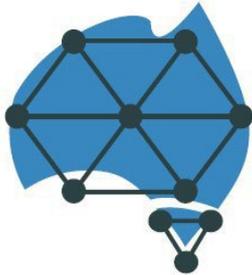


Australian Rare Earths Limited
(ABN 73 632 645 302)



**AUSTRALIAN
RARE EARTHS**

Financial Report

Half-year ended
31 December 2025

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About this Report

This report has been prepared for Australian Rare Earths Limited stakeholders in line with statutory and regulatory obligations. It provides a summary of the Group's operations, performance and financial position as at and for half year ended 31 December 2025.

All references to Australian Rare Earths Limited, AR3, the Group, the Company, we, us, and our, refer to Australian Rare Earths Limited (ABN 73 632 645 302) and its subsidiaries. All dollar figures are in Australian currency unless otherwise stated. All references to half year refer to the six-month period ending 31 December 2025.

This report should be read in conjunction with the Group's Annual Report for the year ended 30 June 2025, and any public announcements made by the Group during the half year ended 31 December 2025 and up to the date of this report.

Directors' Report

The Directors of Australian Rare Earths Limited present this report for the half year ended 31 December 2025 and the Independent Review Report thereon.

Directors

The following persons were directors of Australian Rare Earths during the half year and until the date of this report:

Angus Barker (Independent Non-Executive Chairman)

Pauline Carr (Independent Non-Executive Director)

Travis Beinke (Executive Director)

Principal Activities

Australian Rare Earths is a mineral exploration and development company focused on ionic clay hosted rare earths, and uranium resource opportunities across Australia.

There was no significant change in this activity during the half year ended 31 December 2025.

Summary of Financial Performance

The net loss of the Group for the half year ended 31 December 2025 was \$2,530,291 (31 December 2024: \$1,609,134) and includes:

- Share based payments expense of \$935,514 representing the expense for the 6-month period to 31 December 2025, associated with fair value of unlisted options and performance rights issued during the current and prior periods (31 December 2024: \$120,685).
- Corporate, administration and wages expenses of \$1,511,219 (31 December 2024: \$1,499,683).

The above expense items are offset by:

- Interest and rental income of \$82,704 (31 December 2024: \$131,177).

During the reporting period the Group's net cash position decreased by \$2,746,228 from \$4,906,696 (30 June 2025) to \$2,160,468 (31 December 2025), and the Group has no corporate debt.

This decrease in cash was predominantly influenced by cash outflows associated with:

- Exploration expenditure of \$4,595,498 (31 December 2024: \$1,835,546).
- Corporate, administration and wages expenditure (net of allocations to exploration assets) of \$857,167 (31 December 2024 \$1,376,667).

These outflows were offset by inflows associated with:

- Interest income receipts of \$68,839 (31 December 2024 \$138,215).
- Research and Development tax incentive claim \$617,636 (31 December 2024 \$707,638).
- International Partnerships in Critical Minerals Grant funding \$1,050,000 (31 December 2024 \$750,000).

Changes in equity

The following changes in equity took place during the half-year ended 31 December 2025:

- 10,293,726 Shares in aggregate were issued during the period ended 31 December 2025.
 - 9,308,962 Shares were issued during the period as a result of the exercise of options issued to participants of the April 2025 non-renounceable rights offer conducted by the Company.
 - 984,764 Shares were issued to employees of the Company on exercise of ZEPO options issued as part of the FY25 STI scheme.
- 13,111,664 Performance Rights, in aggregate, were issued to employees during the period relating to the FY26 LTI scheme.
- Shareholder approval for the issue of Performance Rights was received at the Company's Annual General Meeting held on 26 November 2025, comprising:
 - 7,889,088 Performance rights related to FY26 LTI scheme to the Managing Director following shareholder approval at the Company's AGM on 26 November 2025.
- Shareholder approval for the issue of Options was received at the Company's Annual General Meeting held on 26 November 2025, comprising:
 - 1,500,000 Options issued to Mr Angus Barker with a strike price of \$0.325 and an expiry of 26 November 2028.
 - 1,500,000 Options issued to Ms Pauline Carr with a strike price of \$0.325 and an expiry of 26 November 2028.
- During the period a total of 4,250,000 options expired unexercised during the period.

