Mann	**Jason Beckton**
Chairman	**Managing Director**

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of European Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review of European Resources Limited for the half-year ended 30 June 2026 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Adam Twemlow
Partner
Brisbane
10 September 2026

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2026

	Notes	30 June 2026 $	30 June 2025 $
Administration and consultants' expenses		**(691,975)**	(445,434)
Audit, legal and other professional fees		**(52,915)**	(55,826)
Exploration and evaluation expenses		**-**	(10,331)
Share based payment expense	9	**(39,811)**	(20,558)
Depreciation expense		**(11,750)**	(5,989)
Results from operating activities		**(796,451)**	(538,137)
Financial income		**8,609**	4,908
Financial expense		**(1,409)**	(4,387)
Net financial income		**7,200**	521
Loss before income tax		**(789,251)**	(537,616)
Income tax benefit/(expense)		**6,241**	(20,172)
Loss for the period		**(783,010)**	(557,788)
Other comprehensive income			
Items that may be classified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(493,220)**	487,320
Total comprehensive loss for the period		**(1,276,230)**	(70,468)
Earnings per share			
Basic and diluted loss per share (cents)	6	**(0.14)**	(0.17)

The above condensed consolidated interim statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EUROPEAN RESOURCES LIMITED
and its controlled entities

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2026

	Notes	30 June 2026 $	31 December 2025 $
Current assets			
Cash and cash equivalents		**1,759,244**	1,084,625
Trade and other receivables		**90,784**	143,464
Prepayments		**46,925**	50,087
Other assets		**-**	43,969
Total current assets		**1,896,953**	1,322,145
Non-current assets			
Exploration and evaluation expenditure	4	**12,458,345**	12,321,482
Property, plant and equipment		**59,558**	74,881
Other assets		**41,234**	-
Total non-current assets		**12,559,137**	12,396,363
Total assets		**14,456,090**	13,718,508
Current liabilities			
Trade and other payables		**421,679**	721,832
Total current liabilities		**421,679**	721,832
Non-current liabilities			
Deferred tax liability		**158,084**	157,664
Total non-current liabilities		**158,084**	157,664
Total liabilities		**579,763**	879,496
Net assets		**13,876,327**	12,839,012
Equity			
Share capital	5	**21,028,280**	19,536,446
Reserves	8	**3,227,780**	2,899,289
Accumulated losses		**(10,379,733)**	(9,596,723)
Total equity		**13,876,327**	12,839,012

The above condensed consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

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

	Notes	Share capital $	Reserves $	Accumulated losses $	Total $
Balance at 1 January 2026		**19,536,446**	**2,899,289**	**(9,596,723)**	**12,839,012**
Total comprehensive income for the period					
Loss for the period		**-**	**-**	**(783,010)**	**(783,010)**
Total other comprehensive income		**-**	**(493,220)**	**-**	**(493,220)**
Total comprehensive loss for the period		**-**	**(493,220)**	**(783,010)**	**(1,276,230)**
Transactions with owners, recorded directly in equity					
Issue of shares and options	5	**1,814,855**	**781,900**	**-**	**2,596,755**
Costs of issue	5	**(323,021)**	**-**	**-**	**(323,021)**
Share based payments	9	**-**	**39,811**	**-**	**39,811**
Balance at 30 June 2026		**21,028,280**	**3,227,780**	**(10,379,733)**	**13,876,327**
Balance at 1 January 2025		17,323,870	1,767,893	(8,162,986)	10,928,777
Total comprehensive income for the period					
Loss for the period		-	-	(557,788)	(557,788)
Total other comprehensive income		-	487,320	-	487,320
Total comprehensive loss for the period		-	487,320	(557,788)	(70,468)
Transactions with owners, recorded directly in equity					
Issue of shares		1,000,000	-	-	1,000,000
Costs of issue		(72,493)	-	-	(72,493)
Share based payments		-	20,558	-	20,558
Balance at 30 June 2025		18,251,377	2,275,771	(8,720,774)	11,806,374

The above condensed consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2026

