European Resources Limited | ABN: 24 602 043 265

FINANCIAL REPORT

FOR THE YEAR

ENDED 31 DECEMBER 2025

EUROPEAN RESOURCES LIMITED
and its controlled entities

CONTENTS

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

The past year has seen significant advances by your Company as we position the newly named European Resources Limited as an emerging leader in its field. Our main focus has been on the Korsnäs rare earth elements (**REE**) Project in Finland, which is positioned to benefit from the European Union's focus on securing domestic rare earths supply.

Notably, Finland currently ranks top of the Fraser Institute's global investment attractiveness survey, supported by its stable regulatory framework, superior infrastructure, skilled workforce and competitive power prices.

Following promising high-grade, heavy REE intercepts, the Company announced in April 2025 a 90% increase in the Inferred Mineral Resource estimate for Korsnäs, comprising 13.5 million tonnes @ 1.02% TREO (total rare earth oxides) (using a cut-off grade of 0.5% TREO). This reinforced Korsnäs' position as one of the most compelling pre-development rare earth projects in Europe.

In December 2025, a new 1,600 metre diamond drilling program commenced. The results announced in February 2026 were very encouraging, with diamond drill hole KR-316 delivering the best intersection to date. Further drilling is planned to test continuity and define the extent of this exciting southern target.

Metallurgical test work has also continued to advance our understanding of this exciting project. A key value driver for Korsnäs is flowsheet advancement on a simple and growing geological resource, with preliminary screening tests helping to identify the most promising front-end upgrading options.

The Company is now accelerating concentrate production work through the University of Oulu and GTK, while ANSTO's downstream program generates the extraction and residue data needed to select practical processing options.

Our Slovakia projects also hold considerable potential to generate value. In June 2025, the Company announced assays indicating the presence of multiple intrusions hosting copper-gold porphyry style mineralisation at the Zlatno project, with significant untested potential.

Shareholder support is critical to our success and I would like to thank all investors who have supported our capital raising activities. I would also like to thank fellow Directors, management, employees and contractors for their contribution.

Following shareholder approval, the Company's name was changed to European Resources Limited and the Company's ASX code changed to ERE. The name change better reflects our broader European focus following expansion from Slovakia into Finland, with the European continent presenting an attractive mining destination. These are exciting times for shareholders, amid Europe's focus on securing its own rare earth supply chains and with prices rising due to constrained supply. European Resources has an attractive project portfolio and we have entered into 2026 well positioned to deliver increased value.

Yours sincerely

Thomas Mann
Chairman

REVIEW OF OPERATIONS

The Directors present their report together with the financial report of European Resources Limited (**European Resources** or **the Company**) and its controlled entities (**the Group**), for the year ended 31 December 2025 and the auditor's report thereon.

Principal Activities and Review of Operations

Introduction

The Company has assembled a portfolio of highly prospective critical minerals, precious and base metals projects in European jurisdictions that are highly supportive of mining.

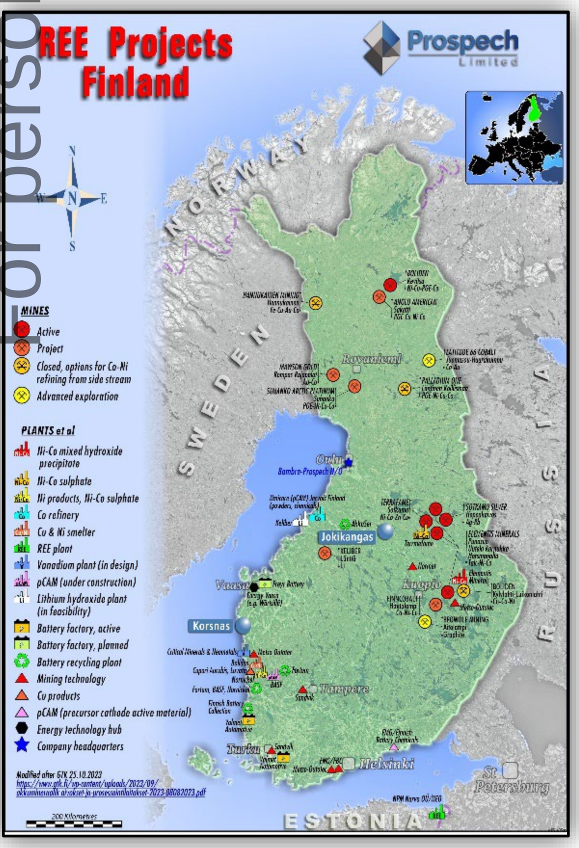
Through its wholly owned subsidiaries Bambra Oy (**Bambra**), Slovenske Kovy s.r.o. (**SLOK**) and Prospech Slovakia s.r.o. (**Prospech SK**), the Company owns 100% of the following exploration projects in Finland and Slovakia:

Finland Projects

- Korsnäs (13.6 km²) – rare earth elements (**REEs**).
- Jokikangas (105.9 km²) – REE and vanadium.

Slovakia Projects

- Hodrusa-Hamre (undergoing regranting) (67.1 km²) – multiple gold and silver targets.
- Zlatno (19.0 km²) – copper and gold targets.
- Kolba (4.2 km²) – copper, cobalt, silver and nickel targets.
- Zemplin (29.2 km²) – epithermal silver, lead and zinc.
- Nova Bana (undergoing regranting) (9.8 km²) – gold and silver targets.
- Pukanec (undergoing regranting) (10.7 km²) – gold and silver targets.



Location maps of the Company's projects in Finland and Slovakia.

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

Adjacent to Austria, Slovakia is a member country of the EU and the Eurozone and, with modern western-style legislation, rule of law under an independent legal system, competitive wages, low tax rates and a well-educated labour force, is an attractive jurisdiction for foreign investment.

Demand in the EU for locally supplied critical minerals is supported with government interventions such as the European Critical Raw Material Act which is designed to create a European network of raw materials agencies and to take steps to meet as much of European demand for critical minerals from local sources as possible.

Significant Achievements Summary

Since the end of the previous financial year, in a tense geopolitical environment with a focus on Western rare earths supply following China's export restrictions and with surging commodity prices, the Company has successfully completed a number of significant operational and corporate achievements to position the Company to take advantage of the EU's stated move towards self-determination for the supply of critical minerals which includes REEs.

During the year, the Company's principal activities have focused on the 100% owned Korsnäs REE project where continued successful achievements include:

- Inferred Mineral Resource estimate[1] increased by 90% to:
  - 13.5 million tonnes (**Mt**) @ 1.02% TREO[2] (cut-off grade 0.5%).
- Additional Exploration Target[1, 3] maintained at:
  - 9.0 Mt to 11.0 Mt @ 0.9% to 1.1% TREO.
- Metallurgical test work significantly advanced:
  - Mineralogy characterisation of the Korsnäs deposit determined.
  - Apatite confirmed as dominant host with REEs well liberated.
  - Flotation and leaching tests ongoing in Finland with the EU Rare Earth and Magnet Hub (**REMHub**) program funding support.
  - Core Resources Pty Ltd (**CORE**) engaged to define optimal flotation circuit and develop a process flowsheet.
  - 500 kg bulk sample collected from the historic Lanthanide Concentrate Stockpile (**LnCS**) for this metallurgical test work.
- Completion of a passive seismic orientation survey as an inexpensive, low-impact targeting tool at Korsnäs.
- Successful completion of a diamond core drilling program at Korsnäs designed to test mineralisation extensions/continuity and generate fresh metallurgical material, supporting a planned resource estimate update.

In addition to the progress at the Korsnäs project, the Jokikangas project tenement package has been materially expanded to 10,716 hectares covering areas of prospectivity for REEs and High Field Strength Elements (**HFSE**), including hafnium and niobium.

Underpinned by the ongoing success of the Company's exploration activities, during the year the Company completed the following capital raisings:

- In May 2025, a placement to raise $1.0 million.
- In October 2025, a rights issue and follow-on placement to raise $2.1 million.

1. Refer ASX announcements 22 April 2025 and 28 April 2025.
2. TREO = Total Rare Earth Oxides which is the sum of 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, Lu_2O_3, Ho_2O_3, Er_2O_3, Tm_2O_3, Y_2O_3 and Yb_2O_3.
3. The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration (including metallurgical test work) to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Funds from the capital raisings are used to advance the exploration of the Company's Finnish and Slovakian projects, the Korsnäs project's metallurgical test work, for general working capital and to cover costs associated with the issues.

During the year and following shareholder approval, the Company's name was changed to European Resources Limited to better reflect the Company's broader European focus amid Europe's focus on securing its critical minerals, including REEs, supply chains.

Finland Projects

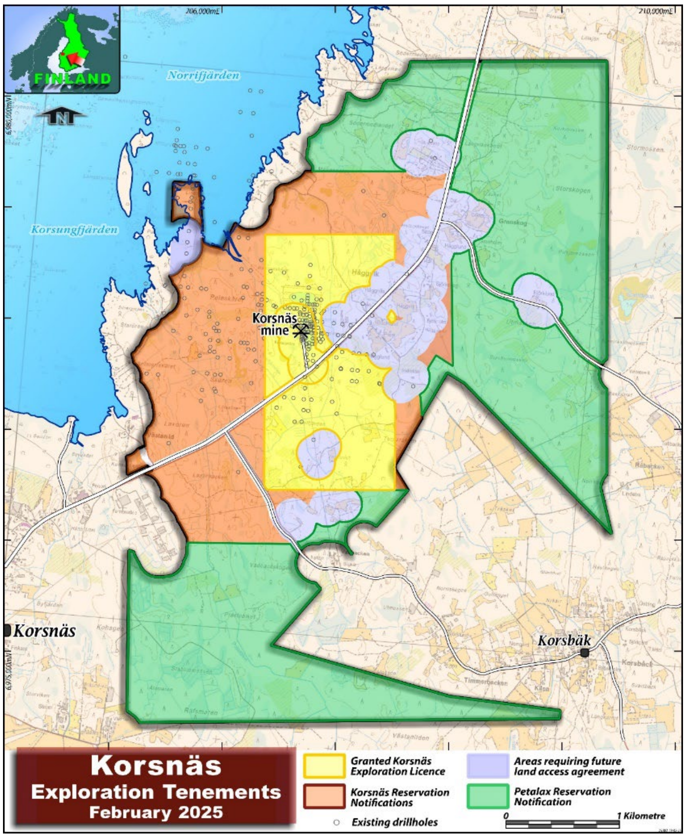
Korsnäs Project – REEs (100% European Resources)

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 an 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[4] 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%).

Whilst the TSF and the nearby LnCS are pre-mined and readily accessible for exploitation, the in situ hard rock target, characterised as a series of stacked rare earth hosting carbonatite zones up to 20 metres in horizontal thickness, generally 50 metres to 100 metres apart, has the most potential for scale.

To date, 5 gravity anomalies which highlight the carbonatite zones have been identified with a total strike length exceeding 5 kilometres.



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

[4.] Refer ASX announcement 11 September 2024.

REVIEW OF OPERATIONS

The Company is the beneficiary of a comprehensive, historic dataset at Korsnäs including preserved drill core from 471 drill holes, drill logs, plans and sections of the old Korsnäs lead mine and surrounding areas.

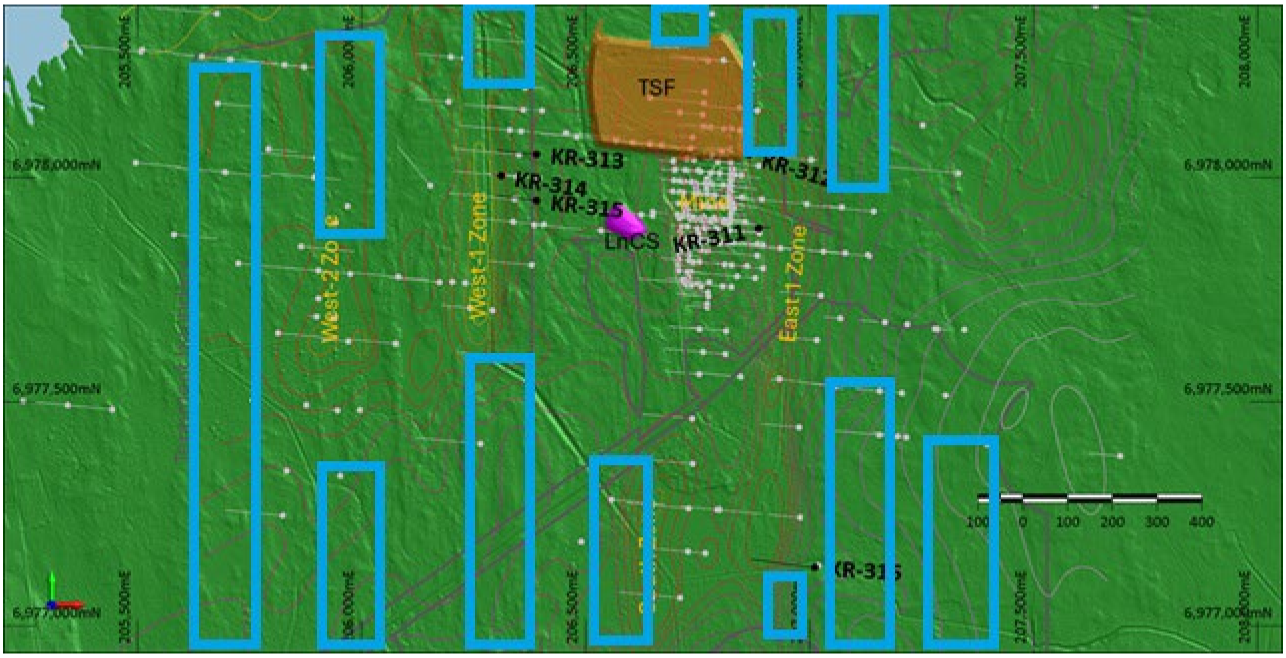
HVSR Survey

During the year the Company completed a Horizontal Vertical Spectral Ratio (**HVSR**) passive seismic survey over the Korsnäs project. Orientation lines were completed to assess depth-to-basement and the relationship between thicker cover and interpreted carbonatite/skarn zones.