Dividends

There were no dividends paid, recommended or declared during the current or previous reporting period.

Review of Operations

Koppamurra Project Update

The Koppamurra Project comprises six granted exploration licenses in South Australia (EL6509, EL6613, EL6690, EL6691, EL6942 & EL6943) and four granted exploration licenses in Victoria (EL007254, EL7719, EL8208 & EL8254).

Executive Summary

During the period, AR3 made substantial progress in advancing the Koppamurra Rare Earths Project across technical, regulatory and strategic fronts. Key metallurgical milestones were achieved, demonstrating high recovery rates, process efficiency and scalability, while optimisation activities continued to support the Pre-Feasibility Study and de-risk the proposed production pathway. Regulatory advancement was secured through approval of the Project Scoping Report, providing a clear Environmental and Social Impact Assessment framework and improved certainty regarding approvals. Strategic positioning was further strengthened through access to ANSTO's pilot facility and receipt of Commonwealth grant funding, reinforcing confidence in project execution and delivery timelines.

Flowsheet and Mineralogy

During the half year, AR3 achieved significant technical milestones in advancing the Koppamurra Rare Earths Project, including the production of approximately 34 kilograms of Mixed Rare Earth Oxide (MREO) from 1,800 litres of leach solution, achieving 99 per cent recovery of magnet rare earths through a low-cost direct precipitation process, and demonstrating a 98 per cent reduction in solution volume, thereby enhancing downstream processing flexibility and supporting scalability of the proposed flowsheet.

The Pre-Feasibility Study (PFS)

The Company continues to progress the PFS for the Koppamurra project with metallurgical optimisation work underway to de-risk the production pathway and validate process efficiency.

In addition, AR3 was confirmed as the first industry partner to access ANSTO's pilot-scale rare earth processing facility, and South Australia's Department for Energy and Mining approved the Project Scoping Report, establishing a clear Environmental and Social Impact Assessment framework and streamlining regulatory approvals.

AR3's has established a viable, conventional process to produce high-purity Mixed Rare Earth Oxide, with pilot operations scheduled for Q2 2026 and progression to a Definitive Feasibility Study later in 2026.

Australian Government's International Partnerships in Critical Minerals program

Funding and strategic positioning were strengthened through receipt of a \$1 million instalment of AR3's grant under the Australian Government's International Partnerships in Critical Minerals program during the half year.

Environmental, Social and Governance (ESG)

AR3 values transparency and collaboration with stakeholders. During the half year period, the Company continued its active engagement with local landowners and stakeholders through regular meetings to educate and inform the community about the Koppamurra project's progress and responsible environmental management.

Northern Queensland Rare Earths Project

A field reconnaissance program was undertaken over several Queensland tenements during the period, during which surface samples were collected and submitted for laboratory assay. These assays will guide the development of further exploration activities.

Uranium Projects

Overland Project Update

During the half year period, AR3 successfully completed an extensive drilling program at the Overland Uranium project, materially advancing geological understanding and target definition across the tenure.

A total of 45 holes for 5,090 metres were drilled in the second campaign, contributing to 16,316 metres across 152 holes since October 2024. Results confirmed geological continuity, favourable sedimentary environments and expanding uranium potential. Notably, compelling ISR-amenable uranium mineralisation was identified in the northwestern region of EL7001, defining multiple mineralised trends. In contrast, the surficial calcrete-hosted target at EL6895 was fully tested and is not proposed for further exploration.

Significant Changes to the State of Affairs

There have been no significant changes to the state of affairs of the Group during the reporting period.

Events Subsequent to the Reporting Date

- On 20 January 2026, AR3 announced it had established a High-purity Mixed Rare Earth Oxide (MREO) pathway.
- On 30 January 2026, AR3 conducted a placement to sophisticated and professional investors, raising approximately \$6m before costs. The placement was lead managed by Canaccord Genuity Australia.

