

Unaudited Interim Consolidated Financial Statements

ACLARA RESOURCES INC.

As of September 30, 2025, and 2024

Unaudited Interim Consolidated Financial Statements

Income Statement

	Notes	Three months		Nine months	
		As at 30	As at 30	As at 30	As at 30
		September 2025	September 2024	September 2025	September 2024
		US\$000	US\$000	US\$000	US\$000
Continuing operations					
Administration expenses	4	(1,633)	(2,348)	(5,596)	(6,460)
Exploration expenses	5	(682)	(82)	(1,662)	(295)
Other (expenses) income	5	-	-	-	135
(Loss) from continuing operations before net finance income/(cost) and income tax		(2,315)	(2,430)	(7,258)	(6,620)
Share of loss of a joint venture	7	(139)	(21)	(329)	(31)
Financial income	6	417	485	892	1,331
Financial costs	6	(82)	(10)	(172)	(40)
Foreign exchange differences		(17)	29	94	(51)
(Loss) for the period from continuing operations before income tax		(2,136)	(1,947)	(6,773)	(5,411)
Income tax expense	7	-	-	-	-
(Loss) for the period from continuing operations		(2,136)	(1,947)	(6,773)	(5,411)
Attributable to:					
Equity shareholders of the Parent		(2,118)	(1,890)	(6,677)	(5,308)
Non-controlling interests		(18)	(57)	(96)	(103)
		(2,136)	(1,947)	(6,773)	(5,411)
Basic loss per share US\$	8	(0.01)	(0.01)	(0.03)	(0.03)
Diluted loss per share US\$	8	(0.01)	(0.01)	(0.03)	(0.03)

Statement of Comprehensive Income

	Three months		Nine months	
	As at 30	As at 30	As at 30	As at 30
	September 2025	September 2024	September 2025	September 2024
	US\$000	US\$000	US\$000	US\$000
(Loss) for the period	(2,136)	(1,947)	(6,773)	(5,411)
Other comprehensive income that might be reclassified to profit or loss in subsequent periods:				
Share of other comprehensive income/(loss) of a joint venture	-	(21)	-	(31)
Exchange differences on translating foreign operations and share of other comprehensive income/(loss)	(2,827)	4,315	6,579	(3,632)
Other comprehensive (loss) profit for the period, net of tax	(2,827)	4,294	6,579	(3,663)
Total comprehensive (loss) for the period	(4,963)	2,347	(194)	(9,074)
Total comprehensive (loss) attributable to				
Equity shareholders of the Parent	(4,945)	2,404	(98)	(8,971)
Non-controlling interests	(18)	(57)	(96)	(103)
Total comprehensive (loss) for the period	(4,963)	2,347	(194)	(9,074)

The attached notes are an integral part of these Unaudited Interim Consolidated Financial Statements.

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Statement of Financial Position

	Notes	As at 30 September 2025 US\$000	As at 31 December 2024 US\$000
ASSETS			
Current assets			
Cash and cash equivalents	12	27,083	15,375
Trade debtors and other accounts receivable, net, current	11	4,973	1,928
Accounts receivable from related entities, current	17	6,937	12,518
		38,993	29,821
Non-current assets			
Trade debtors and other accounts receivable, non-current	11	40	6,723
Accounts receivable from related entities, non-current	17	-	6,917
Property, plant and equipment, net	9	10,649	9,920
Exploration and evaluation assets	10	129,030	100,512
		139,719	124,072
Total assets		178,712	153,893
EQUITY AND LIABILITIES			
Current Liabilities			
Trade accounts payable and other accounts payable, current	14	5,568	5,118
Accounts payable to related entities, current	17	2	25
Other provisions, current	15	-	1,088
		5,570	6,231
Non-current liabilities			
Investment in a joint venture	7	442	114
Trade accounts payable and other accounts payable, non-current	14	1,800	1,300
		2,242	1,414
Total liabilities		7,812	7,645
Capital and reserves attributable to shareholders of the Parent			
Equity share capital	16	190,296	165,324
Retained deficit		(37,294)	(30,618)
Other reserves		(1,248)	(7,061)
		151,754	127,645
Non-controlling interests		19,146	18,603
Total equity		170,900	146,248
Total equity and liabilities		178,712	153,893