Results show a strong correlation with historical gravity low anomalies and have identified a covered zone to the east for follow-up assessment. The results support HVSR as a practical, low-impact targeting tool at Korsnäs, noting it is an indirect method used to map contrasts and structure rather than grade.

Diamond Core Drilling

During the year the Company completed six diamond core drill holes totalling 1,326.2 metres at Korsnäs. The drill program tested near-mine continuity and extensions as well as priority targets, including West-1 and a target south of the mine defined by a gravity anomaly coincident with a HVSR passive seismic anomaly.



Drill hole location map showing the holes KR-311 to KR-316.
Holes KR-311 and KR-312 targeted near-mine mineralisation, while KR-313, KR-314 and KR-315 tested the mineralised zone west of the mine known as West-1.
Hole KR-316 was more exploratory, targeting a gravity and passive seismic anomaly south of the mine.
Blue polygons are seven known exploration target parallel zones open to the north and south.
The current iteration of the Exploration Target currently being revised

Assay results[5] received after the end of the financial year all reported good widths of REE-bearing carbonatite and skarn with the results from hole KR-316 of particular significance:

KR-316 intersected a broad zone of rare earth mineralisation in the Southern Zone, where the hole was designed to test a target associated with a coincident gravity anomaly and HVSR passive seismic anomaly.

o	KR-316:	5.0m @ 5,707 ppm TREO from 55.0m (NdPr enrichment 28%)
	including:	1.0m @ 17,154 ppm TREO from 55.0m (NdPr enrichment 28%)
	and	31.5m @ 4,902 ppm TREO from 98.5m (NdPr enrichment 28%)
	including	8.5m @ 10,414 ppm TREO from 99.5m (NdPr enrichment 29%)
	or	4.5m @ 14,003 ppm TREO from 99.5m (NdPr enrichment 30%)
	and	2.6m @ 9,983 ppm TREO from 114.0m (NdPr enrichment 27%)

Hard Rock Resource and Exploration Target

Based on assay results from extensive geologic logging and sampling of the historic drill core by Company geologists, which have been validated by results from the Company's drilling programs, the Company reported an initial Inferred Mineral Resource Estimate (**MRE**) for the in situ hard rock target in 2024. During 2025, the Company incorporated further assay results received from the Company's 2024 drilling campaign and completed sampling and assaying of the Korsnäs drill core from historic holes, resulting in an updated MRE and Exploration Target[6]:

5. Refer ASX announcements 12 February 2026 and 24 February 2026.

6. Refer ASX announcement 22 April 2025.

INFERRED MINERAL RESOURCE ESTIMATE

13.5 Mt @ 1.02% TREO - lower cut-off grade of 0.5% TREO

The additional assay results and improved geological model provides for greater correlation between drill sections and down dip block modelling, enabling the revised Inferred MRE to almost double our previously reported MRE.

Korsnäs Inferred Mineral Resource Estimate at various TREO cut-offs.

TREO Cut-Off (ppm)	Resource (Mt)	TREO (ppm)	NdPrO Enrichment (%)	Nd_2O_3 (ppm)	Pr_6O_{11} (ppm)	Tb_4O_7 (ppm)	Dy_2O_3 (ppm)
10,000	4.3	17,477	21.6	2,900	878	12.2	48.1
9,000	5.2	16,108	22.0	2,725	815	12.1	47.6
8,000	6.4	14,625	22.3	2,515	744	11.7	46.0
7,000	8.1	13,167	22.6	2,306	675	11.3	44.3
6,000	10.1	11,795	23.0	2,105	609	10.9	42.4
5,000	**13.5**	**10,217**	**23.5**	**1,866**	**532**	**10.3**	**39.7**
4,000	19.1	8,519	24.0	1,594	447	9.3	35.9
3,000	28.4	6,870	24.3	1,309	363	8.1	31.0
2,000	44.1	5,293	24.5	1,016	279	6.6	25.3
1,000	70.0	3,884	24.4	745	204	5.0	19.8

In addition to the MRE, constrained by a paucity of data in the extension areas, an Exploration Target grade-tonnage estimate indicates further resource potential along strike and down dip as follows:

EXPLORATION TARGET

9 Mt to 11 Mt @ 0.9% to 1.1% TREO

The potential quantity and grade of this Exploration Target is conceptual in nature. There has been insufficient exploration and metallurgical test work to estimate a Mineral Resource, and it is uncertain whether further exploration will result in the estimation of a Mineral Resource.

The Company confirms that it is not aware of any new information or data that materially affects the reported MRE or Exploration Target, however, the assay results from the recent diamond core drilling program discussed above have not been incorporated into the current MRE or Exploration Target. Currently the Company is reviewing the drill results reported in February 2026 and this may change these reported estimations.

Metallurgy

During the year, as a crucial step toward unlocking the full REE potential of the Korsnäs project and determining the selection of appropriate metallurgical tests and the development of an optimal processing route, significant progress was made in characterising the REE-hosting materials at Korsnäs.

Results to date confirm that the dominant REE-hosting mineral is fluorapatite ($Ca_5(PO_4)_3F$), with subordinate bastnäsite, monazite, and minor contributions from allanite, britholite, titanite, and vesuvianite.

Following the characterising of the REE-hosting materials at Korsnäs, metallurgical test work has been undertaken at CORE Resources Pty Ltd's (**CORE**) metallurgical laboratory and ANSTO Minerals (the minerals business of the Australian Nuclear Science and Technology Organisation) (**ANSTO**) in Australia and, with the financial assistance of the EU REMHub grant, at Oulu University and GTK Mintec in Finland and at PT Geoservices in Indonesia.

These workstreams are all designed to provide the basis for a robust metallurgical flowsheet addressing liberation, upgrade potential, impurity deportment and REE recovery.

During the year, CORE conducted a two-phase program on a 300 kg bulk sample extracted from the Korsnäs LnCS:

- Bench-scale flotation optimisation (head characterisation; multiple trials across grind/reagent/pH; cleaner flotation; optional magnetic sighters).
- Bulk flotation to produce ~20 kg - 30 kg concentrate for hydrometallurgical evaluation and flowsheet design.

Flotation screening confirmed that the LnCS concentrate is a suitable hydrometallurgical feed, however, as results[7] from this work indicated that the REE concentrate uplift was modest (a 10% increase in REE grades and a 50% increase in phosphate grades, mainly by rejecting alumina and silica while maintaining REE and calcium recoveries), the program pivoted to ANSTO for direct hydrometallurgical processing and broader sample generation.

ANSTO has commenced pre-leach test work as the first step in a broader pre-leach plus acid bake/water leach program.

The objective of the ANSTO work is to establish practical operating conditions for REE extraction and to understand impurity behaviour. In summary, the program includes detailed elemental and mineralogical characterisation (with analytical methods suited to the sample type), diagnostic pre-leach testing in a range of acids to optimise removal of calcite and other gangue and to assess REE deportment, TGA-DSC testing to define suitable acid-bake temperature windows and acid bake/water leach testing on the original concentrate and selected pre-leach residues to evaluate REE and impurity deportment and define preferred conditions.

The ANSTO metallurgical test work program includes:

- Detailed elemental and mineralogical characterisation (including XRF, ICP-MS, QEMSCAN/SEM-EDS, XRD and particle size distribution analysis).
- A series of diagnostic pre-leach tests in hydrochloric, sulphuric and phosphoric acids to optimise removal of calcite and other gangue and to assess recovery of apatite-hosted REE.
- Thermogravimetric and differential scanning calorimetry (TGA-DSC) to define appropriate acid-bake temperature windows.
- Eleven acid bake/water leach tests on both the original concentrate and selected pre-leach residues to evaluate REE and impurity deportment and define preferred operating conditions.

Concurrently, PT Geoservices has conducted a test program in Indonesia including gravity separation, magnetic separation, and sulphide flotation and evaluated allanite and apatite-dominant sample types collected from the Korsnäs hard-rock mineralised system and the TSF:

- Gravity separation delivered a 45% - 75% TREO uplift, with ~40% - 60% REE recovery to the heavy concentrate. TSF sulphide flotation achieved ~80% lead recovery and ~85% sulphide recovery.
- REE bearing minerals also reported to the TSF float (~55% - 60%), with ~50% TREO upgrade. Further cleaning and depressants may improve selectivity.

[7]. Refer ASX announcement 17 December 2025.

Mineralogical test work by PT Geoservices in Indonesia indicates that REEs from the dominant REE host mineral, apatite, are well-liberated across composite samples and that liberation characteristics are favourable for flotation.

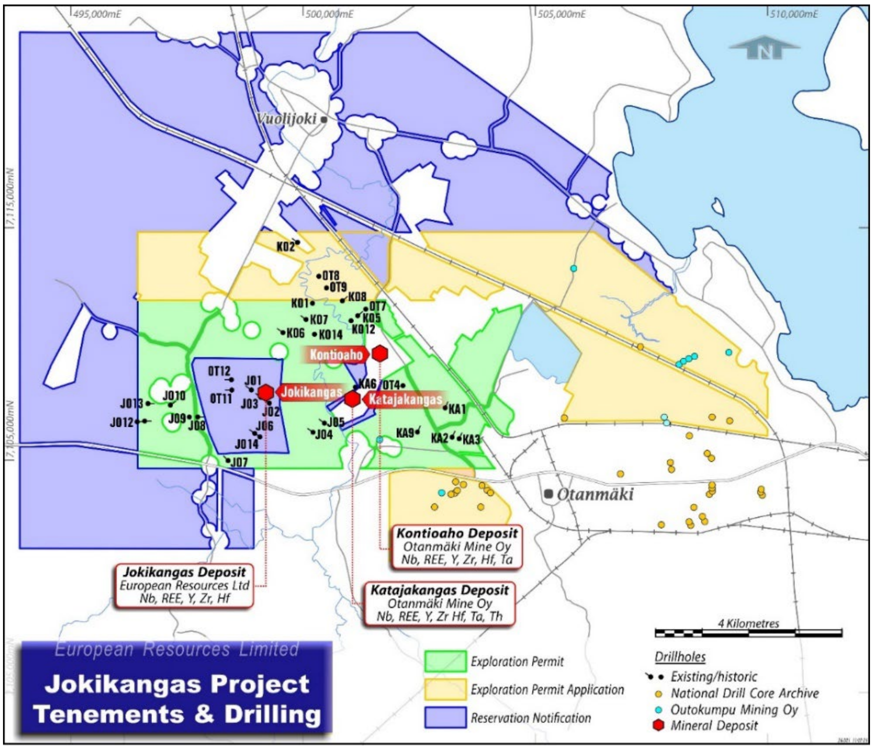
Using lessons learned from the CORE LnCS test work, concentrate production test work on tailings material and drill core (the main Korsnäs targets for REE) accelerated in Finland is also being accelerated at Oulu University and GTK Mintec to generate REE concentrates for downstream assessment.

During the year, Oulu University has received a 200 kg bulk sample from the LnCS to perform flotation and leaching tests and, subsequent to the end of the year, a 3 tonne bulk sample from the TSF has been delivered to Oulu University for further test work under the REMHub program.

GTK Mintec is also currently performing flotation tests on 100 kg of drill core from the Korsnäs project. Based on the work completed to date, no 'red flags' have been reported.

Jokikangas Project - REEs (100% European Resources)

During the year, the Company expanded the Jokikangas project, increasing its tenement position across a prospective High Field Strength Element (**HFSE**) corridor. Regional datasets indicate a coherent north-northeast-trending zone of elevated HFSE elements with supporting structural trends in aeromagnetics suggesting that the geochemical anomalism is linked to a broader, fault-controlled corridor which has seen little modern, systematic exploration.



Jokikangas project tenements and historic drill hole locations.

The Finnish Government's GTK website identifies a cluster of three REE/niobium/hafnium deposits, one being Jokikangas. The Company's exploration tenure surrounds the Kontioaho and Katajakangas targets, which are currently held by a third party.