The Directors are not aware of any other matter or circumstance that has arisen since 31 December 2025 that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs in future reporting periods.

This report is signed in accordance with a resolution of the Board of Directors.



Mr Angus Barker
Independent Non-Executive Chairman
Dated this 3rd day of March 2026

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Auditor's Independence Declaration

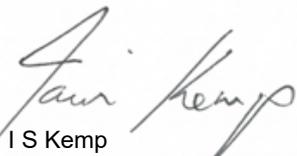
To the Directors of Australian Rare Earths Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Australian Rare Earths Limited for the half-year ended 31 December 2025, declare that, 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; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 3 March 2026

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Statement of Profit or Loss and Other Comprehensive Income

(For the half-year ended 31 December 2025)

| | NOTES | CONSOLIDATED GROUP | |
|--|-------|--------------------|--------------------|
| | | 31 December | 31 December |
| | | 2025 | 2024 |
| | | \$ | \$ |
| REVENUE | | | |
| Other income | 3 | 82,704 | 131,177 |
| EXPENSES | | | |
| Depreciation | | (37,899) | (38,216) |
| Right-of-use asset amortisation | | (73,415) | (75,406) |
| Exploration expenditure expensed | | (54,948) | (6,321) |
| Employee benefits expense | | (660,852) | (669,374) |
| Share based payments expense | | (935,514) | (120,685) |
| Other expenses | 4 | (850,367) | (830,309) |
| LOSS BEFORE INCOME TAX EXPENSE | | (2,530,291) | (1,609,134) |
| Income tax benefit | | - | - |
| LOSS FOR THE PERIOD | | (2,530,291) | (1,609,134) |
| Other comprehensive income | | - | - |
| TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY | | (2,530,291) | (1,609,134) |
| EARNINGS PER SHARE | | Cents | Cents |
| Basic and diluted loss per share | | (1.18) | (1.02) |

The accompanying notes form part of the financial statements.

Statement of Financial Position

(As at 31 December 2025)

| | NOTES | CONSOLIDATED GROUP | |
|---|-------|---------------------|-------------------|
| | | 31 December 2025 | 30 June 2025 |
| | | \$ | \$ |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 2,160,468 | 4,906,696 |
| Trade and other receivables | 6 | 1,180,603 | 836,911 |
| Other current assets | | 22,939 | 80,820 |
| Total current assets | | 3,364,010 | 5,824,427 |
| NON-CURRENT ASSETS | | | |
| Restricted cash – bank guarantees for exploration bonds | | 194,301 | 194,301 |
| Exploration and evaluation expenditure | 7 | 20,262,595 | 18,360,789 |
| Property, plant and equipment | | 266,693 | 300,321 |
| Right-of- use assets | | 324,283 | 397,698 |
| Total non-current assets | | 21,047,872 | 19,253,109 |
| TOTAL ASSETS | | 24,411,882 | 25,077,536 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 8 | 1,454,381 | 902,844 |
| Contract Liability | 9 | 155,482 | 291,682 |
| Lease Liability | | 151,908 | 138,253 |
| Employee benefits | | 91,391 | 549,861 |
| Total current liabilities | | 1,853,162 | 1,882,640 |
| NON-CURRENT LIABILITIES | | | |
| Lease Liability | | 300,053 | 381,921 |
| Employee benefits | | 13,122 | 5,781 |
| Total non-current liabilities | | 313,175 | 387,702 |
| TOTAL LIABILITIES | | 2,166,337 | 2,270,342 |
| NET ASSETS | | 22,245,545 | 22,807,194 |
| EQUITY | | | |
| Issued capital | 10 | 35,609,925 | 34,582,912 |
| Reserves | 11 | 1,712,546 | 2,356,766 |
| Retained losses | | (15,076,926) | (14,132,484) |
| TOTAL EQUITY | | 22,245,545 | 22,807,194 |

The accompanying notes form part of the financial statements.