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Statement of Cash Flow

	Notes	As at 30 September 2025	As at 30 September 2024
Cash flows from operating activities			
Cash from / (used in) operations	18	(9,131)	(7,478)
VAT refund received		6,923	-
Interests received		892	1,331
Net cash from / (used in) operating activities		(1,316)	(6,146)
Purchase of property, plant and equipment	9	(527)	(290)
Purchase of exploration and evaluation assets	10	(23,093)	(10,999)
Net cash from / (used in) investing activities		(23,620)	(11,289)
Capital contributions	16	25,000	-
Capital contribution from minority shareholders		12,480	9,708
Share issuance costs	16	(836)	(98)
Cash flows from / (used in) financing activities		36,644	9,610
Net increase / (decrease) in cash and cash equivalents during the period		11,708	(7,825)
Cash and cash equivalents at beginning of the period		15,375	33,246
Cash and cash equivalents at end of the period	12	27,083	25,421

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Statement of Changes in Equity

		Equity share capital	Cumulative translation adjustment	Other reserves	Total other reserves	Retained deficit	Capital and reserves attributable to shareholders of the Parent	Non- controlling interests	Total equity
	Notes	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Balance at 1 January 2025	16	165,324	(29,011)	21,950	(7,061)	(30,618)	127,645	18,603	146,248
Other comprehensive expense		-	6,579	-	6,579	-	6,579	-	6,579
(Loss) of the period		-	-	-	-	(6,677)	(6,677)	(96)	(6,773)
Total comprehensive (loss) for the period		-	6,579	-	6,579	(6,677)	(98)	(96)	(194)
Share-based payment expense		-	-	(222)	(222)	-	(222)	-	(222)
Share-based payments exercised / settled		808	-	-	-	-	808	-	808
Total share-based payments		808	-	(222)	(222)	-	586	-	586
Capital contribution from minority shareholders paid		-	-	-	-	-	-	12,480	12,480
Capital contribution – shares issued		25,000	-	-	-	-	25,000	-	25,000
Share issuance costs		(836)	-	-	-	-	(836)	-	(836)
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control		-	-	(543)	(543)	-	(543)	(11,841)	(12,384)
Balance at 30 September 2025	16	190,296	(22,432)	21,185	(1,247)	(37,294)	151,754	19,146	170,900
Balance at 1 January 2024	16	164,226	(13,900)	11,430	(2,470)	(23,395)	138,361	-	138,361
Other comprehensive expense		-	(3,663)	-	(3,663)	-	(3,663)	-	(3,663)
(Loss) of the period		-	-	-	-	(5,308)	(5,308)	(103)	(5,411)
Total comprehensive (loss) for the period		-	(3,663)	-	(3,663)	(5,308)	(8,971)	(103)	(9,074)
Share-based payment		1,098	-	(47)	(47)	-	1,051	-	1,051
Capital contribution from minority shareholders paid		-	-	-	-	-	-	9,708	9,708
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control		-	-	10,165	10,165	-	10,165	10,500	20,666
Balance at 30 September 2024	16	165,324	(17,563)	21,548	3,985	(28,703)	140,606	20,106	160,712

The attached notes are an integral part of these Unaudited Interim Consolidated Financial Statements.