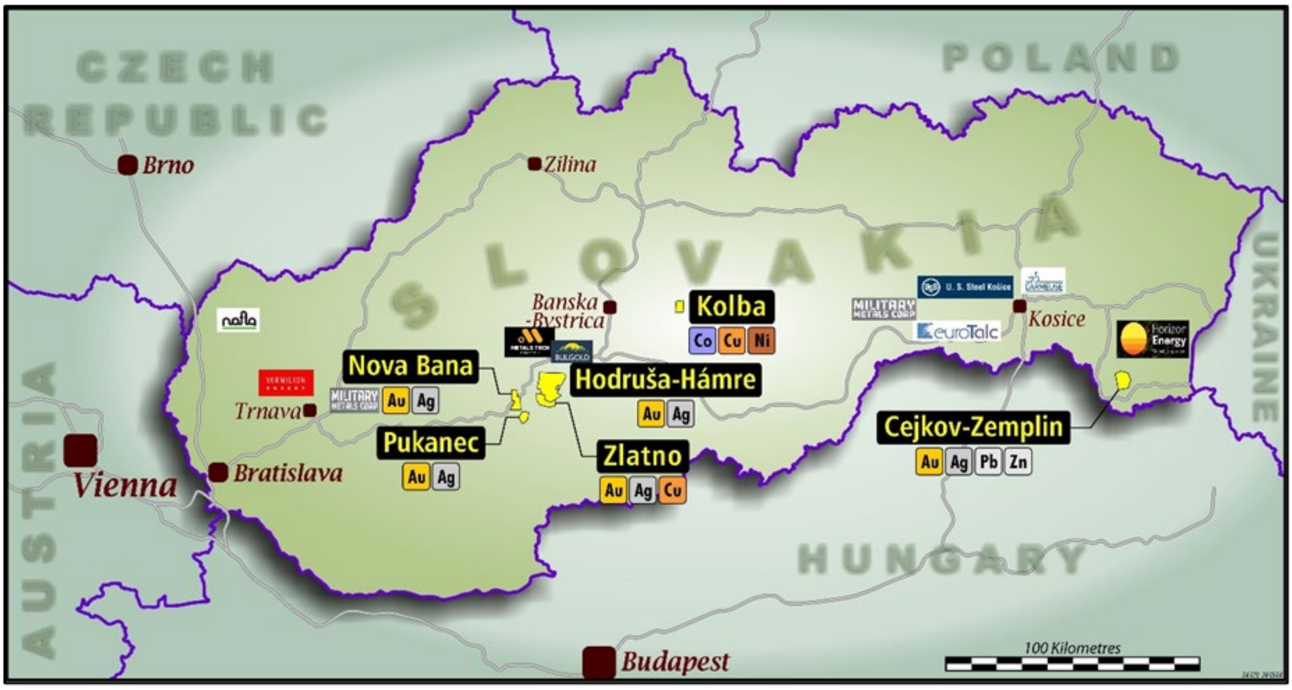
The GTK database includes drill core from 81 historic diamond core holes. Iron-hosted, zircon-rich zones containing hafnium are visibly present at Jokikangas and, whilst these zones have been defined, the drill core remains largely unsampled for these critical elements. Historic sampling of these holes, which is limited to narrow intervals for academic purposes, indicate encouraging grades of hafnium, niobium and REEs.

Following the success of the work done at Korsnäs, the Company's geologists will sample the preserved drill core and plan to undertake a low-impact reconnaissance program HVSR seismic survey to refine drill targets to further assess the Jokikangas project's potential.

The strength and coherence of the HFSE element anomalism across our tenement position, combined with the north-northeast structural corridor and the aeromagnetics, gives us a compelling geological proposition at an early stage.

Slovakia Projects

The Company has through its wholly owned subsidiaries Slovenske Kovy s.r.o. and Prospech Slovakia s.r.o., 100% ownership of six exploration licences, covering 140 square kilometres in Slovakia. Of these, three licences, Hodrusa Hamre, Nova Bana and Pukanec, are currently subject to re-application. The Slovakian Ministry of Environment is, for reasons unknown to the Company, not renewing licences, including those in which the Company has an interest. The Directors have been advised that this is common across Slovakia, however, there is a risk that the licences may not be re-granted.



Zlatno – Cu-Au (100% European Resources)

The Company's main exploration target is the copper-gold-bearing porphyry stockwork that cuts through sedimentary units. The project also targets copper-gold skarn mineralisation hosted in shales, sandstones, conglomerates, and limestones at the base of the volcanic sequence. The Zlatno project exhibits geological similarities to the mineralisation style found at Dundee Precious Metals' Čoka Rakita skarn in Serbia, located south of Slovakia.

The Zlatno copper mineralisation was first identified by the Slovak Geological Survey in the 1970s through regional-scale stratigraphic drilling. Between 1970 and 1980, 26 deep holes were drilled, several of which intersected significant copper mineralisation. However, systematic gold assays were not conducted, as the focus at the time was primarily on copper due to the economic needs of pre-democratic Slovakia before 1992.

The historic drill core was discarded on site and has been gathered and assayed to test a hypothesis that the Zlatno project hosts a copper-gold porphyry/skarn target.

Elevated gold assay results from 4 of 26 discarded core and one float grab sample support the interpreted existence of large intrusive centre with copper-gold porphyry mineralisation, a potential feeder to carbonate hosted skarn mineralisation defined by historical drilling over a 1,300m x 900m area.

More discarded porphyry-style core remains unsampled at Zlatno. Further sampling is planned to enable further interpretation of the historical data to better understand the gold distribution in the skarn mineralisation at depth.

Hodruša-Hámre, Kolba, Nova Bana, Pukanec and Zemplin – (100% European Resources)

With a focus on the Company's Finland projects and confronted with the delays in the licence re-applications, minimal work was undertaken on the Company's other Slovakian exploration projects during the year. However, the Company remains committed to the prospectivity of these underexplored assets and has complied with all licence conditions to keep the projects in good standing according to the laws of Slovakia.

Situated 200 kilometres to the east of Vienna, the Hodruša-Hamre exploration licence application spans across the majority of the Neogene Stiavnica Stratovolcano caldera in the Central Slovakian Volcanic Belt. This area also includes the historically significant Hodruša-Hamre/Banska Stiavnica mining district. The exploration licence encompasses approximately 120 epithermal veins that contain gold and silver, some of which extend up to 6 kilometres in length.

The Kolba project is part of the Svatodusna-Podlipa geological system, where mineralisation consists of copper ore minerals, including tennantite, as well as cobalt-nickel sulpho-arsenides like gersdorffite. The mineralised zones, containing copper-cobalt-nickel-silver sulphides in primary mineralisation, typically extend several hundred metres in length and reach at least 150 metres from the granite footwall into the host metamorphic sequence.

Nova Bana is located on the western flanks of the Stiavnica Strato Volcano within the Central Slovakian Volcanic Belt, the Nova Bana exploration licence contains the newly discovered, high grade epithermal silver and gold mineralisation within the Krakauer vein system.

The Pukanec gold-silver project is located on the western slopes of the Miocene Štiavnica stratovolcano. This tenement encompasses an area with extensive epithermal gold and silver veins, which were historically mined through shallow artisanal workings. Historical trench results, along with more recent rock chip sampling by European Resources, have yielded promising gold and silver values, with visible gold observed in several locations.

The Company has planned a scout drilling program to assess the depth potential of the mineralisation beneath these promising outcrops, particularly at two sites known as Agras and Weitenzecher, located further south.

The Zemplin project, located in eastern Slovakia, is prospective for epithermal precious metals and base metals vein-style mineralisation and has potential also for VMS deposits. The mineralisation is hosted within a sequence of acid to intermediate volcanic rocks, comprising mainly andesite, rhyodacite and quartz-diorite porphyry.

Mineral Resource Statement[8]

The following table summarises the Company's Inferred Mineral Resource Estimate for the Korsnäs REE project as at 31 December 2025:

TREO Cut-Off (ppm)	Resource (Mt)	TREO (ppm)	NdPrO Enrichment (%)	Nd_2O_3 (ppm)	Pr_6O_{11} (ppm)	Tb_4O_7 (ppm)	Dy_2O_3 (ppm)
5,000	**13.5**	**10,217**	**23.5**	**1,866**	**532**	**10.3**	**39.7**

This reflects a 90% increase in resource tonnes compared to the Company's Inferred Mineral Resource Estimate for the Korsnäs REE project as at 31 December 2024:

TREO Cut-Off (ppm)	Resource (Mt)	TREO (ppm)	NdPrO Enrichment (%)	Nd_2O_3 (ppm)	Pr_6O_{11} (ppm)	Tb_4O_7 (ppm)	Dy_2O_3 (ppm)
5,000	**7.1**	**10,851**	**23.2**	**1,866**	**532**	**10.3**	**39.7**

The Company's Mineral Resource Estimates are subject to scrutiny by the full Board of Directors and certified by a Competent Person as defined by the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

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[2]	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]	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.

8. Refer ASX announcements 4 December 2024, 9 December 2024, 22 April 2025 and 28 April 2025.

Competent Person Statement

The information in this Report that relates to Exploration Results, Mineral Resources and the Exploration Targets is 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.

The Company confirms that it is not aware of any new information or data that materially affects the Exploration Results, Mineral Resources and Exploration Targets information in the original reports and that the form and context in which the Competent Person's findings are presented have not been materially modified from the original reports, however, the assay results from the recent diamond core drilling program discussed above have not been incorporated into the current MRE or Exploration Targets. Currently the Company is reviewing the drill results reported in February 2026 and this may change these reported estimations.

Corporate Governance Statement

The Board is committed to maintaining standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders. The Company has reviewed its corporate governance practises against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The Corporate Governance Statement is dated as at 31 March 2026, reflecting the corporate governance practises throughout the 2025 financial year and was approved by the Board of Directors of the Company on 31 March 2026. A description of the Company's current corporate governance practises is set out in the Company's Corporate Governance Statement which can be viewed at https://europeanresources.com.au/corporate-governance.

Financial position

The Group reported a loss for the year ended 31 December 2025 of $1,433,737 (2024 - $1,820,276).

Directors

The names and particulars of the Directors of the Company at any time during or since the end of the year are:

Thomas J. Mann - Chairman

Director since 26 September 2014.

Mr Mann has over 40 years' experience in financial markets and global trade having established a global trading corporation with offices in North America and the Asia-Pacific. Mr Mann is actively involved in capital raising and strategic development initiatives for public and private companies.

Jason M. Beckton - Director and Chief Executive Officer

Director since 26 September 2014.

Mr Beckton is a professional geologist with over 30 years' experience in exploration, project development, production and management in Australia and internationally.

Mr Beckton commenced his career with Pancontinental and Goldfields Ltd throughout Australia from the early 1990s before moving to a senior role with Gympie Gold in 2001. Subsequently, he was Project Manager for the Palmarejo silver-gold project in Mexico during 2004. More recently, Mr Beckton was Manager - Chile for Exeter Resource Corporation and led the team in 2007 that was responsible for the commercial discovery at the Caspiche Porphyry prospect in the Maricunga Gold Copper Belt of Chile.

Mr Beckton is a Non-Executive Director of Lode Resources Ltd, Minerals Exploration Limited, American Rare Earths Limited and Cipango Japan. He is a Member of the Australian Institute of Geoscientists.

Peter J. Nightingale - Director and Chief Financial Officer

Director since 26 September 2014.

Mr Nightingale graduated with a Bachelor of Economics degree from the University of Sydney and is a member of Chartered Accountants Australia & New Zealand. He has worked as a chartered accountant in both Australia and the USA.

As a director or company secretary Mr Nightingale has, for more than 35 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia, the USA including Alpha HPA Limited, Bolnisi Gold N.L. and Nickel Industries Limited. He is currently a director of ASX listed Fulcrum Lithium Ltd and Minerals Exploration Limited.

John A. Levings - Director

Director since 17 May 2016.

Mr Levings gained a Bachelor of Science degree from the University of Tasmania in 1977 and then worked for several years as a field geologist and geophysicist for Anglo American Limited. In 1985, as Chief Geologist for Australian Development Limited (later re-named Normandy Gold Limited), Mr Levings was responsible for the discovery of the high-grade White Devil gold deposit (760,000 ounces of gold at 14.6 grams per tonne) in Tennant Creek. In 1986 Australian Development Limited was the best performing stock on the ASX on the back of this discovery. Relocating to Indonesia, Mr Levings became a founding partner of a successful geological consultancy which was very active during the 1990s. In more recent times, he identified the Romang Island polymetallic opportunity which was acquired by Robust Resources Limited.

John is a Fellow of the Australasian Institute of Mining and Metallurgy.

Stephen G. Gemell - Director

Director since 4 March 2021.

Mr Gemell holds an Honours Degree in Mining Engineering and has more than 45 years' experience in the mining industry, having worked throughout Australasia and in Africa, North and South America, Asia, Eastern and Western Europe. He has been Principal of Gemell Mining Engineers since its formation in Kalgoorlie in 1984, specialising in mineral property assessment, strategic studies and valuation.