	Notes	30 June 2026 $	30 June 2025 $
Cash flows from operating activities			
Cash payments in the course of operations		**(823,604)**	(485,194)
Interest received		**8,609**	4,908
Net cash used in operating activities		**(814,995)**	(480,286)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		**(806,328)**	(691,460)
Payments for property, plant and equipment		**-**	-
Net cash used in investing activities		**(806,328)**	(691,460)
Cash flows from financing activities			
Issue of shares and options	5	**2,571,045**	1,000,000
Cost of issue	5	**(273,695)**	(67,045)
Net cash from financing activities		**2,297,351**	932,955
Net increase/decrease in cash and cash equivalents		**676,028**	(238,790)
Effect of exchange rate adjustments on cash held		**(1,409)**	(4,387)
Cash and cash equivalents at the beginning of the period		**1,084,625**	795,730
Cash and cash equivalents at the end of the period		**1,759,244**	552,553

The above condensed consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1 – REPORTING ENTITY

European Resources Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the half year ended 30 June 2026 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity and is involved in exploration and development of rare earth and precious metals.

The consolidated annual financial statements of the Group as at and for the year ended 31 December 2025 are available upon request from the Company's registered office at Level 2, 66 Hunter Street, Sydney, NSW, 2000 or at www.europeanresources.com.au.

NOTE 2 – BASIS OF PREPARATION

Statement of compliance

The condensed consolidated interim 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 financial statements of the Group comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board ('IASB').

The condensed consolidated interim financial statements do not include full disclosures of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2025.

These condensed consolidated interim financial statements were approved by the Board of Directors on 10 September 2026.

Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These condensed consolidated interim financial statements are presented in Australian dollars, which is the Company's functional currency. The functional currency of the Company's subsidiaries Bambra Oy, Prospech Slovakia s.r.o and Slovenske Kovy s.r.o is Euros.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the interim financial statements are described in the following notes:

- Note 2 – Going concern
- Note 4 – Exploration and evaluation expenditure

The accounting policies set out below have been applied consistently by entities in the Group.

NOTE 2 – BASIS OF PREPARATION (Con't)

Going concern

The consolidated interim financial statements have been prepared on a going concern basis which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

The Group has recorded a loss after tax of $783,010 for the half-year ended 30 June 2026 and used net cash in operating and investing activities of $814,995 and $806,328, respectively. As at 30 June 2026, the Group had cash and cash equivalents of $1,759,244, net current assets of $1,475,274 and net assets of $13,876,327.

The Group's main activity is minerals exploration, and as such it does not generate significant operating cash inflows. It relies on raising capital to have access to sufficient cash to continue its exploration activities.

As outlined in Note 5, the Group successfully completed a capital raise during the period amounting to $2,571,045 before costs in May 2026. The Group has also historically undertaken capital raisings to fund its exploration activities. However, the timing and amount of any future funding remains inherently uncertain until secured.

The Directors have prepared cash flow projections for the period of at least 12 months from the date of the directors' declaration. These cash flow projections include significant ongoing expenditure on exploration and evaluation activities and assume the Group receives sufficient additional funding from shareholders or other parties. If such funding is not achieved, the Group plans to reduce expenditure in line with available funding.

The ability of the Group to raise additional funding and/or reduce expenditure in line with available funding is inherently uncertain and as a result there is a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

In the event that the Group does not continue as a going concern, it may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the interim financial report. No allowance for such circumstances has been made in the interim financial report.

NOTE 3 – MATERIAL ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2025.

NOTE 4 – EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2026	31 December 2025
Reconciliation of the carrying amount is set out below:		
Opening balance	**12,321,482**	11,060,209
Additions	**615,029**	1,281,212
Impact of FX movements	**(478,166)**	354,270
Deferred grant recognition	**-**	(374,209)
Closing balance	**12,458,345**	12,321,482
Hodrusa	**6,253,747**	6,473,271
Nova Bana	**1,179,940**	1,251,989
Pukanec	**303,850**	317,025
Kolba	**627,103**	658,091
Zlatno	**159,036**	167,678
Jokikangas	**53,428**	24,428
Korsnäs	**3,881,241**	3,429,000
	12,458,345	12,321,482

Judgements are made in regard to the technical feasibility and commercial viability of the exploration and evaluation assets which includes evaluation of results from exploration activities by a competent person. In addition, at 30 June 2026, the Hodrusa Hamre, Nova Bana and Pukanec licenses are undergoing re-application. The re-application process has been ongoing for approximately 12 months, and the Directors are not aware of any matters which will prevent the regranting. The Directors exercised judgement in determining that the right to tenure is current for these licenses. If the licences are not regranted the capitalised costs will need to be impaired.