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Notes to the Unaudited Interim Consolidated Financial Statements

1 Corporate information

Aclara Resources Inc., formerly 1303714 B.C. Ltd, (hereinafter the 'Company') is a limited Company incorporated under the Business Corporations Act (British Columbia) on May 5, 2021. The Company's registered office is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver BC V6C 2X8, Canada. On August 5, 2021, the Company established 1303714 B.C. LTD., Agencia en Chile (hereinafter the 'Agencia'), a foreign legal entity branch in Chile. On October 4, 2021, the Company changed its name to "Aclara Resources Inc.". On October 15, 2021, Agencia changed its name to "Aclara Resources Inc., Agencia en Chile".

Investment in subsidiaries and joint venture

- On October 2, 2019, Minera Hochschild Chile S.C.M., a Chilean subsidiary of the Hochschild Mining Group, acquired an 100% interest in Ree Uno SpA, a Chilean company incorporated on October 28, 2011. On November 27, 2020, Minera Hochschild Chile S.C.M. sold its 100% interest in Ree Uno SpA to Hochschild Mining Holdings Ltd, a UK-based subsidiary of the Hochschild Group. On October 15, 2021, Hochschild Mining Holdings Ltd contributed 100% of its ownership interest in Ree Uno SpA's shares to the Company in exchange for a total of 88,262,106 common shares in the capital of the Company as part of Hochschild Mining Group's and the Company's reorganization strategy. Immediately thereafter, the Company allocated all of its shares in the capital of Ree Uno SpA to its Chilean branch. Ree Uno SpA's registered office is located in Chile, and its principal business is the development of the Penco Module, which is also located in Chile.

As of April 16, 2024, CAP S.A., a company listed on the Chilean Stock Exchange, subscribed to shares representing 20% of the capital of REE Uno SpA, a subsidiary of the Company, for a total value of US\$ 29.125 million payable in three installments: (i) US\$ 9.708 million, paid on April 17, 2024, (ii) US\$ 12.480 paid on January 15, 2025, and (iii) US\$ 6.937 million payable on the last business day of January 2026.

This subscription allows CAP S.A. to become a shareholder of REE Uno SpA and acquire an option to purchase an additional 20%, reaching 40% of the company's capital, for an additional US\$ 50,000,000, provided that the Company's project receives favorable environmental evaluation. CAP S.A. can appoint 2 of the 5 members of the committee managing the Company, designate certain executives, and veto specific actions of the Company, including substantial budget modifications, asset disposals, and changes to the company's business line. As of the date of the Company's Consolidated Financial Statements, CAP S.A. has not granted the options mentioned above.

- On February 25, 2022, the Company and Ree Uno SpA acquired a 99% and a 1% interest in Aclara Resources Peru SAC, respectively, which was incorporated on January 21, 2022. Aclara Resources Peru SAC's registered office is located in Peru. Aclara Resources Peru SAC's principal business is to provide management and administration services. The controlling party of Aclara Resources Peru SAC is the Company.
- Ree Uno SpA is the direct owner of 100% of the issued and outstanding share capital of Prospecciones Greenfield SpA, which was incorporated on October 4, 2021. Prospecciones Greenfield SpA's registered office is located in Chile. Prospecciones Greenfield SpA's principal business is managing exploration concessions for Ree Uno SpA for the potential development of new modules in Chile. The immediate controlling party of Prospecciones Greenfield SpA is Ree Uno SpA.
- On September 16, 2022, Aclara Resources Mineracao Ltda. was incorporated with a capital contribution from Ree Uno SpA, which acquired 100% of the issued and outstanding share capital. On February 16, 2023, Aclara Resources Mineracao Ltda. increased the capital and the Company acquired an 89,63% interest in Aclara Resources Mineracao Ltda., therefore, Ree Uno SpA was the owner of 10,37% of the issued and outstanding share capital of Aclara Resources Mineracao Ltda. On May 06, 2024, the capital of Aclara Resources Mineracao Ltda. was reduced for the total of US\$ 200,000 which representing the investment made by Ree Uno SpA., resulting in the Company being the owner of 100% of the interest in Aclara Resources Mineracao Ltda. Aclara Resources Mineracao Ltda.'s registered office is located in Brazil. Aclara Resources Mineracao Ltda.'s principal business is mining research, geological studies, exploration and extraction of mining products. The controlling party of Aclara Resources Mineracao Ltda. is the Company.
- Ree Uno SpA is the direct owner of 100% of the issued and outstanding share capital of Fundacion de Beneficiencia Publica, Medioambiental, Cientifica, Cultural y Social Queule (hereinafter the 'Fundacion Queule'), which was incorporated on September 27, 2022. Fundacion Queule's registered office is located in Chile, Fundacion Queule's principal business is carry out, encourage and support initiatives, programs, projects and activities for environmental conservation, heritage rescue and social, cultural and scientific development. The immediate controlling party of Fundacion Queule is Ree Uno SpA.
- On March 11, 2024, Ree Alloys SpA was incorporated with a capital contribution from the Company, which acquired 100% of the issued and outstanding share capital. Ree Alloys SpA's registered office is located in Chile. Ree Alloys SpA's principal business is the research and develop of technologies applicable to the production and transformation of rare earths, from the extraction and refining of minerals to the manufacture of final products. On April 16, 2024, CAP S.A. acquired a 50% interest in the joint venture Ree Alloys SpA for US\$ 3,000,000 as part of the strategic investment agreement to develop metals and alloys for the rare earths permanent magnet industry. On May 2, 2025, Ree Alloys SpA changed its name to "Aclara Metals SpA".