Steve is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM), a Chartered Professional (Mining), and a Member of the American Institute of Mining, Metallurgical and Petroleum Engineers. He was an AusIMM representative on the VALMIN Committee from 2010 until 2021 and was also a VALMIN representative to the International Mineral Valuation Committee (IMVAL), which he chaired in 2018 and 2019.

Richard J. Edwards - Company Secretary

Company Secretary since 26 September 2014.

Mr Edwards graduated with a Bachelor of Commerce degree from the University of New South Wales, is a Fellow of the Governance Institute of Australia, a member of CPA Australia and holds a Graduate Diploma of Applied Finance and Investment from FINSIA.

Mr Edwards has worked for over twenty years providing financial reporting and company secretarial services to a range of publicly listed companies in Australia, with a focus on the mining sector. He is currently Company Secretary of ASX listed Alpha HPA Limited, Nickel Industries Limited and unlisted public company Aluminium Industries Limited.

Directors' Meetings

The number of Directors' meetings held and number of meetings attended by each of the Directors of the Company, while they were a Director, during the year are:

Director	Board Meetings	
	Held	Attended
Thomas Mann	6	6
Jason Beckton	6	6
Stephen Gemell	6	5
John Levings	6	6
Peter Nightingale	6	6

Directors' Interests

At the date of this report, the beneficial interests of each key management personnel of the Company in the issued share capital of the Company and options, each exercisable to acquire one fully paid ordinary share of the Company are:

Director	Fully Paid Ordinary Shares	Options	Option Terms (Exercise Price and Term)
Thomas Mann	15,806,969	1,756,330 4,000,000	$0.04 1 October 2028 $0.04 18 December 2028
Jason Beckton	7,409,743	4,000,000	$0.04 18 December 2028
Stephen Gemell	2,443,697	271,522 1,000,000	$0.04 1 October 2028 $0.04 18 December 2028
John Levings	10,592,639	666,667 3,000,000	$0.04 1 October 2028 $0.04 18 December 2028
Peter Nightingale	22,892,083	2,543,565 4,000,000	$0.04 1 October 2028 $0.04 18 December 2028

Unissued Shares Under Option

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

Number of unissued shares	Exercise Price	Expiry Date
8,000,000	$0.08	31 January 2027*
76,683,603	$0.04	1 October 2028
25,000,000	$0.04	18 December 2028

* Options expire on the earlier of their expiry date or termination of the employee's employment.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2025. No dividends have been paid or declared during the year.

Significant Changes in State of Affairs

In the opinion of the Directors, significant changes in the state of affairs of the Group that occurred during the year ended 31 December 2025 were as follows:

- In October 2025 the Company completed a 2 for 7 Entitlement Issue raise $1.6 million, as well as a top-up placement raising $546,750 for further exploration of the Company's projects in Finland and Slovakia and working capital.
- The Company advanced the metallurgy of the Korsnäs project, with screening confirming the LnCS concentrate is suitable hydromet feed.
- A drilling process was commenced at Korsnäs, which has extended the exploration footprint of the project by confirming a significant rare earth mineralised zone in the southern target zone.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Group during the year ended 31 December 2025 other than as disclosed in this Directors' Report, or in the financial statements.

Impact of Legislation and Other External Requirements

There were no environmental or other legislative requirements during the year that have significantly impacted the results or operations of the Group.

Environmental Regulations

The Group's operations are subject to Slovakian and Finnish environmental regulations in relation to its exploration activities.

The Board of Directors regularly monitors compliance with these environmental regulations and are not aware of any significant breaches of these regulations during the year covered by this report.

Likely Developments

Information as to likely developments in the operations of the Group and the expected results of those operations in subsequent years has not been included in this report because disclosure of this information would be likely to result in unreasonable prejudice to the Group.

Indemnification of Officers and Auditors

During or since the end of the year, the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company against a liability incurred by such an officer or auditor. In addition, the Company has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Shares Issued on Exercise of Options

During or since the end of the financial year, the Company has not issued ordinary shares as a result of the exercise of options.

Events Subsequent to Balance Date

In March 2026, the Company announced a renounceable entitlement offer to raise up to approximately $4.3 million. The offer is partially underwritten for $2.0 million.

Other than the matter outlined above, there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event 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.

Non-Audit Services

During the year ended 31 December 2025, KPMG, the Group's auditor, did not perform other services in addition to the audit and review of the financial statements.

Details of the amounts paid to KPMG and its network firms for audit services provided during the year are set out below.

	2025	**2024**
	$	$
Audit and review of financial statements	**135,856**	102,850
	135,856	102,850

Business Risk Disclosures

Risk	Description	Mitigation Measures
Environmental, social and governance risk	Stakeholders require proactive environmental, social and governance (ESG) management. Failure to consider and adequately implement effective ESG measures and provide adequate disclosures may result in reduced investments, delays in approvals, regulatory intervention, community action, increased operating and insurance costs, damaged reputation and impacts to talent attraction and retention.	The Group has put in place ESG policies and procedures that are appropriate for an entity of its size and scale. The Company works to conduct its activities (including operating entities within its control) in an environmentally responsible manner, in accordance with applicable laws and regulations. The Company maintains strong community relations to ensure that the local stakeholders are supportive of the Company's operations.
Cyber risk	The Group relies on IT infrastructure and systems which could be exposed to damage or interruption from system failures, computer viruses, cyber-attacks, power or telecommunication provider's failure or human error. Interruptions would impact the Company's ability to operate and could result in business interruption, loss of customers and revenue and damaged reputation.	The Group engages a reputable third-party IT firm to manage its IT infrastructure and cyber-security.
Jurisdiction risk	Some of the Group's exploration and evaluation activities are in a region bordering Ukraine.	The Group has assessed the current and future potential impacts of ongoing political conflict in the region and have not been, or expect to be, impacted by any trade or supply restrictions and the planned exploration and evaluation activities in this region have continued as planned.
Liquidity and access to capital	Although the Group believes that it will have sufficient capital to undertake its business objectives, there can be no assurance that these objectives can be met without further financing or, if further financing is necessary, that financing can be obtained on favourable terms or at all.	The Group actively monitors and manages its liquidity position through cash flow forecasting to ensure, as far as possible, that it will have sufficient liquidity to meet its obligations when they are due, under both normal and stressed conditions.
Management and key personnel risk	The Group's business and future success depends upon the continued services of a small group of executive management and other key personnel. If one or more of the Group's management or key personnel were unable or unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. The Group's business may be disrupted, its financial condition and results of operations may be materially adversely affected, and it may incur additional expenses to recruit, train and retain personnel.	The Group seeks to remunerate its management and key personnel appropriately so as to retain the continued access to their services.

Remuneration Report

All amounts in this remuneration report are in Australian Dollars unless otherwise stated.

Principles of Compensation

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of the Company. No other employees have been deemed to be key management personnel. The policy of remuneration of Directors and senior executives is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Compensation levels have been, and will be, set to be in line with Australian listed entities of equivalent size and comparable operations in order to attract and retain suitably qualified and experienced key management personnel but also having regard to the prevailing financial capacity of the Company.

The Board is responsible for reviewing and evaluating its own performance. The evaluation process is intended to assess the Group's business performance, whether long term strategic objectives are being achieved and the achievement of individual performance objectives.

Remuneration generally consists of salary payments comprising both short-term salaries and share based payments. The remuneration disclosed below represents the cost to the Group for the services provided under these arrangements. Share based payments are issued to Directors to incentivise performance that contributes to shareholder wealth.

There were no remuneration consultants used by the Company during the years ended 31 December 2025 or 2024.

Consultancy Agreements with key management personnel

Consultancy Agreement – Managing Director

The Company entered into an executive consultancy agreement with a company associated with Jason Beckton, Beckton Gledhill Pty Ltd ('Beckton Gledhill') on 10 September 2020. Under this executive consultancy agreement, Beckton Gledhill agrees to make Mr Beckton available to perform the duties and responsibilities of the position of Managing Director of the Company. Beckton Gledhill receives a monthly fee of $15,000 (exclusive of GST). As a Director of the Company, Mr Beckton is also eligible to participate in the Company's Incentive Option Plan.

The consultancy agreement may be terminated by the Company or Beckton Gledhill by either party giving three months' notice without any contractual termination payments. The Company may terminate the consultancy agreement without notice in certain circumstances, including breach of contract, criminal activity or serious misconduct involving the consultancy company or Mr Beckton.

Consultancy Agreement – Chief Financial Officer and Executive Director

The Company has entered into an executive consultancy agreement with a company associated with Peter Nightingale, Rosignol Consultants Pty Ltd ('Rosignol') on 10 September 2020. Under this executive consultancy agreement, Rosignol agrees to make Mr Nightingale available to perform the duties and responsibilities of the position of Chief Financial Officer and Executive Director of the Company. Rosignol receives a monthly fee of $10,000 (exclusive of GST). As a Director of the Company, Mr Nightingale is also eligible to participate in the Company's Incentive Option Plan.

The consultancy agreement may be terminated by the Company or Rosignol by either party giving three months' notice without any contractual termination payments. The Company may terminate the consultancy agreement without notice in certain circumstances, including breach of contract, criminal activity or serious misconduct involving the consultancy company or Mr Nightingale.

Consultancy Agreement – Executive Director

The Company has entered into an executive consultancy agreement with a company associated with John Levings, Mandau Consulting Pty Ltd. Under this executive consultancy agreement, Mandau agrees to make Mr Levings available to perform the duties and responsibilities of Executive Director. Mandau receives a monthly fee of $15,000 per month (exclusive of GST). As a Director of the Company, Mr Levings is also eligible to participate in the Company's Incentive Option Plan.

The consultancy agreement may be terminated by the Company or Mandau by either party giving three months' notice without any contractual termination payments. The Company may terminate the consultancy agreement without notice in certain circumstances, including breach of contract, criminal activity or serious misconduct involving the consultancy company or Mr Levings.

Letter of Appointment – Non-Executive Chairman

The Company's Non-Executive Chairman, Thomas Mann, has entered into a Letter of Appointment with the Company to serve as Non-Executive Chairman. The Letter of Appointment provides that in consideration for his services, the Company will pay Mr Mann $80,000 per annum for his services. As a Director of the Company, Mr Mann is also eligible to participate in the Company's Incentive Option Plan and there are no termination payments within the contract.

Letter of Appointment – Non-Executive Director

The Company's Non-Executive Director Stephen Gemell has entered into a Letter of Appointment with the Company to serve as a Non-Executive Director. The Letter of Appointment provides that in consideration for his services, the Company will pay Mr Gemell $40,000 per annum for his services. As a Director of the Company, Mr Gemell is also eligible to participate in the Company's Incentive Option Plan and there are no termination payments within the contract.

Consequences of performance on shareholders' wealth

In considering the Group's performance and benefits for shareholders' wealth, the Board has regard to the following indices in respect of the current financial year and the previous four financial years.

	2025 $	2024 $	2023 $	2022 $	2021 $
Net loss attributable to equity holders of the parent	1,433,737	1,820,276	1,586,524	1,750,601	903,939
Dividends paid	-	-	-	-	-
Change in share price	($0.01)	($0.002)	$0.002	$(0.036)	$(0.135)

The overall level of key management personnel's compensation has been determined based on market conditions, the advancement of the Group's projects and the financial performance of the Group.

Details of Remuneration for the Year Ended 31 December 2025

Details of Director remuneration and the nature and amount of each major element of the remuneration of each Director of the Company are set out below.

Remuneration for year ended 31 December 2025:

Key management personnel	Short term Salary and fees $	Post-employment Superannuation $	Share based payments Options $	Total $	Proportion of remuneration performance related %	Value of options as a proportion of remuneration %
Executive Directors						
Jason Beckton	180,000	-	8,427	188,427	-	4.5
John Levings	180,000	-	6,321	186,321	-	3.4
Peter Nightingale	120,000	-	8,427	128,427	-	6.6
Non-Executive Directors						
Thomas Mann	80,000	-	8,427	88,427	-	9.5
Stephen Gemell	40,000	-	2,107	42,107	-	5.0
Total	**600,000**	**-**	**33,709**	**633,709**	**-**	**5.3**

The total expense from salaries and fees paid to key management personnel for the year ended 31 December 2025 was $600,000.

Remuneration for year ended 31 December 2024:

Key management personnel	Short term Salary and fees $	Post-employment Superannuation $	Share based payments Options $	Total $	Proportion of remuneration performance related %	Value of options as a proportion of remuneration %
Executive Directors						
Jason Beckton	180,000	-	-	180,000	-	-
John Levings	180,000	-	-	180,000	-	-
Peter Nightingale	120,000	-	-	120,000	-	-
Non-Executive Directors						
Thomas Mann	80,000	-	-	80,000	-	-
Stephen Gemell	40,000	-	-	40,000	-	-
Total	**600,000**	**-**	**-**	**600,000**	**-**	**-**

The total expense from salaries and fees paid to key management personnel for the year ended 31 December 2024 was $600,000.