Statement of Changes in Equity

(For the half-year ended 31 December 2025)

| | Issued Capital \$ | Retained Losses \$ | Reserves \$ | Total \$ |
|--|-------------------------|--------------------------|------------------|-------------------|
| BALANCE AT 1 JULY 2024 | 30,750,364 | (11,498,492) | 2,827,265 | 22,079,137 |
| Shares issued during the year | 3,877,870 | - | - | 3,877,870 |
| Transaction costs – placement | (45,322) | - | - | (45,322) |
| Fair value of performance rights issued during the year | - | - | 286,471 | 286,471 |
| Fair value of options issued during the year | - | - | 87,519 | 87,519 |
| Transfer of share based payments reserve to retained earnings for lapses | - | 844,489 | (844,489) | - |
| Transactions with owners | 3,832,548 | 844,489 | (470,499) | 4,206,538 |
| Total loss for the period | - | (3,478,481) | - | (3,478,481) |
| BALANCE AT 30 JUNE 2025 | 34,582,912 | (14,132,484) | 2,356,766 | 22,807,194 |
| | Issued Capital \$ | Retained Losses \$ | Reserves \$ | Total \$ |
| BALANCE AT 1 JULY 2025 | 34,582,912 | (14,132,484) | 2,356,766 | 22,807,194 |
| Shares issued during the period | 1,038,749 | - | - | 1,038,749 |
| Transaction costs – Options Exercise | (11,736) | - | - | (11,736) |
| Expenses of performance rights issued during the period | - | - | 416,819 | 416,819 |
| Expenses of options vested during the period | - | - | 633,133 | 633,133 |
| Fair value of Options exercised during the period | - | - | (108,323) | (108,323) |
| Transfer of share based payments reserve to retained earnings for lapses | - | 1,585,849 | (1,585,849) | - |
| Transactions with owners | 1,027,013 | 1,585,849 | (644,220) | 1,968,642 |
| Total loss for the period | - | (2,530,291) | - | (2,530,291) |
| BALANCE AT 31 DECEMBER 2025 | 35,609,925 | (15,076,926) | 1,712,546 | 22,245,545 |

The accompanying notes form part of the financial statements.

Statement of Cash Flows

(For the half-year ended 31 December 2025)

| | CONSOLIDATED GROUP | |
|--|---------------------------|--------------------|
| | 31 December | 31 December |
| | 2025 | 2024 |
| CASH FLOW FROM OPERATING ACTIVITIES | \$ | \$ |
| Payments to suppliers and employees | (857,167) | (1,376,667) |
| Receipts from rental and other customers | 15,434 | - |
| Interest received | 68,839 | 138,215 |
| Proceeds from research and development tax concessions | 617,636 | 707,638 |
| NET CASH USED IN OPERATING ACTIVITIES | (155,258) | (530,814) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for exploration expenditure | (4,595,498) | (1,835,546) |
| Payments for Acquisition of Valrico Resources | - | (570,000) |
| Grant funding received | 1,050,000 | 750,000 |
| Payment for plant and equipment | (4,271) | (2,696) |
| Movement in restricted cash | - | (20,000) |
| NET CASH USED IN INVESTING ACTIVITIES | (3,549,769) | (1,678,242) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from the issue of shares | 1,038,749 | - |
| Payments for the costs of capital raising | (11,736) | (4,562) |
| Repayment of lease liability | (68,214) | (71,434) |
| NET CASH USED IN FINANCING ACTIVITIES | 958,799 | (75,996) |
| Net decrease in available cash held | (2,746,228) | (2,285,052) |
| Available cash at beginning of period | 4,906,696 | 7,605,032 |
| AVAILABLE CASH AT THE END OF THE PERIOD | 2,160,468 | 5,319,980 |

The accompanying notes form part of the financial statements.

Notes to the Financial Statements

(For the half-year ended 31 December 2025)

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2025 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Australian Rare Earths Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2025, together with any public announcements made during the half-year.

Significant Accounting Policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2025 unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There was no impact of the adoption of new standards during the period.

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

NOTE 2 – SEGMENT REPORTING

For management purposes, the Group is organised into one main business and geographic segment, which involves exploration for mineral deposits in Australia. All of the Group's activities are interrelated, and no discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from the segment are equivalent to the financial statement of the Group as a whole.