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- On March 22, 2024, Aclara Technologies Inc. was incorporated with a capital contribution from the Company, which acquired 100% of the issued and outstanding share capital. Aclara Technologies Inc.'s registered office is located in USA. Aclara Technologies Inc.'s principal business is developing technologies and production flowsheet capable of processing mixed rare earth carbonates. The controlling party of Aclara Technologies Inc. is the Company.
- As of February 7, 2025, Polaris Creek LLC was incorporated in the United States as a wholly owned subsidiary of Aclara Technologies Inc., which is itself wholly owned by the Company.
- On May 12, 2025, Aclara Metals Inc. was incorporated with a capital contribution from the Company, which acquired a 50% interest in the joint venture for US\$ 500. In parallel CAP S.A. acquired a 50% interest for US\$ 500 as part of the strategic investment agreement to develop metals and alloys for the rare earths permanent magnet industry. Aclara Metals Inc.'s registered office is located in the USA, and its principal business is the research and develop of technologies applicable to the production and transformation of rare earths, from the extraction and refining of minerals to the manufacture of final products.

Business segment

The Company is involved in the exploration of rare-earth elements, operating two business segments: (a) Chile ("Penco Module") and (b) Brazil ("Carina Project"). The operations of the Penco module are conducted through the Company's partially-owned subsidiary, Ree Uno SpA. In addition, the operations of the Carina Project are conducted through the Company's wholly-owned subsidiary, Aclara Resources Mineracao Ltda.

With approximately 83,185 hectares of mining concessions in the Maule, Ñuble, Biobío, and Araucanía regions of Chile, and 50,266 hectares in the Minas Gerais, Paraná, and Goiás states of Brazil, the Company is focused on developing the Penco Module and Carina Project, which contain ionic clays rich in Rare Earth Elements. The Penco Module covers a surface area of approximately 600 ha. In comparison, the Carina Project covers a surface area of approximately 9,900 ha. The Company's future development stages will include optimizing the metallurgical process and expanding production capabilities.

Additionally, the Company, through its U.S.-based subsidiary, Aclara Technologies, is advancing the U.S. Separation Project, which involves developing a rare earths separation plant to refine and separate high-purity MREC from its mining projects into individual rare earth oxides (REOs). The Company is also developing alloy-making capabilities to convert refined oxides into alloys for permanent magnets, positioning itself for a vertically integrated supply chain that meets the demand for geopolitically independent, traceable, cost-competitive, and environmentally sustainable permanent magnets.