Movement in shares and options

The movement during the reporting year in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Key management personnel	Held at 1 January 2025	Purchased	Sold	Held at 31 December 2025
Thomas Mann	12,294,309	3,512,660	-	15,806,969
Jason Beckton	7,115,743	294,000	-	7,409,743
Stephen Gemell	1,900,653	543,044	-	2,443,697
John Levings	9,259,305	1,333,334	-	10,592,639
Peter Nightingale	17,804,953	5,087,130	-	22,892,083

Key management personnel	Held at 1 January 2024	Purchased	Sold	Held at 31 December 2024
Thomas Mann	9,835,447	2,458,862	-	12,294,309
Jason Beckton	7,115,743	-	-	7,115,743
Stephen Gemell	1,447,522	453,131	-	1,900,653
John Levings	8,259,305	1,000,000	-	9,259,305
Peter Nightingale	14,243,962	3,560,991	-	17,804,953

At the date of this report, the number of options over ordinary share of each key management personnel of the Company are:

Key management personnel	Held at 1 January 2025	Lapsed	Granted	Purchased*	Options Vested at 31 December 2025	Exercisable Options Held at 31 December 2025
Thomas Mann	1,325,625	(1,325,625)	4,000,000	1,756,330	3,089,663	5,756,330
Jason Beckton	500,000	(500,000)	4,000,000	-	1,333,333	4,000,000
Stephen Gemell	346,722	(346,722)	1,000,000	271,522	604,855	1,271,522
John Levings	1,500,000	(1,500,000)	3,000,000	666,667	1,666,667	3,666,667
Peter Nightingale	2,307,814	(2,307,814)	4,000,000	2,543,565	3,876,898	6,543,565

*Options purchased were acquired through Director's participation in the Company's Entitlement Offer, completed on 1 October 2025.

Key management personnel	Held at 1 January 2024	Lapsed	Purchased	Options Vested at 31 December 2024	Exercisable Options Held at 31 December 2024
Thomas Mann	1,325,625	-	-	1,325,625	1,325,625
Jason Beckton	500,000	-	-	500,000	500,000
Stephen Gemell	346,722	-	-	346,722	346,722
John Levings	1,500,000	-	-	1,500,000	1,500,000
Peter Nightingale	2,307,814	-	-	2,307,814	2,307,814

DIRECTORS' REPORT

Transactions with Key Management Personnel

Peter Nightingale has an interest in an entity, MIS Corporate Pty Limited, which provided full administrative services, including administrative, accounting, company secretarial and investor relations staff, rental accommodation, services and supplies to the Group. Fees charged by MIS Corporate Pty Limited during the year ended 31 December 2025 amounted to $120,000 (31 December 2024: $120,000), a fee of $10,000 per month. At 31 December 2025, $70,000 (2024 - $90,000) remained outstanding.

No loans were made to key management personnel or their related parties during the year and no amounts were outstanding at 31 December 2025.

Other than outlined above, there were no additional transactions with key management personnel or their related parties.

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

The lead auditor's independence declaration is set out on page 24 and forms part of the Directors' Report for the year ended 31 December 2025.

Signed at Sydney this 31st day of March 2026

in accordance with a resolution of the Board of Directors:

Thomas J. Mann	**Peter J. Nightingale**
Chairman	**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 audit of the financial report of European Resources Limited for the financial year ended 31 December 2025 there have been:

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

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

KPMG

KPMG

Patrice Scott

Partner

Sydney

31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 $	2024 $
Other income		**-**	-
Administration and consultants' expenses		**(1,213,572)**	(1,109,622)
Legal fees		**(91,475)**	-
Exploration and evaluation expenses		**(21,020)**	-
Share based payments expense	12	**(88,774)**	(145,279)
Depreciation expense	9	**(28,505)**	(11,752)
Impairment	8	**-**	(567,191)
Results from operating activities		**(1,443,346)**	(1,833,844)
Financial income	4	**2,948**	4,288
Loss before income tax		**(1,440,398)**	(1,829,556)
Income tax benefit	6	**6,661**	9,280
Loss for the year		**(1,433,737)**	(1,820,276)
Other comprehensive income			
Items that may be classified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**371,492**	202,925
Total comprehensive loss for the year		**(1,062,245)**	(1,617,351)
Earnings per share			
Basic and diluted loss per share (cents)	7	**(0.36)**	(0.63)

The above consolidated 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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	Notes	31 December 2025 $	31 December 2024 $
Current assets			
Cash and cash equivalents	16	**1,084,625**	795,730
Other receivables	5	**143,464**	47,975
Prepayments		**50,087**	16,834
Other assets		**43,969**	-
Total current assets		**1,322,145**	860,539
Non-current assets			
Exploration and evaluation expenditure	8	**12,321,482**	11,060,209
Property, plant and equipment	9	**74,881**	36,725
Total non-current assets		**12,396,363**	11,096,934
Total assets		**13,718,508**	11,957,473
Current liabilities			
Trade and other payables	10	**721,832**	514,888
Deferred grant funding	13	**-**	349,483
Total current liabilities		**721,832**	864,371
Non-current liabilities			
Deferred tax liability	6	**157,664**	164,325
Total non-current liabilities		**157,664**	164,325
Total liabilities		**879,496**	1,028,696
Net assets		**12,839,012**	10,928,777
Equity			
Share capital	11	**19,536,446**	17,323,870
Reserves	11	**2,899,289**	1,767,893
Accumulated losses		**(9,596,723)**	(8,162,986)
Total equity		**12,839,012**	10,928,777

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

EUROPEAN RESOURCES LIMITED
and its controlled entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Share capital $	Reserves $	Accumulated losses $	Total $
Balance at 1 January 2025		**17,323,870**	**1,767,893**	**(8,162,986)**	**10,928,777**
Total comprehensive income for the year					
Loss for the period		**-**	**-**	**(1,433,737)**	**(1,433,737)**
Total other comprehensive income		**-**	**371,492**	**-**	**371,492**
Total comprehensive loss for the year		**-**	**371,492**	**(1,433,737)**	**(1,062,245)**
Transactions with owners, recorded directly in equity					
Issue of shares and options		**2,525,203**	**645,087**	**-**	**3,170,290**
Costs of issue		**(312,627)**	**26,043**	**-**	**(286,584)**
Share based payments		**-**	**88,774**	**-**	**88,774**
Balance at 31 December 2025		**19,536,446**	**2,899,289**	**(9,596,723)**	**12,839,012**
Balance at 1 January 2024		15,501,801	1,419,689	(6,342,710)	10,578,780
Total comprehensive income for the year					
Loss for the period		-	-	(1,820,276)	(1,820,276)
Total other comprehensive income		-	202,925	-	202,925
Total comprehensive loss for the year		-	202,925	(1,820,276)	(1,617,351)
Transactions with owners, recorded directly in equity					
Issue of shares and options		1,857,752	-	-	1,857,752
Costs of issue		(35,683)	-	-	(35,683)
Share based payments		-	145,279	-	145,279
Balance at 31 December 2024		17,323,870	1,767,893	(8,162,986)	10,928,777

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

EUROPEAN RESOURCES LIMITED
and its controlled entities

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025	2024
		$	$
Cash flows from operating activities			
Cash payments in the course of operations		**(1,299,183)**	(956,919)
Interest received		**15,116**	14,279
Net cash used in operating activities	16b	**(1,284,067)**	(942,640)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		**(1,232,698)**	(2,023,597)
Payments for property, plant and equipment	9	**(66,086)**	-
Receipt of grant funding	13	**-**	349,483
Net cash used in investing activities		**(1,298,784)**	(1,674,114)
Cash flows from financing activities			
Issue of shares	11	**3,170,290**	1,857,752
Cost of issue		**(286,584)**	(50,741)
Net cash from financing activities		**2,883,706**	1,807,011
Net increase/(decrease) in cash and cash equivalents		**300,855**	(809,743)
Effect of exchange rate adjustments on cash held		**(11,960)**	798
Cash and cash equivalents at the beginning of the year		**795,730**	1,604,675
Cash and cash equivalents at the end of the year	16a	**1,084,625**	795,730

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

NOTE 1 – REPORTING ENTITY

European Resources Limited (the 'Company') (formerly Prospech Limited) is a company domiciled in Australia. The consolidated financial report for the year to 31 December 2025 comprises the Company and its subsidiaries (together referred to as 'European Resources' or 'the Group'). The Group is a for-profit entity and is involved in exploration for mineral resources.

NOTE 2 – BASIS OF PREPARATION

Statement of compliance
The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial report of the Group complies with International Financial Reporting Standards ('IFRS') and interpretations adopted by the International Accounting Standards Board ('IASB').

The financial report was authorised for issue by the Directors on 31 March 2026.

Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis.

Functional and presentation currency
These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency. The functional currency of the Company's subsidiaries Bambra Oy, European Resources 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 financial statements are described in the following notes:

- Note 2 – Going concern
- Note 8 – Exploration and evaluation expenditure
- Note 12 – Share based payments

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 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.

For the year ended 31 December 2025 the Group has incurred a loss of $1,433,737 and has accumulated losses of $9,596,723 as at 31 December 2025. The Group used $1,284,067 of cash in operations, in addition to $1,298,784 of cash in investing activities which includes exploration and evaluation expenditure. It had cash on hand of $1,084,625 at 31 December 2025.

Management have prepared cash flow projections for the period from 1 January 2026 to 31 March 2027 that indicate the Group is able to continue as a going concern. These cash flow projections assume the Group continues exploration activities in the areas of interest and that additional funding from shareholders or other parties will be obtained. In March 2026, the Company announced a renounceable entitlement offer to raise up to approximately $4.3 million, which is underwritten to $2.0 million. Whilst the Group has successfully raised additional funding in the current year and in prior years, the availability of additional funds is inherently uncertain until secured.

As a result of the uncertainty associated with raising additional funds, there is a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and therefore it may not be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the consolidated financial report.

NOTE 3 – MATERIAL ACCOUNTING POLICIES

Basis of consolidation

Subsidiaries

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

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions (except for foreign exchange transaction gains or losses), are eliminated in preparing the consolidated financial statements. Where a controlled entity issues shares to minority interests which does not result in loss of control by the Group, any gain or loss arising on the Group's interest in the controlled entity is recognised directly in equity.

NOTE 3 – MATERIAL ACCOUNTING POLICIES (Con't)

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the income statement.

Financial statements of foreign operations

The assets and liabilities of foreign operations are translated into Australian Dollar at the foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation recognised in Other Comprehensive Income ('OCI') and presented in the foreign currency translation reserve ('FCTR'), a separate component of equity.

Foreign exchange gains and losses arising from a monetary item receivable or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in the FCTR. When a foreign operation is disposed of, the cumulative exchange differences related to a foreign operation that have been included in the foreign currency translation reserve are reclassified to profit or loss.

Financial instruments

Recognition and initial measurement

Non-derivative financial assets

The Group initially recognises trade receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

On initial recognition, a financial asset is classified as subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

NOTE 3 – MATERIAL ACCOUNTING POLICIES (Con't)
Financial instruments (Cont'd)
Non-derivative financial assets (Con't)

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as fair value through profit or loss:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value through OCI. This election is made on an investment-by-investment basis.

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities
Financial liabilities are measured at amortised cost. The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Other financial liabilities comprise loans and borrowings and trade and other payables.

Impairment

Financial assets
The Group recognises expected credit losses ('ECLs') on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired.

NOTE 3 – MATERIAL ACCOUNTING POLICIES (Con't)
Impairment (Con't)
Financial assets (Con't)

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Non-financial assets
The carrying amounts of the Group's assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Calculation of recoverable amount
The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment
An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Share capital
Transaction costs
Incremental costs directly attributable to an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

Dividends
Dividends are recognised as a liability in the period in which they are declared.

Trade and other payables
Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 30 day terms.

Expenses
Net financing income
Net financing costs comprise interest payable on borrowings calculated using the effective interest method, interest earned and foreign exchange gains and losses.

Interest income is recognised in the income statement as it accrues, using the effective interest method.

NOTE 3 – MATERIAL ACCOUNTING POLICIES (Con't)

Equity settled share based payments

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

The fair value of the share options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), expected dividends, and the risk-free interest rate (based on government bonds).

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an existing right to defer settlement of the liability for at least 12 months after the balance sheet date. Borrowing costs which are directly attributable to the Group's exploration and evaluation and development activities are capitalised in relation to qualifying assets.

Income tax

Income tax on the income statement for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for:

- the initial recognition of assets or liabilities that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences; and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

NOTE 3 – MATERIAL ACCOUNTING POLICIES (Con't)

Goods and services tax
Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

Segment Reporting
Determination and presentation of operating segments

The Group determines and presents operating segments based on the information that is provided internally to Executive Director and the CFO, who are the Group's chief operating decision makers.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Executive Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to Executive Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

Employee benefits
Wages, salaries, annual leave, sick leave and non-monetary benefits
Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date and payroll tax.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

NOTE 3 – MATERIAL ACCOUNTING POLICIES (Con't)

Site restoration
In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of disturbed land, and the related expense, is recognised when the land is disturbed.