The ultimate recoupment of these costs is dependent on the successful development and commercial exploitation, or alternatively sale of the respective areas of interest, and the successful regranting of the licenses.

NOTE 5 – ISSUED CAPITAL

	30 June 2026 Number of shares	30 June 2026 $	31 December 2025 Number of shares	31 December 2025 $
Balance at the beginning of the period	**523,511,881**	**19,536,446**	328,825,887	17,323,870
Issue of shares	**171,402,980**	**1,814,855**	194,685,994	2,525,203
Cost of issue	**-**	**(323,021)**	-	(312,627)
Balance at the end of the period	**694,914,861**	**21,028,280**	523,511,881	19,536,446

During the half year period ended 30 June 2026 the Company issued 171,402,980 shares to investors in a renounceable rights issue at $0.015 per share, raising $2,571,045. The proceeds from the issuance are allocated to share capital, being $1,814,855, and the option premium reserve of $756,190 relative to the proportion of the fair value of equity recognised at grant date. There were no amounts unpaid on the shares issued and the share issue costs amounted to $323,021. This includes $25,710 ascribed to the value of 5,142,090 lead manager options issued.

	6 months to 30 June 2026 $	6 months to 30 June 2025 $

NOTE 6 – LOSS PER SHARE

Basic and diluted loss per share have been calculated using:

Net loss for the period	**(783,010)**	(557,788)

	Nº of shares	Nº of shares
Issued ordinary shares at the beginning of the half year	**523,511,881**	328,825,887
Effect of shares issued on 6 June 2025	**-**	6,906,077
Effect of shares issued on 13 May 2026	**46,401,912**	-
Weighted average number of shares at the end of the half year	**569,913,793**	335,731,964

As the Group is loss making, none of the potentially dilutive securities are currently dilutive.

NOTE 7 – RELATED PARTIES

During the half year ended 30 June 2026, Peter Nightingale, a director, had an interest in an entity, MIS Corporate Pty Limited, which provided full administrative services, including administrative and accounting staff, and rental accommodation. Fees charged by MIS Corporate Pty Limited during the half year ended 30 June 2026 amounted to $60,000 (2025: $60,000). At 30 June 2026 $130,000 (31 December 2025: $70,000) remained outstanding.

NOTE 8 – RESERVES

	30 June 2026 $	31 December 2025 $
Acquisition reserve	**676,326**	676,326
Foreign currency translation reserve	**276,686**	769,906
Option premium reserve	**2,274,768**	1,453,057
	3,227,780	2,899,289

Issue of options

As part of the rights issue undertaken during the year the Company granted 171,402,980 listed options, as attaching options to the 171,402,980 shares issued (see Note 5). Additionally, the Company issued a further 5,142,090 listed options to the nominee of the Lead Manager of the offer, Mahe Capital. The terms of the listed options were the same as those listed options already on issue.

The option premium reserve is used to recognise the grant date fair value of options issued but not exercised separately within equity.

NOTE 8 – RESERVES (Con't)

Grant and Vesting Date	Expiry Date	Exercise Price	Fair Value of Options granted	Fair Value per option	Total granted	Total exercised or expired	Exercisable at end of period	Balance at end of period
13 May 2026	1 October 2028	$0.04	$756,190	$0.005	171,402,980	-	171,402,980	171,402,980
13 May 2026	1 October 2028	$0.04	$25,710	$0.005	5,142,090	-	5,142,090	5,142,090

At 30 June 2026 the following unissued ordinary shares of the Company under option are:

Number of options	Expiry Date	Exercise Price	Listed/Unlisted
8,000,000	31 January 2027	$0.08	Unlisted
253,228,673	1 October 2028	$0.04	Listed
25,000,000	18 December 2028	$0.04	Unlisted

NOTE 9 – SHARE BASED PAYMENTS

The fair value of the 5,142,090 options granted on 13 May 2026 to the lead manager of the rights issue was $25,710. The Black-Scholes formula model inputs were the Company's share price of $0.012 at the grant date, a volatility factor of 110% based on historic share price performance, a risk-free interest rate of 4.35% based on government bonds and a dividend yield of 0%.

The following share based payment expenses totalling $39,811 were recognised during the half year period ended 30 June 2026.