At the Penco Module, the Company is progressing through a two-stage Environmental Impact Assessment strategy (EIA 1 and EIA 2). EIA 1, submitted in June 2024, addresses the initial phase of the project and incorporates specific design improvements to mitigate impacts on native forests, a key concern raised by the Environmental Assessment Service (SEA) in response to the previous EIA filed in 2023. On March 28, 2025, the Company submitted an Addendum to EIA 1 as part of the ongoing environmental review process. Subsequently, on May 14, 2025, the SEA issued a Complementary ICSARA, and the Company is currently preparing responses, which are expected to be submitted in H2 2025.

As part of the Company's technical validation process, pilot plant operations were completed at the Penco Module in 2023, resulting in the production of high-purity Heavy Rare Earth Elements (HREE) concentrate. In 2024, the pilot plant was relocated from Concepción, Chile, to Aparecida de Goiânia, Brazil, where operations to support semi-industrial testing activities for the Carina Project began in Q2 2025 and were completed in Q3 2025.

At the Carina Project, located in Goiás, Brazil, the Company updated its Preliminary Economic Assessment (PEA) on September 5, 2024, reinforcing the viability and strategic importance of the project in supporting the Company's long-term growth objectives. On May 29, 2025, the EIA was submitted to the State Secretariat for the Environment and Sustainable Development (SEMAD), and during Q3 2025, the Company resubmitted it following regulatory, normative, and system updates introduced by the environmental authority. The approval process remains underway, with a decision anticipated in Q1 2026.

Presentation of Financial Statements

These Unaudited Interim Consolidated Financial Statements were approved for issue by the Board of Directors on November 7, 2025.

2 Basis of preparation and changes to the groups accounting policies

(a) Basis of preparation

The Unaudited Interim Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

The basis of preparation and accounting policies used in preparing these Unaudited Interim Consolidated Financial Statements have been consistently applied and are set out below. The Unaudited Interim Consolidated Financial Statements have been prepared on a historical cost basis. The Unaudited Interim Consolidated Financial Statements are presented in US dollars (US\$) and all monetary amounts are rounded to the nearest thousand (\$000) except when otherwise indicated.

The Company is a development stage company and has not generated any revenue. The economic analysis contained in the technical report titled "Amended and Restated NI 43 – 101 Technical Report – Preliminary Economic Assessment for Penco Module Project" ("Technical Report") is based, in part, on inferred mineral resources, and is preliminary in nature. Inferred mineral resources are considered too geologically speculative to have mining and economic considerations applied to them and to be categorized as mineral reserves. There is no certainty that economic forecasts on which the preliminary economic assessment contained in the Technical Report is based will be realized.

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On December 10, 2021, the Company received net proceeds of US\$93.15 million pursuant to the IPO and concurrent private placement of common shares in the capital of the Company. The net proceeds received will be used in activities in connection with the Penco Module such as the development of the feasibility study and piloting, brownfield exploration and infill drilling, permitting and ESG-related activities, surface land purchase and mining concessions, and construction capital expenditures. In addition, the Company intends to advance activities in connection with potential new modules such as exploration, permitting processes and engineering. The Company is fully funded for the next eighteen months in terms of contemplated capital and operating expenditures. Accordingly, the Unaudited Interim Consolidated Financial Statements have been prepared on a going concern basis.

Changes in accounting policy and disclosures

Amendments to standards and interpretations which came into force during the 2025 and 2024 periods do not have an impact on the Company's Unaudited Interim Consolidated Financial Statements and are as follows:

- IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a new accounting standard specific to insurance contracts covering recognition, measurement, presentation and disclosure. Once it comes into force it will replace IFRS 4 Insurance Contracts issued in 2005. The new standard applies to all types of insurance contracts, regardless of the type of entity issuing them, as well as to certain guarantees and financial instruments with certain discretionary participation features. Some exceptions within the scope may apply.