Determination of fair values
A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Other receivables
The fair value of other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Exploration, evaluation and development expenditure
Exploration and evaluation costs, including the costs of acquiring licences, are capitalised at cost or fair value, as exploration and evaluation assets on an area of interest basis. Costs incurred before the consolidated entity has obtained the legal rights to explore an area are recognised in the statement of comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to mining property and development assets within property, plant and equipment.

Government grants
Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable. If the costs have been capitalised, the grant is deducted from the carrying value of the underlying asset when the grant becomes receivable and there is reasonable assurance the Group will comply with the relevant conditions.

NOTE 3 – MATERIAL ACCOUNTING POLICIES (Con't)

Changes in material accounting policies

All new standards and interpretations effective for periods commencing 1 January 2025 have been adopted by the Group in the preparation of these financial statements.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are able to be early adopted for annual periods beginning after 1 January 2025 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

	2025	2024
	$	$
NOTE 4 – FINANCIAL INCOME/(EXPENSE)		
Interest income	**15,116**	14,279
Foreign exchange (loss)/gain	**(12,168)**	745
Interest expense	**-**	(10,736)
	2,948	4,288
NOTE 5 – OTHER RECEIVABLES		
GST/VAT receivable	**143,464**	47,975
NOTE 6 – INCOME TAX EXPENSE		
(a) Components of tax expense		
Current period	**-**	-
Current tax expense	**-**	-
Origination and reversal of temporary differences	**(6,661)**	(9,280)
Deferred tax expense	**(6,661)**	(9,280)
Income tax (benefit) expense	**(6,661)**	(9,280)
(b) Reconciliation of effective tax rate		
Loss before tax – continuing operations	**(1,440,398)**	(1,829,556)
Prima facie income tax expense at the Australian tax rate of 30% (2024 – 30%)	**(432,119)**	(548,867)
Impact of tax in foreign jurisdiction	**9,237**	16,993
Increase in income tax expense due to:		
- Non-deductible expenses	**304,586**	401,057
- Effect of deferred tax assets for tax losses not brought to account	**181,892**	133,564
- Effect of deferred tax assets for temporary differences not brought to account	**(63,596)**	(2,747)
- Deferred tax (benefit) expense	**(6,661)**	(9,280)
Income tax (benefit) expense	**(6,661)**	(9,280)

	2025	2024
	$	$

NOTE 6 – INCOME TAX EXPENSE (CON'T)

Deferred tax asset /(liability)

	2025 $	2024 $
Deferred tax assets brought to account	**49,041**	160,240
Deferred tax liability brought to account	**(206,705)**	(324,565)
Total deferred tax liability brought to account	**(157,664)**	(164,325)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	2025 $	2024 $
Deferred tax asset for temporary differences not brought to account	**323,818**	333,676
Deferred tax asset for tax losses not brought to account	**535,785**	379,991
Total deferred tax asset not brought to account	**859,603**	713,667

At 31 December 2025, the Group has an unrecognised deferred tax asset for tax losses not brought to account of $535,785 (2024 - $379,991) that includes tax losses relating to the Slovakian operations. These tax losses expire after four years. There are judgements made to determine the timing and amount of deferred tax assets that can be recognised based on whether it is probable that future taxable profit will be available against which the Group can use the benefits therefrom.

In accordance with Slovakian tax legislation, the Group capitalises Slovakian exploration costs as 'complex future expenses' that are able to be carried forward against future income and are able to be deducted in later years when a taxable income is produced.

NOTE 7 – LOSS PER SHARE

Basic and diluted loss per share have been calculated using:

	2025 $	2024 $
Net loss for the year	**(1,433,737)**	(1,820,276)

	Nº of shares	Nº of shares
Issued ordinary shares at the beginning of the year	**328,825,887**	270,148,722
Effect of shares issued on 24 June 2024	**-**	16,906,894
Effect of shares issued on 3 December 2024	**-**	2,009,720
Effect of shares issued on 6 June 2025	**28,630,137**	-
Effect of shares issued on 1 October 2025	**36,468,798**	-
Weighted average number of shares at the end of the year	**393,924,822**	289,065,336

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

NOTE 8 – EXPLORATION AND EVALUATION EXPENDITURE

	2025 $	2024 $
Reconciliation of the carrying amount is set out below:		
Opening balance	**11,060,209**	9,420,972
Additions, including impact of FX movements	**1,635,482**	2,206,428
Impairment	**-**	(567,191)
Deferred grant recognition	**(374,209)**	-
Closing balance	**12,321,482**	11,060,209
Hodrusa - Slovakia	**6,473,271**	6,176,795
Nova Bana - Slovakia	**1,251,989**	1,082,247
Pukanec - Slovakia	**317,025**	298,894
Kolba - Slovakia	**658,091**	632,550
Zlatno - Slovakia	**167,678**	100,418
Jokikangas - Finland	**24,428**	6,500
Korsnäs - Finland	**3,429,000**	2,762,805
	12,321,482	11,060,209
Hodrusa		
Carrying amount at beginning of year	**6,176,795**	5,938,943
Additions	**120,028**	134,518
FCTR	**176,448**	103,334
Net book value	**6,473,271**	6,176,795
Nova Bana		
Carrying amount at beginning of year	**1,082,247**	1,040,931
Additions	**118,160**	10,508
FCTR	**51,582**	30,808
Net book value	**1,251,989**	1,082,247
Jasenie		
Carrying amount at beginning of year	**-**	550,533
Additions	**-**	6,496
FCTR	**-**	10,162
Impairment	**-**	(567,191)
Net book value	**-**	-

	2025	2024
	$	$
NOTE 8 – EXPLORATION AND EVALUATION EXPENDITURE (Con't)		
Pukanec		
Carrying amount at beginning of year	**298,894**	251,730
Additions	**8,026**	41,878
FCTR	**10,105**	5,286
Net book value	**317,025**	298,894
Kolba		
Carrying amount at beginning of year	**632,550**	535,126
Additions	**880**	84,928
FCTR	**24,661**	12,496
Net book value	**658,091**	632,550
Zlatno		
Carrying amount at beginning of year	**100,418**	-
Additions	**62,782**	100,418
FCTR	**4,478**	-
Net book value	**167,678**	100,418
Jokikangas		
Carrying amount at beginning of year	**6,500**	-
Additions	**17,928**	6,500
FCTR	**-**	-
Net book value	**24,428**	6,500
Korsnäs		
Carrying amount at beginning of year	**2,762,805**	1,103,709
Additions	**953,410**	1,649,387
Deferred grant recognition	**(374,209)**	-
FCTR	**86,994**	9,709
Net book value	**3,429,000**	2,762,805
Total exploration and evaluation expenditure	**12,321,482**	11,060,209

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. The ultimate recoupment of these costs is dependent on the successful development and commercial exploitation, or alternatively sale of the respective areas of interest. The Hodrusa Hamre, Nova Bana and Pukanec project exploration licences are currently subject to a re-granting process. Whilst the applications have been submitted, the process has been delayed as the Slovakian Ministry of Environment is, for reasons unknown and not specific to the Company, not currently regranting licences. The Company has received legal advice that it has satisfied all statutory requirements for the submission of the application for the designation of an exploration area and can therefore reasonably expect that the licences will be re-granted.

	2025	2024
	$	$
NOTE 9 – PROPERTY, PLANT AND EQUIPMENT		
Field equipment		
Field equipment – cost	**39,136**	39,136
Accumulated depreciation	**(22,517)**	(15,394)
Net book value	**16,619**	23,742
Motor vehicles		
Motor vehicles – cost	**171,023**	104,362
Accumulated depreciation	**(112,761)**	(91,379)
Net book value	**58,262**	12,983
Total property, plant and equipment	**74,881**	36,725

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below.

	2025	2024
Field equipment		
Carrying amount at beginning of period	**23,741**	30,864
Depreciation	**(7,122)**	(7,123)
Net book value	**16,619**	23,741
Motor vehicles		
Carrying amount at beginning of period	**12,983**	17,143
Additions	**66,086**	-
Depreciation	**(21,382)**	(4,629)
Exchange movements	**575**	469
Net book value	**58,262**	12,983

	2025	2024
	$	$
NOTE 10 – TRADE AND OTHER PAYABLES		
Creditors	**555,358**	440,792
Accruals	**166,474**	74,096
	721,832	514,888

NOTE 11 – CAPITAL AND RESERVES

	2025		2024	
	Number of shares	$	Number of shares	$
Opening balance – fully paid	**328,825,887**	**17,323,870**	270,148,722	15,501,801
Issue of shares	**194,685,994**	**2,525,203**	58,677,165	1,857,752
Costs of issue	**-**	**(312,627)**	-	(35,683)
Ordinary shares on issue at 31 December – fully paid	**523,511,881**	**19,536,446**	328,825,887	17,323,870

Issue of Shares

2025

In October 2025 the Company issued 108,235,994 shares to sophisticated investors in a rights issue at $0.015 per share, raising $1,623,540, as well as 36,450,000 shares in a follow-up placement at $0.015 per share, raising a further $546,750. There were no amounts unpaid on the shares issued and the share issue costs amounts to $240,134. This includes $26,043 ascribed to the value of 4,340,579 lead manager options issued. The fair value of the 72,343,024 options issued was calculated to be $645,087 and was booked to the option premium reserve rather than issued capital.

In June 2025 the Company issued 50,000,000 shares to sophisticated investors in a placement at $0.02 per share, raising $1,000,000. There were no amounts unpaid on the shares issued and the share issue costs amounts to $72,493.

2024

In June 2024 the Company issued 32,479,033 shares to sophisticated investors in a placement at $0.033 per share, raising $1,071,808. There were no amounts unpaid on the shares issued and the share issue costs amounts to $35,683.

In December 2024 the Company issued 26,198,132 shares to eligible shareholders in a rights issue at $0.03 per share, raising $785,944. There were no amounts unpaid on the shares issued and the share issue costs amounts to $nil.

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NOTE 11 – CAPITAL AND RESERVES (Con't)

Issue of Options

During the year the Company issued 25,000,000 options to directors, employees and contractors to the Company. This followed shareholder approval at an Extraordinary General meeting of Shareholders on 16 December 2025 to approve among other things the issuance of 16,000,000 Options to directors. The fair value of the options granted is measured using a Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The fair value of the options granted was $0.006 per share, totalling $150,000. The Black-Scholes formula model inputs were the Company's share price of $0.013 at the grant date, a volatility factor of 110% (based on historical share price performance), a risk-free interest rate of 4.14% and a dividend yield of 0%. One third of the options vested on grant date, 1/3 vest on 18 December 2026 and 1/3 vest on18 December 2027. A share based payment expense of $52,671 was taken up during the year ended 31 December 2025.

As part of the entitlement offer and top up placement undertaken during the year the Company granted 70,343,024 listed options. 70,343,024 were granted on 1 October 2025 and a further 2,000,000 were granted on 18 December 2025 following shareholder approval at an Extraordinary General Meeting (EGM).

Grant and Vesting Date	Expiry Date	Exercise Price	Fair Value of Options granted $	Total granted	Total exercised or expired	Exercisable at end of year	Balance at end of year
1 October 2025	1 October 2028	$0.04	$633,087	70,343,024	-	70,343,024	70,343,024
18 December 2025	18 December 2028	$0.04	$12,000	2,000,000	-	2,000,000	2,000,000

Additionally at the EGM shareholders approved the granting of 4,340,579 listed options to the lead manager of the rights issue and associated top-up placement offer. The terms and conditions of the options on issue to the lead manager are as follows:

Grant and Vesting Date	Expiry Date	Exercise Price	Fair Value of Options granted $	Total granted	Total exercised or expired	Exercisable at end of year	Balance at end of year
18 December 2025	18 December 2028	$0.04	$26,043	4,340,579	-	4,340,579	4,340,579

Dividends

There were no dividends paid or declared during the year ended 31 December 2025 or 31 December 2024.

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

The holders of ordinary shares are entitled to voting rights and receive dividends as declared from time to time.

NOTE 11 – CAPITAL AND RESERVES (Con't)

Nature and purpose of reserves

Acquisition reserve

The acquisition reserve reflects the transaction with the non-controlling interest following the acquisition by the Company of an additional 30% interest in Slovenske Kovy s.r.o on completion of tranche 3 on 31 December 2016 and the remaining 19% in October 2017, and the acquisition of 100% of the share capital of Bambra Oy.

Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

Option premium reserve

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

	2025 $	2024 $
Acquisition reserve	**676,326**	676,326
Foreign currency translation reserve	**769,906**	398,414
Option premium reserve	**1,453,057**	693,153
	2,899,289	1,767,893
Movements during the period		
Acquisition reserve		
Balance at the beginning of the period	**676,326**	676,326
Balance at the end of the period	**676,326**	676,326
Foreign currency translation reserve		
Balance at the beginning of the period	**398,414**	195,489
Currency translation difference	**371,492**	202,925
Balance at the end of the period	**769,906**	398,414
Option premium reserve		
Balance at the beginning of the period	**693,153**	547,874
Issue of options*	**759,904**	145,279
Balance at the end of the period	**1,453,057**	693,153

*During the year the Company issued 25,000,000 $0.04 18 December 2028 options to directors, employees and contractors to the Company.