Number of options	Issue Date	Expiry Date	Exercise Price	Expense recognised during the current period $
8,000,000	5 February 2024	31 January 2027	$0.08	$2,619
25,000,000	18 December 2025	18 December 2028	$0.04	$37,192
5,142,090	13 May 2026	1 October 2028	$0.04	-*

* Options issued to Lead Manager which were recorded as a cost of issue of $25,710 in the Consolidated Statement of Changes in Equity.

NOTE 10 – SEGMENT INFORMATION

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items relate to corporate operations in Australia and comprise mainly income earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year in that geographic region.

Geographical segments

For the half year ended 30 June 2026, the Group had two segments, being mineral exploration in Finland and Slovakia. The Group has two reportable geographical segments as follows:

	Finland	Slovakia	Unallocated	Total
	$	$	$	$
30 June 2026				
External revenues	-	-	-	-
Reportable segment loss before tax	**139,633**	**146,089**	**503,530**	**789,252**
Interest income	-	-	**8,609**	**8,609**
Depreciation	**5,847**	**2,342**	**3,561**	**11,750**
Reportable segment assets	**4,143,327**	**8,588,771**	**1,723,992**	**14,456,090**
Reportable segment non-current assets	**4,016,574**	**8,529,505**	**13,058**	**12,559,137**
Reportable segment liabilities	**39,247**	**187,610**	**352,906**	**579,763**
30 June 2025				
External revenues	-	-	-	-
Reportable segment loss before tax	120,573	71,254	345,789	537,616
Interest income	-	-	4,908	4,908
Reportable segment assets	3,276,277	8,890,557	503,931	12,670,765
Reportable segment non-current assets	3,149,502	8,815,734	20,181	11,985,417
Reportable segment liabilities	243,592	188,058	432,741	864,391

NOTE 10 – SEGMENT INFORMATION (Con't)

	30 June 2026 $	30 June 2025 $
Reconciliations of reportable segment profit or loss		
Profit or loss		
Total loss for reportable segments	**285,722**	191,827
Unallocated amounts:		
Net other corporate expenses	**503,530**	345,789
Consolidated loss before tax	**789,252**	537,616
Reconciliations of reportable segment assets and liabilities		
Assets	**12,732,098**	12,166,834
Total assets for reportable segments		
Unallocated corporate assets:	**1,723,992**	503,931
Consolidated total assets	**14,456,090**	12,670,765
Liabilities		
Total liabilities for reportable segments	**226,857**	431,650
Unallocated corporate liabilities:	**352,906**	432,741
Consolidated total liabilities	**579,763**	864,391

NOTE 11 – SUBSEQUENT EVENTS

There have been no matters arising in the interval between the end of the half year and the date of this report of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

EUROPEAN RESOURCES LIMITED
and its controlled entities

DIRECTORS' DECLARATION

In the opinion of the Directors of European Resources Limited ('the Company'):

1. (a) the condensed consolidated interim financial statements and notes set out on pages 12 to 22, 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 half year ended on that date; and

   (ii) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

   (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

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

Signed at Sydney, this 10th day of September 2026
in accordance with a resolution of the Board of Directors:

Thomas Mann	**Jason Beckton**
Chairman	**Managing Director**

KPMG

Independent Auditor's Review Report

To the shareholders of European Resources Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of European Resources Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the ***Interim Financial Report*** of European Resources Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2026 and of its performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

The ***Interim Financial Report*** comprises:

- Condensed consolidated interim statement of financial position as at 30 June 2026
- Condensed consolidated interim statement of profit or loss and other comprehensive income, Condensed consolidated interim statement of changes in equity and Condensed consolidated interim statement of cash flows for the half-year ended on that date
- Notes 1 to 11 including selected explanatory notes
- The Directors' Declaration.

The ***Group*** comprises European Resources Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

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*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Interim 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 APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to audits of annual financial reports of public interest entities in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 2, "Going Concern" in the Interim Financial Report. The events or conditions disclosed in Note 2 indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Interim Financial Report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim 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 Interim Financial Report does not comply 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 *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim 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.

KPMG

KPMG

Adam Twemlow

Partner

Brisbane

10 September 2026

CORPORATE DIRECTORY

Directors:

Thomas Mann
Jason Beckton
John Levings

Company Secretary:

Richard Edwards

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