

ATO CONFIRMS TAX TREATMENT OF ALURION RESOURCES DEMERGER

Brazilian Rare Earths Limited (ASX: BRE; OTCQX: BRELY / BRETF) advises that the Australian Taxation Office (ATO) has today published Class Ruling *CR 2026/66, Brazilian Rare Earths Limited – in specie distribution of Alurion Resources Limited shares* (Class Ruling).

The Class Ruling confirms the Australian income tax consequences for certain eligible shareholders arising from the demerger of Alurion Resources Limited (ASX: ALU) (Alurion), including the availability of demerger roll-over relief and the allocation of tax cost bases between BRE and Alurion shares. The Class Ruling is available on the ATO's Legal Database at ato.gov.au.

KEY OUTCOMES FOR SHAREHOLDERS

The Class Ruling confirms that the transaction qualifies as a 'demerger' for the purposes of Division 125 of the Income Tax Assessment Act 1997 (Cth). For certain eligible shareholders who held their BRE shares on capital account:

- CGT event G1 happened on the Implementation Date. A capital gain arose only to the extent the capital reduction attributable to each BRE share (\$0.1829 per share) exceeded that share's cost base; no capital loss can arise.
- Shareholders may choose to obtain a demerger roll-over under subsection 125-55(1), in which case any capital gain from CGT event G1 is disregarded.
- The cost base and reduced cost base of shareholders' BRE shares immediately before the demerger is apportioned 89.2% to their BRE shares and 10.8% to the Alurion shares received.
- Alurion shares are taken to have been acquired on the same date as the corresponding BRE shares for discount capital gain purposes, whether or not roll-over is chosen.
- For foreign eligible shareholders, any capital gain you made from CGT event G1 is disregarded if your BRE shares are not taxable Australian property. If your BRE shares are taxable Australian property, you can choose to obtain the demerger roll-over under subsection 125-55(1) provided the Alurion shares you acquired under the demerger are also taxable Australian property just after you acquired them.
- No part of the value of the Alurion shares distributed is assessable income under section 44(1) of the Income Tax Assessment Act 1936 (Cth). It is a non-assessable, non-exempt 'demerger dividend' under subsections 44(3) to (5), with no dividend withholding tax for foreign resident shareholders.

WHO THE CLASS RULING COVERS

The Class Ruling applies to shareholders who held BRE shares on the 22 July 2026 record date on capital account (not as revenue assets or trading stock), who were not taken to have acquired those shares before 20 September 1985, who were eligible to and received Alurion shares under the demerger, and who are either Australian residents (and not temporary residents) or non-residents who do not carry on business at or through an Australian permanent establishment. The Class Ruling does not apply to shareholders who elected into the taxation of financial arrangements rules in Division 230 in relation to the demerger.

DEMERGER BACKGROUND

The demerger established Alurion as a separately listed company holding the Amargosa Bauxite-Gallium Project, with its own board and management team. It allows BRE to focus its capital and management resources on advancing its rare earth and critical mineral business in Bahia, Brazil.

BRE shareholders approved the demerger on 10 July 2026. It was implemented by way of a dividend and a reduction of BRE's share capital under section 256B of the Corporations Act 2001. Eligible BRE shareholders received approximately 0.5607 Alurion shares for every BRE share held on the record date of 22 July 2026. The shares were distributed on 24 July 2026 (Implementation Date), and Alurion shares commenced trading on the ASX on 31 July 2026.

BRE retained a strategic interest of 39,025,413 Alurion Resources shares following the demerger.

SHAREHOLDER INFORMATION

This announcement is a summary only and does not constitute tax advice. The Class Ruling is legally binding on the Commissioner of Taxation only for shareholders within the class of persons to which it applies, and only to the extent relied upon in accordance with its terms. The tax treatment of the demerger will depend on each shareholder's individual circumstances, including how their BRE shares were held, their residency, and whether they choose demerger roll-over.

Shareholders should read the Class Ruling in full, available at ato.gov.au, and seek independent professional tax advice relevant to their circumstances.

This announcement has been authorised for release by the Managing Director and CEO.

For more information, contact:

Bernardo da Veiga, Managing Director and CEO

Brazilian Rare Earths Limited

bdv@brazilianrareearths.com