NOTE 12 – SHARE BASED PAYMENTS

The Company has an executive option plan (‘Plan’) that entitles eligible employees including the key management personnel to be granted options in the Company. There are no performance conditions related to the options issued during the period, due to the difficulty in setting appropriate performance criteria for all parties at this stage of the Company’s development. The options are subject to the service condition of continued employment by the Company or in the case of contractors the continuation of services to the Company.

During the year the Company issued 25,000,000 options to directors, employees and contractors to the Company. This followed shareholder approval at an Extraordinary General meeting of Shareholders on 16 December 2025 to approve among other things the issuance of 16,000,000 Options to directors The fair value of the options granted is measured using a Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The fair value of the options granted was $0.006 per share, totalling $150,000. The Black-Scholes formula model inputs were the Company’s share price of $0.013 at the grant date, a volatility factor of 110% (based on historical share price performance), a risk-free interest rate of 4.14% and a dividend yield of 0%. One third of the options vested on grant date, 1/3 vest on 18 December 2026 and 1/3 vest on 18 December 2027. A share based payment expense of $52,671 was taken up during the year ended 31 December 2025.

The terms and conditions of the options issued under the Plan and held by European Resources staff and contractors at 31 December 2025 were as follows:

Grant date	Expiry date	Vesting date	Exercise price	Fair value of options granted	Total Granted	Balance at end of the period (Exercisable)
			$	$	Number	Number
14 February 2024	31 January 2027	1/3 grant date, 1/3 31 January 2025 1/3 31 January 2026	0.08	180,000	8,000,000	5,333,334
18 December 2025	18 December 2028	1/3 grant date, 1/3 18 December 2026 1/3 18 December 2027	0.04	100,000	25,000,000	8,333,333
				280,000	33,000,000	13,666,667

There were no options exercised under the Plan during the year ended 31 December 2025 or 31 December 2024.

The fair value of options granted on 16 December 2025 to the lead manager of the entitlement offer and top-up placement was $26,043. The Black-Scholes formula model inputs were the Company's share price of $0.014 at the grant date, a volatility factor of 110% based on historic share price performance, a risk-free interest rate of 4.14% based on government bonds and a dividend yield of 0%.

NOTE 12 – SHARE BASED PAYMENTS (Con't)

The table below shows all options on issue, including listed options issued as attaching options to the Company's entitlement offer and top-up placement undertaken during the year.

	2025		2024	
	Number of options	**Weighted average**	**Number of options**	**$**
Outstanding at 1 January	**8,000,000**	**$0.08**	-	-
Issued on 14 February 2024	**-**	**-**	8,000,000	$0.08
Issued on 1 October 2025*	**70,343,024**	**$0.04**	-	-
Issued on 16 December 2025^	**6,340,579**	**$0.04**	-	-
Issued on 18 December 2025	**25,000,000**	**$0.04**	-	-
Outstanding at 31 December	**109,683,603**	**$0.04**	8,000,000	$0.08
Exercisable at 31 December	**90,350,270**	**$0.04**	2,666,667	$0.08

* 70,343,024 attaching listed options issued as part of the Company's entitlement offer and top-up placement.
^ 2,000,000 attaching listed options issued as part of the Company's top-up placement and 4,340,579 lead manager options.

NOTE 13 – DEFERRED GRANT FUNDING

In September 2024, the Company's wholly owned subsidiary, Bambra Oy (Bambra), was approved as a joint participant in a European Health and Digital Executive Agency, under the powers delegated by the European Commission (European Commission), grant agreement program known as the REMHub (rare earth and magnets hub for a resilient Europe) project.

A total of up to €432,250 was awarded to Bambra to rebate drilling, assaying, metallurgical testing and other ancillary costs associated with the Company's wholly owned Korsnäs REE project. In December 2024, Bambra received the first €208,920 ($349,483) of funding under the grant.

The grant was conditional upon the completion of certain performance criteria related as outlined in the agreement and funds received were initially been recorded as a liability. By 31 December 2025, the Company had fully satisfied the conditions for receivability of the funds received. Therefore the grant was deducted from the carrying value of the exploration and evaluation assets related to the capitalised project costs and the liability extinguished. The Company anticipates receiving further funding under the grant by 30 June 2026.

NOTE 14 – CONTROLLED ENTITIES

Particulars in relation to controlled entities:

	Ordinary shares – Group interest	
	2025	**2024**
	%	**%**
Parent Entity		
European Resources Limited		
Controlled entities		
Bambra Oy	**100**	100
European Resources Slovakia s.r.o.	**100**	100
Slovenske Kovy s.r.o.	**100**	100

NOTE 14 – CONTROLLED ENTITIES (Con't)

Bambra Oy is incorporated in Finland and European Resources Slovakia s.r.o. and Slovenské Kovy s.r.o. are incorporated in Slovakia.

NOTE 15 – RELATED PARTIES

During the year ended 31 December 2025, Peter Nightingale, a director had an interest in an entity, MIS Corporate Pty Limited, which provided full administrative services, including administrative and accounting staff rental accommodation, services and supplies, to the Group. Fees charged by MIS Corporate Pty Limited during the year ended 31 December 2025 amounted to $120,000 (2024 - $120,000), a fee of $10,000 per month. At 31 December 2025 $70,000 (2024 - $90,000) remained outstanding.

NOTE 16 – STATEMENTS OF CASH FLOWS

	2025 $	2024 $
(a) Reconciliation of cash and cash equivalents		
Cash and cash equivalents at the end of the period as shown in the Statements of Cash Flows is reconciled to the related items in the Balance Sheets as follows:		
Bank balances	**1,084,625**	795,730
(b) Reconciliation of net loss from ordinary activities after tax to net cash used in operating activities		
Loss from ordinary activities after tax	**(1,433,737)**	(1,820,276)
Non-cash items		
Depreciation	**28,505**	11,752
Foreign exchange loss/(gain)	**12,169**	(798)
Impairment	**-**	567,191
Share based payment expense	**88,774**	145,279
Changes in assets and liabilities		
(Increase)/decrease in other receivables	**(95,489)**	5,241
(Increase)/decrease in prepayments	**(33,254)**	20,765
Increase/(decrease) in trade and other payables	**148,965**	128,206
Net cash used in operating activities	**(1,284,067)**	(942,640)

NOTE 17 – KEY MANAGEMENT PERSONNEL DISCLOSURES

There are no key management personnel of the Company or Group that are not Directors.

Thomas Mann, Chairman and a Director, was compensated $80,000 (2024 - $80,000) for his services during the year ended 31 December 2025. Outstanding amounts at 31 December 2025 were $20,000 (2024 - $26,667).

Jason Beckton, a Managing Director, was compensated $180,000 (2024 - $180,000) for his services during the year ended 31 December 2025. Outstanding amounts at 31 December 2025 were $15,000 (2024 - $110,000).

Peter Nightingale, an Executive Director and Chief Financial Officer, was compensated $120,000 (2024 - $120,000) for his services during the year ended 31 December 2025. Outstanding amounts at 31 December 2025 were $100,000 (2024 - $50,000).

John Levings, an Executive Director, was compensated $180,000 (2024 - $180,000) for his services during the year ended 31 December 2025. Outstanding amounts at 31 December 2025 were $15,000 (2024 - $72,727).

Stephen Gemell, a Director, was compensated $40,000 (2024 - $40,000) for his services during the year ended 31 December 2025. Outstanding amounts at 31 December 2025 were $3,333 (2024 - $3,333).

No other key management personnel were remunerated for their services during the year ended 31 December 2025. There were no bonuses or other performance related compensation paid.

Movement in shares

Key management personnel	Held at 1 January 2025	Purchased	Sold	Held at 31 December 2025
Thomas Mann	12,294,309	3,512,660	-	15,806,969
Jason Beckton	7,115,743	294,000	-	7,409,743
Peter Nightingale	17,804,953	5,087,130	-	22,892,083
John Levings	9,259,305	1,333,334	-	10,592,639
Stephen Gemell	1,900,653	543,044	-	2,443,697

Key management personnel	Held at 1 January 2024	Purchased	Sold	Held at 31 December 2024
Thomas Mann	9,835,447	2,458,862	-	12,294,309
Jason Beckton	7,115,743	-	-	7,115,743
Peter Nightingale	14,243,962	3,560,991	-	17,804,953
John Levings	8,259,305	1,000,000	-	9,259,305
Stephen Gemell	1,447,522	453,131	-	1,900,653

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company during the year and there were no material contracts involving Directors' interests existing at period end.

NOTE 17 – KEY MANAGEMENT PERSONNEL DISCLOSURES (Con't)

Movement in options

Key management personnel	Held at 1 January 2025	Lapsed	Bought	Granted	Held at 31 December 2025
Thomas Mann	1,325,625	(1,325,625)	1,756,330	4,000,000	5,756,330
Jason Beckton	500,000	(500,000)	-	4,000,000	4,000,00 0
Peter Nightingale	2,307,814	(2,307,814)	2,543,565	4,000,000	6,543,565
John Levings	1,500,000	(1,500,000)	666,667	3,000,000	3,666,667
Stephen Gemell	346,722	(346,722)	271,522	1,000,000	1,271,522

Key management personnel	Held at 1 January 2024	Lapsed	Bought	Held at 31 December 2024
Thomas Mann	1,325,625	-	-	1,325,625
Jason Beckton	500,000	-	-	500,000
Peter Nightingale	2,307,814	-	-	2,307,814
John Levings	1,500,000	-	-	1,500,000
Stephen Gemell	346,722	-	-	346,722

NOTE 18 – FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS DISCLOSURE

The Group's financial instruments comprise deposits with banks, receivables, trade and other payables and from time to time short term loans from related parties. The Group does not trade in derivatives.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, currency risk and interest rate risk. The summaries below present information about the Group's exposure to each of these risks, their objectives, policies and processes for measuring and managing risk, the management of capital and financial instruments.

Risk management framework
The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions and the Group's activities. The primary responsibility to monitor the financial risks lies with the Managing Director and the Company Secretary under the authority of the Board.

NOTE 18 – FINANCIAL INSTRUMENTS DISCLOSURE (Con't)

Credit risk

Credit risk arises mainly from the risk of counterparties defaulting on the terms of their agreements. The carrying amounts of the following assets represent the Group's maximum exposure to credit risk in relation to financial assets:

	2025	2024
	$	$
Cash and cash equivalents	**1,084,625**	795,730
Other receivables	**143,464**	47,975
	1,228,089	843,705

The Group's maximum exposure to credit risk at the reporting date by geographic region was:

Australia	**1,015,963**	645,650
Finland	**173,826**	155,387
Slovakia	**38,300**	42,668
	1,228,089	843,705

At 31 December 2025, the Group held cash and cash equivalents of 1,084,625 (2024 - $795,730), which represent its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- based on rating agency Standard & Poor's. Credit risk of other receivables is very low as it consists of amounts recoverable from the Australian Taxation Authority and Slovakian taxation authorities.

Impairment losses

No impairment has been taken up against the Group's financial assets.

None of the Company's or Group's other receivables are past due.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

NOTE 18 – FINANCIAL INSTRUMENTS DISCLOSURE (Con't)

Liquidity risk (Con't)

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount $	Contractual cash flows $	Less than one year $	Between one and five years $	More than five years $
31 December 2025					
Trade and other payables	**721,832**	**721,832**	**721,832**	-	-
	721,832	**721,832**	**721,832**	-	-
31 December 2024					
Trade and other payables	514,888	514,888	514,888	-	-
	514,888	514,888	514,888	-	-

Ultimate responsibility for liquidity management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate funding and monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations of expected settlement of financial assets and liabilities.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is Australian dollars. The Group is exposed to foreign currency risks due to the fact that the functional currency of its Finnish and Slovakian operating subsidiaries is in Euros and a portion of its cash, payables and receivables are in Euros.

	31 December 2025		31 December 2024	
	Foreign currency	$	Foreign currency	$
Currency exposure - Euros	**(€48,223)**	**(84,877)**	€252,447	422,294

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2025	2024	2025	2024
EUR to AUD	**1.7517**	**1.6415**	**1.7601**	1.6728

The following sensitivity analysis is based on the exchange rate risk exposures at balance date.

For the year ended 31 December 2025, if the exchange rate between the Australian dollar to the Euro had moved, with all other variables held constant, the impact on post-tax loss and equity would have been affected as follows:

	Post tax loss (Higher)/Lower 2025 $	Post tax loss (Higher)/Lower 2024 $	Total equity (Higher)/Lower 2025	Total equity (Higher)/Lower 2024 $
+ 10% higher AUD to EUR exchange rate	**8,486**	(42,229)	**8,486**	(42,229)
- 5% lower AUD to EUR exchange rate	**(4,243)**	21,115	**(4,243)**	21,115

NOTE 18 – FINANCIAL INSTRUMENTS DISCLOSURE (Con't)

Market risk

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

Interest rate risk

The Group's income statement is affected by changes in interest rates due to the impact of such changes on interest income and expenses from cash and cash equivalents.