NOTE 3 – OTHER INCOME

| | CONSOLIDATED GROUP | |
|-------------------|---------------------|---------------------|
| | 31 December 2025 | 31 December 2024 |
| | \$ | \$ |
| Interest received | 65,605 | 131,177 |
| Rental Income | 17,099 | - |
| | 82,704 | 131,177 |

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NOTE 4 – OTHER EXPENSES

| | CONSOLIDATED GROUP | |
|--------------------------------------|-----------------------------|-----------------------------|
| | 31 December 2025 | 31 December 2024 |
| | \$ | \$ |
| Compliance | 156,283 | 78,638 |
| Legal, insurance and registry | 177,819 | 288,307 |
| Office, website & marketing expenses | 113,514 | 72,335 |
| Corporate Consultants | 154,112 | 97,022 |
| Public Relations | 71,716 | 93,174 |
| Travel related expenses | 96,563 | 60,940 |
| Other expenses | 80,360 | 139,893 |
| | 850,367 | 830,309 |

NOTE 5 – CASH AND CASH EQUIVALENTS

| | CONSOLIDATED GROUP | |
|---|-----------------------------|-------------------------|
| | 31 December 2025 | 30 June 2025 |
| | \$ | \$ |
| Cash at bank and cash on hand | 2,160,468 | 4,906,696 |
| TOTAL AVAILABLE CASH AT BANK AND ON HAND | 2,160,468 | 4,906,696 |

NOTE 6 – TRADE AND OTHER RECEIVABLES

| | CONSOLIDATED GROUP | |
|--|-----------------------------|-------------------------|
| | 31 December 2025 | 30 June 2025 |
| | \$ | \$ |
| Research and development tax incentive | 811,399 | 617,636 |
| GST receivable | 352,126 | 200,628 |
| Other receivables | 17,078 | 18,647 |
| | 1,180,603 | 836,911 |

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NOTE 7 – EXPLORATION AND EVALUATION EXPENDITURE

| | CONSOLIDATED GROUP | |
|---|-----------------------------|-------------------------|
| | 31 December 2025 | 30 June 2025 |
| | \$ | \$ |
| Costs carried forward in respect of areas of interest in: | | |
| Exploration and evaluation at cost | 20,262,595 | 18,360,789 |
| Movements in carrying amounts: | | |
| Balance at the beginning of the period | 18,360,789 | 14,171,743 |
| Amounts capitalised during the period | 3,899,405 | 4,552,070 |
| Acquisition of projects - equity | - | 142,930 |
| Acquisition of projects - cash | - | 570,000 |
| Grant income | (1,186,200) | (458,318) |
| R&D Tax Incentive | (811,399) | (617,636) |
| Balance at the end of the period | 20,262,595 | 18,360,789 |

During the six-month period to 31 December 2025, \$14,676 of equipment depreciation was included in the amount capitalised as exploration and evaluation expenditure (31 December 2024: \$14,675).

NOTE 8 – TRADE AND OTHER PAYABLES

| | CONSOLIDATED GROUP | |
|------------------------------|-----------------------------|-------------------------|
| | 31 December 2025 | 30 June 2025 |
| | \$ | \$ |
| Trade payables | 1,360,410 | 857,961 |
| Other creditors and accruals | 93,971 | 44,883 |
| | 1,454,381 | 902,844 |

NOTE 9 – CONTRACT LIABILITY

| | CONSOLIDATED GROUP | |
|--|-----------------------------|-------------------------|
| | 31 December 2025 | 30 June 2025 |
| | \$ | \$ |
| Balance at the beginning of the period | 291,682 | - |
| Grant funding received | 1,050,000 | 750,000 |
| Grant income earned | (1,186,200) | (458,318) |
| | 155,482 | 291,682 |

At 31 December the Group has received \$1,800,000 in grant funding from the Australian Government. The use of the funding is tied to evaluation works for the Koppamurra project. In line with relevant accounting standards the contract liability is progressively reduced as the evaluation works are undertaken