In December 2021, the IASB amended IFRS 17 to add a transition option for "classification overlay" to address potential accounting asymmetries between financial assets and insurance contract liabilities in the comparative information presented on initial application of IFRS 17.

If an entity chooses to apply classification overlay, it may only do so for comparative periods to which it applies IFRS 17 (i.e., from the date of transition to the date of initial application of IFRS 17).

IFRS 17 requires comparative figures in its application. The amendment has no impact on the Company's Unaudited Interim Consolidated Financial Statements.

- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduced a new definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. In addition, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amended standard clarifies that the effects on an accounting estimate, resulting from a change in an input or a change in a measurement technique are changes in accounting estimates, provided that they do not result from the correction of errors from prior periods. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. The amendment has no impact on the Company's Unaudited Interim Consolidated Financial Statements.

- IAS 1 Presentation of Financial Statements - Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 and to IFRS Practice Statement 2 Making Materiality Judgments, in which it provides guidance and examples to help entities apply judgment of relative importance to accounting policy disclosures.

The amendments are intended to assist entities in providing disclosures about accounting policies that are more useful by:

- Replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies
- Including guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

When assessing the relative importance of information on accounting policies, entities must consider both the size of the transactions and other events or conditions and their nature. The amendment has no impact on the Company's Unaudited Interim Consolidated Financial Statements.

- IAS 12 Deferred tax related to assets and liabilities arising from a single transaction

In May 2021, the IASB issued amendments to IAS 12, which reduce the scope of the initial recognition exemption under IAS 12 so that it no longer applies to transactions that result in equal taxable and deductible temporary differences.

The amendments clarify that when payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax legislation) whether such deductions, are attributable for tax purposes, to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgment is important in determining whether temporary differences exist on initial recognition of the asset and liability.

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Also, according to the amendments issued, the initial recognition exception does not apply to transactions that, on initial recognition, result in equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and a lease liability (or a decommissioning liability and a component of the decommissioning asset) result in taxable and deductible temporary differences that are not the same. However, the resulting deferred tax assets and liabilities may not be equal (for example, if the entity cannot benefit from tax deductions or if different tax rates apply to taxable and deductible temporary differences). In such cases, an entity would need to account for the difference between the deferred tax asset and deferred tax liability in profit or loss. The amendment has no impact on the Company's Unaudited Interim Consolidated Financial Statements.

- **IAS 12 International Tax Reform - Pillar 2 Model Rules**

In May 2023, the Board issued amendments to IAS 12, introducing a mandatory exception regarding recognition and disclosure of deferred tax assets and liabilities related to income taxes from the Pillar Two Model Rules. The amendments clarify that IAS 12 applies to income taxes arising from tax laws enacted or substantially enacted to implement the Pillar Two Model Rules published by the Organization for Economic Co-operation and Development (OECD), including the tax law implementing qualified national minimum supplementary taxes. This tax law, and the income taxes derived from it, are called "Pillar Two legislation" and Pillar Two income taxes, respectively.

The amendments require an entity to disclose that it has applied the exemption to recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. In this regard, an entity is required to separately disclose its current tax expense (benefit) related to Pillar Two income taxes, in the periods in which the legislation is in force.

The amendments also require, for periods in which Pillar Two legislation is (substantially) enacted but not yet effective, disclosure of known or reasonably estimable information that would assist users of financial statements to understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. The temporary exemption from recognition and disclosure of deferred tax information and the requirement to disclose the application of the exemption apply immediately and retrospectively to the issuance of the amendments.

Disclosure of current tax expense related to Pillar Two income taxes and disclosures in relation to periods prior to the enactment of the legislation is required for annual periods beginning on or after January 1, 2023, but are not required for any period ending on or before December 31, 2024. The amendment has no impact on the Company's Unaudited Interim Consolidated Financial Statements.