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated as cash flow hedges:

	2025	2024
	$	$
Financial Assets		
Cash and cash equivalents	**1,084,625**	**795,730**

Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) loss for the year by an immaterial amount.

Capital management

The Board's policy is to raise capital sufficient to meet its project earn-in expenditure commitments and advance the exploration of the Group's Finnish and Slovakian projects.

The Board ensures costs are not incurred in excess of available funds and will seek to raise additional funding through issues of shares for the continuation of the Group's operation. There were no changes in the Group's approach to capital management during the period.

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

Fair values of financial assets and liabilities

The carrying amounts of financial assets and liabilities of the Company and the Group, for the year ended 31 December 2025, approximate their fair values, given the short time frames to maturity and or variable interest rates.

NOTE 19 – SUBSEQUENT EVENTS

In March 2026, the Company announced a renounceable entitlement offer to raise up to approximately $4.3 million. The offer is partially underwritten for $2.0 million.

Other than the matter outlined above, there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event 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.

NOTE 20 – FINANCIAL REPORTING BY SEGMENTS

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 year ended 31 December 2025, 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
	$	$	$	$
31 December 2025				
External revenues	-	-	-	-
Reportable segment loss before tax	**299,885**	**230,926**	**909,587**	**1,440,398**
Interest income	**16**	**-**	**15,100**	**15,116**
Depreciation	**16,443**	**4,940**	**7,122**	**28,505**
Reportable segment assets	**3,721,019**	**8,925,750**	**1,071,739**	**13,718,508**
Reportable segment non-current assets	**3,453,428**	**8,926,316**	**16,619**	**12,396,363**
Reportable segment liabilities	**322,531**	**208,798**	**348,167**	**879,496**
31 December 2024				
External revenues	-	-	-	-
Reportable segment loss before tax	223,030	662,992	943,535	1,829,557
Interest income	-	-	14,279	14,279
Impairment of exploration and evaluation assets	-	567,191	-	567,191
Depreciation	-	4,629	7,123	11,752
Reportable segment assets	2,920,800	8,367,281	669,392	11,957,473
Reportable segment non-current assets	2,762,805	8,310,386	23,742	11,096,933
Reportable segment liabilities	380,669	186,451	461,576	1,028,696

NOTE 21 – PARENT ENTITY DISCLOSURES

As at, and throughout the year ended 31 December 2025 the parent entity of the Group was European Resources Limited.

	2025 $	2024 $
Result of the parent entity		
Net loss	**507,654**	939,950
Total comprehensive loss	**507,654**	939,950
Financial position of the parent entity at period end		
Current assets	**1,055,120**	645,650
Non-current assets	**9,489,006**	7,547,059
Total assets	**10,544,126**	8,192,709
Current liabilities	**348,167**	461,576
Total liabilities	**348,167**	461,576
Net assets	**10,195,959**	7,731,133
Equity		
Share capital	**19,536,446**	17,323,870
Option premium reserve	**1,453,057**	693,152
Accumulated losses	**(10,793,544)**	(10,285,889)
Total equity	**10,195,959**	7,731,133

At balance sheet date the company has no capital commitments or contingencies.

NOTE 22 – AUDITOR REMUNERATION

Details of the amounts paid to the auditor of the Group, KPMG, and its related practices for audit and non-audit services provided during the year are set out below:

	2025 $	2024 $
Statutory Audit		
Auditors of the Company		
Audit of financial reports - KPMG	**135,856**	102,850
	135,856	102,850

NOTE 23 – COMMITMENTS AND CONTINGENCIES

At 31 December 2025, the Group does not have any commitments or contingencies.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Consolidated entity disclosure statement as at 31 December 2025

Entity Name	Body corporate, partnership or trust	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction or Foreign tax residency
European Resources Limited	Body corporate	Australia		Australian	Australia
Bambra Oy	Body corporate	Finland	100	Foreign	Finland
European Resources Slovakia s.r.o.	Body corporate	Slovakia	100	Foreign	Slovakia
Slovenske Kovy s.r.o.	Body corporate	Slovakia	100	Foreign	Slovakia

Basis of preparation

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, “Australian resident” has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency - the consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation’s public guidance in Tax Ruling TR 2018/5; and
- Foreign tax residency - the consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

DIRECTORS' DECLARATION

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

1. (a) the consolidated financial statements and notes set out on pages 25 to 54 and the Remuneration Report on pages 19 to 23, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards, and the Corporations Regulations 2001; and

   (b) the Consolidated entity disclosure statement as at 31 December 2025 set out on page 55 is true and correct; and

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

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 31 December 2025.

3. The directors draw attention to note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed at Sydney this 31st day of March 2026
in accordance with a resolution of the Board of Directors:

Thomas J. Mann
Chairman

Peter J. Nightingale
Director

Independent Auditor's Report

To the shareholders of European Resources Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of European Resources Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group***'s financial position as at 31 December 2025 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001,* in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2025
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Consolidated entity disclosure statement and accompanying basis of preparation as at 31 December 2025
- Notes, including material accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We 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 the financial report 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 financial report. The conditions disclosed in Note 2 indicate a material uncertainty exists that may cast significant doubt in relation to 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 financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in relation to the Group's assessment of going concern. This included:

- Analysing the cash flow projections by:
  - Evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Group's intentions, and past results and practices;
  - Assessing the planned levels of operating and capital expenditures for consistency of relationships and trends to the Group's historical results, results since year end, and our understanding of the business, industry and economic conditions of the Group;
- Assessing significant non-routine forecast cash inflows, including future capital raisings for feasibility, quantum and timing. We used our knowledge of the client, its industry, current status of those initiatives to assess the level of associated uncertainty;
- Reading Directors minutes and relevant correspondence and agreements with parties involved with capital raisings to understand the Group's ability to raise additional shareholder funds, and assess the level of associated uncertainty;
- Evaluating the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projections assessment, the Group's plans to address those events or conditions, and accounting standard requirements. We specifically focused on the principle matters giving rise to the material uncertainty.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.

KPMG

Exploration and evaluation expenditure - $12,321,482	
Refer to Note 8 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Exploration and evaluation (E&E) expenditure capitalised is a key audit matter due to: • The significance of E&E activities to the Group's business, with the balance of capitalised E&E expenditure being 90% of total assets; and • The greater level of audit effort required to evaluate the Group's application of the requirements of the industry specific accounting standard AASB 6 *Exploration for and Evaluation of Mineral Resources*, in particular, the conditions allowing capitalisation of relevant expenditure and the presence of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of capitalised E&E expenditure. Given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group's determination that no such indicators existed. In assessing the conditions allowing capitalisation of relevant expenditure, we focused on: • The determination of the areas of interest (areas); • Documentation available regarding rights to tenure, via licensing and compliance with relevant conditions, to maintain current rights to an area and the Group's intention and capacity to continue the relevant E&E activities; and • The Group's determination of whether the E&E expenditure are expected to be recouped through successful development and exploitation of the area, or alternatively, by its sale.	Our procedures included: • Evaluating the Group's accounting policy to recognise E&E assets in accordance with the requirements of the accounting standards; • Assessing the Group's determination of its areas for consistency with the definition in the accounting standard. This involved analysing the licenses in which the Group holds an interest and the exploration programmes planned for those for consistency with documentation such as license related technical conditions and planned work programmes; • Assessing the Group's current rights to tenure for each area by checking the ownership of the relevant licence to government-issued documentation. We also tested for compliance with licence conditions, such as minimum expenditure requirements. Where licences expired during the period we examined correspondence and made specific inquiries of the Group's lawyers to confirm compliance with licence renewal conditions and the reasonableness of the expectations of renewal; • Testing the Group's additions to capitalised E&E expenditure for the year by evaluating a statistical sample of recorded expenditure for consistency to invoices from third parties or other underlying documentation; • For the sample identified above, checking the nature of the expenditure for consistency with its classification as E&E assets in accordance with the Group's accounting policy and the capitalisation requirements of the accounting standard; • Testing the timing of the Group's capitalisation of E&E expenditure for consistency with the

In assessing the presence of impairment indicators, we focussed on those that may draw into question the commercial continuation of E&E activities for each area where significant capitalised E&E expenditure exists. We paid particular attention to: • The strategic direction of the Group and their intent to continue exploration activities in each area; • The Group's expectation in relation to the renewal of exploration licences that expired during the period or will expire in the near future; • The ability of the Group to fund the continuation of activities in each area; and • Results from latest activities regarding the existence or otherwise of economically recoverable reserves for each area.	financial year in which it should be capitalised. Samples of the Group's post balance sheet date payments, trade payable schedule and unprocessed invoices post balance date were checked against underlying documentation such as invoices from third parties; • Analysing the Group's determination of recoupment through successful development and exploitation of the area by evaluating the Group's documentation of planned future/continuing activities including work programmes and project and corporate budgets for each area; • Evaluating Group documents, such as minutes of Directors meetings and the Group's cash flow projections, for consistency with their stated strategic intentions for continuing E&E activities in certain areas. We corroborated this through interviews with key personnel; • Comparing the stated results from the Group's E&E activities regarding the existence of reserves for consistency to the treatment of E&E expenditure and the requirements of the accounting standard; • Obtaining project and corporate budgets identifying areas with existing funding, and comparing this for consistency with areas with E&E, for evidence of the ability to fund continued activities. • Assessing the Group's disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in European Resources Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

KPMG

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of European Resources Limited for the year ended 31 December 2025, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 19 to 23 of the Directors' report for the year ended 31 December 2025.

Our responsibility is to express an opinion as to whether the Remuneration Report complies in all material respects with *Section 300A* of the *Corporations Act 2001*, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Patrice Scott

Patrice Scott

Partner

Sydney

31 March 2026

ADDITIONAL ASX INFORMATION

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 28 February 2026.

Distribution of Equity Securities

ORDINARY SHARES

Range	Number of Holders	Number of Shares	% Units
1 to 1,000	16	2,609	0.00
1,001 to 5,000	17	56,627	0.01
5,001 to 10,000	42	391,322	0.07
10,001 to 100,000	213	9,357,426	1.79
Above 100,001	293	513,703,897	98.13
	581	**523,511,881**	**100.00**

The number of shareholders holding less than a marketable parcel is 93.

Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

Nº	ORDINARY SHARES SHAREHOLDER	Number of Shares	Total %
1	Newball Pty Limited	26,314,023	5.03
2	SMT Investments WA Pty Ltd <SMT Super Fund A/C>	24,000,000	4.58
3	Lonergan Foundation Pty Ltd <Lonergan Foundation A/C>	21,399,790	4.09
4	Rosignol Pty Ltd <Nightingale Family A/C>	17,784,997	3.40
5	1147 Pty Ltd <TJ & CJ Mann S/F Pen A/C>	15,806,969	3.02
6	Motte & Bailey Pty Ltd <Bailey Super Fund A/C>	14,292,077	2.73
7	Chester Nominees WA Pty Ltd <M W Wilson Super Fund A/C>	13,000,000	2.48
7	ITA Nominees Pty Ltd	13,000,000	2.48
9	Mr John Andrew Levings	10,592,639	2.02
10	Felsina Pty Ltd	10,524,074	2.01
11	Comserv (No 461) Pty Ltd <No 2 Inv A/C>	9,045,000	1.73
12	Company Fifty Pty Ltd <McDonald Super Fund A/C>	8,851,729	1.69
13	All-States Finance Pty Limited	8,428,572	1.61
14	Gow-Gates Superannuation Pty Ltd <Gow-Gates No 2 Fund A/C>	8,260,606	1.58
15	Mr Grant Andrew Palmer	7,951,247	1.52
16	Citicorp Nominees Pty Limited	7,811,265	1.49
17	Hostyle Pty Ltd	7,000,000	1.34
18	Beckton Gledhill Pty Ltd <Beckton Gledhill A/C>	6,011,744	1.15
19	Trio Investments Pty Ltd	5,842,308	1.12
20	BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient>	5,783,060	1.10
Total in Top 20		**241,700,100**	**46.17**

ADDITIONAL ASX INFORMATION

Substantial Shareholders

There are no substantial shareholders shown in the Company's Register of Substantial Shareholders.

Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote when a poll is called, otherwise each member present at a meeting has one vote on a show of hands.

Tenement Schedule

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[2]	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]	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 DIRECTORY

Directors:

Thomas J. Mann
Jason M. Beckton
Peter J. Nightingale
John A. Levings
Stephen G. Gemell

Company Secretary:

Richard J. Edwards

Principal Place of Business and Registered Office:

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Email : info@europeanresources.com.au
Website : www.europeanresources.com.au

Auditors:

KPMG
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Tower 3/300 Barangaroo Ave
SYDNEY NSW 2000

Share Registrar:

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Level 4, 44 Martin Place
SYDNEY NSW 2000
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