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NOTE 10 – ISSUED CAPITAL

| | 31 December 2025 | 30 June 2025 |
|--|-----------------------------|-------------------------|
| | \$ | \$ |
| 222,281,091 (30 June 25: 211,987,365) fully paid ordinary shares | 35,609,925 | 34,582,912 |

Six months ended 31 December 2025

| | Number of Shares | 31 December 2025 |
|---------------------------------------|-----------------------------|-----------------------------|
| | | \$ |
| (a) issued and paid up capital | | |
| Fully paid ordinary shares | 222,281,091 | 34,582,912 |
| Movements in fully paid shares | | |
| Balance as at 1 July 2025 | 211,987,365 | 34,582,912 |
| Share issue to on Options exercise | 10,293,726 | 1,027,013 |
| Balance as at 31 December 2025 | 222,281,091 | 35,609,925 |

NOTE 11 – RESERVES

| | 31 December 2025 | 30 June 2025 |
|---|-----------------------------|-------------------------|
| | \$ | \$ |
| Share based payment reserve | 1,712,546 | 2,356,766 |
| Movement associated with share based payments during the period: | | |
| Opening Balance | 2,356,766 | 2,827,265 |
| Options vested | 633,133 | 87,519 |
| Performance rights vested | 416,819 | 286,472 |
| Options exercised | (108,323) | - |
| Lapsed Options | (1,585,849) | (844,490) |
| Closing Balance | 1,712,546 | 2,356,766 |

The share based payments reserve records items recognised as an expense on the valuation of Options or performance rights.

The amount of \$935,514 has been included in profit and loss under 'share based payments expense' for the six-month period ended 31 December 2024 (31 December 2024: \$120,685) relating to the fair value of options and performance rights issued during the current and prior periods.

NOTE 12 – CONTINGENT ASSETS, LIABILITIES & COMMITMENTS

The Company has no contingent assets, liabilities or commitments as at 31 December 2025 (31 December 2024: Nil).

The Group has minimum expenditure commitments on exploration licences as per the terms of each exploration licence. Unexpended commitment for a particular year can be deferred or rolled over to subsequent years of the licence term.

NOTE 13 – EVENTS SUBSEQUENT TO REPORTING DATE

- On 20 January 2026, AR3 announced it had established a High-purity Mixed Rare Earth Oxide (MREO) pathway.
- On 30 January 2026, AR3 conducted a placement to sophisticated and professional investors, raising approximately \$6m before costs. The placement was lead managed by Canaccord Genuity Australia.

The Directors are not aware of any other matter or circumstance that has arisen since 31 December 2025 that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs in future reporting periods.

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Directors' Declaration

The Directors of the Company declare that:

1. The Financial Statements and Notes, as set out on pages 13 to 18, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Accounting Standard AASB 134 Interim Financial Reporting, and
 - b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2025 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.



Mr Angus Barker
Independent Non-Executive Chairman

Dated this 3rd day of March 2026

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Independent Auditor's Review Report

To the Members of Australian Rare Earths Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Australian Rare Earths Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, including material accounting policy information, other selected 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 accompanying half-year financial report of Australian Rare Earths Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 31 December 2025 and of its 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*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Directors' responsibility 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.

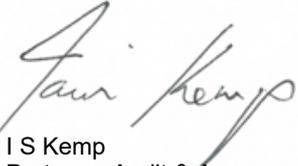
Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 31 December 2025 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 3 March 2026

Corporate Directory

DIRECTORS

Angus Barker – Independent Non-Executive Chairman
Pauline Carr – Independent Non-Executive Director
Travis Beinke – Managing Director

COMPANY SECRETARY

Noel Whitcher

REGISTERED OFFICE

Level 10, 111 Gawler Place
ADELAIDE SA 5000

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Email: hello@ar3.com.au

SHARE REGISTRY

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Sydney NSW 2001

AUDITORS

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ADELAIDE SA 5000

AUSTRALIAN SECURITIES EXCHANGE

The Company is listed on the Australian Securities Exchange

ASX CODE: AR3