- **IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current**

In 2020 and 2022, the IASB issued amendments to IAS 1 to specify the requirements for the classification of liabilities as current or non-current. The amendments clarify about:

1. What is meant by the right to defer settlement.
2. That there must be a right to defer at the end of the reporting period.
3. That classification is not affected by the probability that an entity will exercise its right to defer.
4. That only if an embedded derivative in a convertible liability is itself an equity instrument, the terms of a liability would not affect its classification.

The amendments are effective for periods beginning on or after January 1, 2024. The amendments are to be applied prospectively. Early application is permitted, which must be disclosed. However, an entity that applies the 2020 amendments early is also required to apply the 2022 amendments, and vice versa. The amendment has no impact on the Company's Unaudited Interim Consolidated Financial Statements.

- **IFRS 16 Lease liabilities related to sales and leaseback**

The amendment addresses the requirements a seller-lessee uses to measure the lease liability arising in a sale and leaseback transaction.

The amendment provides that after the commencement date of a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the subsequent lease. By applying paragraphs 36 to 46 of IFRS 16, the seller-lessee determines the "lease payments" or "revised lease payments" in such a way that the seller-lessee would not recognize any amount of gain or loss related to the right of use that it preserves. The application of these requirements does not prevent the seller-lessee from recognizing, in results, any gain or loss related to the partial or total cessation of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a subsequent lease may result in the seller-lessee determining "lease payments" that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee Lessee shall develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

A seller-lessee applies the amendment to annual reporting periods beginning on or after January 1, 2024. Early application is permitted and that fact must be disclosed. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e. the amendment does not apply to sale and leaseback transactions entered into before from the date of initial application). The initial application date is the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendment has no impact on the Company's Unaudited Interim Consolidated Financial Statements.

- **IAS 7 and IFRS 7 – Disclosures about supplier financing arrangements**

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In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments specify disclosure requirements to enhance current requirements, which are intended to help users of financial statements understand the effects of supplier financing arrangements on liabilities, cash flows and risk exposure. liquidity of an entity.

The amendments clarify the characteristics of supplier financing agreements. In these arrangements, one or more financial service providers pay amounts that an entity owes to its providers. The entity agrees to settle those amounts with the financial service providers in accordance with the terms and conditions of the agreements, either on the same date or a later date as the financial service providers pay the entity's suppliers.

The amendments require an entity to provide information on the impact of supplier financing arrangements on liabilities and cash flows, including the terms and conditions of such arrangements, quantitative information on liabilities related to such arrangements at the beginning and end of the reporting period and the type and effect of non-monetary changes on the carrying amounts of those arrangements. Information about those agreements is required to be presented in aggregate form unless the individual agreements have terms that are not similar to each other or are unique. In the context of the quantitative liquidity risk disclosures required by IFRS 7, supplier financing arrangements are included as an example of other factors that could be relevant to disclose.

The amendments are effective for annual periods beginning on or after January 1, 2024. Early adoption was permitted but must be disclosed. The amendments provide some transitional exemptions with respect to comparative and quantitative information at the beginning of the annual reporting period and disclosures in financial information. The amendment had no impact on the Company's Unaudited Interim Consolidated Financial Statements.

Standards, interpretations, and amendments to existing standards that are not yet effective and have not been previously adopted by the Company.

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning after 1 January 2025 or later periods but which the Company has not previously adopted. These have not been listed as they are not expected to impact the Company.

(b) Judgements in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the Unaudited Interim Consolidated Financial Statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the Consolidated Financial Statements. Information about such judgements and estimates is contained in the accounting policies and/or the Notes to the Unaudited Interim Consolidated Financial Statements.

Significant areas of estimation uncertainty and critical judgements made by management in preparing the Unaudited Interim Consolidated Financial Statements include:

Significant estimates:

- **Ore reserves and resources – 2(e)**
There are numerous uncertainties inherent in estimating ore reserves and resources. Assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and resources and may, ultimately, result in the reserves and resources being restated.
- **Recoverable values of mining asset**
The value of the Company's mining assets is sensitive to a range of characteristics unique to each mine project. Key sources of estimation for all assets include uncertainty around ore resource estimates. In performing impairment reviews, the Company assesses the recoverable amount of its operating assets principally with reference to fair value less costs of disposal, assessed using an in-situ valuation to estimate the amount that would be paid by a willing third party in an arm's length transaction. There is judgement involved in determining the assumptions that are considered to be reasonable and consistent with those that would be applied by market participants. Key judgments include the estimation of future rare earths prices, future capital requirements, and exploration potential. Changes in these assumptions will affect the recoverable amount of the exploration and evaluation assets, and intangibles. The first resources and reserves report was issued on October 18, 2021.
- **Income tax**
Judgement is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the balance sheet date could be impacted.

Critical judgements:

- **Determination of functional currencies – 2(c)**
The determination of functional currency requires management judgement, particularly where there may be several currencies in which transactions are undertaken, and which impact the economic environment in which the entity operates.
- **Recognition of exploration and evaluation assets – notes 2(d) and 10.**

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Exploration and evaluation expenses are capitalized when the future economic benefit of a project can be regarded as assured with supporting studies and analysis. For this purpose, the future economic benefit of the project can reasonably be regarded as assured when the Board authorizes management to conduct a feasibility study, mine-site exploration is being conducted to convert resources to reserves, or mine-site exploration is being conducted to confirm resources, all of which are based on supporting geological information.

This includes the assessment of whether there is sufficient evidence of the probability of the existence of economically recoverable minerals to justify the commencement of capitalization of costs; the timing of the end of the exploration phase, the start of the development phase; and the commencement of the production phase.

(c) Currency translation

The functional currency for the Company is in US dollars and is determined by the currency of the primary economic environment in which it operates.

Unaudited Interim Consolidated Financial Statements expressed in their corresponding functional currencies are translated into US dollars by applying the exchange rate at period-end for assets and liabilities and the transaction date exchange rate for income statement items. The resulting difference is included as cumulative translation adjustment in equity.

The Unaudited Interim Consolidated Financial Statements are presented in US dollars (US\$).

(d) Exploration and evaluation assets

Based on IFRS 6 "Exploration for and evaluation of mineral resources" costs of mineral properties are capitalized as exploration and evaluation assets on a project-by-project basis.

Costs related to the project that could be capitalized among others are; acquisition of rights to explore; topographical, geological, geochemical and geophysical studies; exploratory drilling; trenching; sampling; and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Exploration and evaluation assets are transferred to mine development costs within property, plant and equipment once the work completed to date supports the future development of the property and such development receives appropriate approval.

(e) Determination of ore reserves and resources

The Company estimates its ore reserves and mineral resources based on information compiled by internal competent persons. Reports to support these estimates are prepared each year and are stated in conformity with Canadian securities law requirements including National Instrument 41 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"). It is the Company's policy to have the report audited by a Qualified Person.

Reserves and resources are used in the units of production calculation for depreciation as well as the determination of the timing of mine closure cost and impairment analysis. As at September 30, 2025 and December 31, 2024 there is no provision of mine closure costs.

(f) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Cost comprises its purchase price and directly attributable costs of acquisition or construction required to bring the asset to the condition necessary for the asset to be capable of operating in the manner intended by management. Economical and physical conditions of assets have not changed substantially over this period.

The cost less residual value of each item of property, plant and equipment is depreciated over its useful life. Each item's estimated useful life has been assessed with regard to both its own physical life limitations and the present assessment of economically recoverable reserves and resources of the mine property at which the item is located. Estimates of remaining useful lives are made on a regular basis for all mine buildings, machinery and equipment, with annual reassessments for major items. Depreciation is charged to cost of production on a unit of production basis for mine buildings and installations and plant and equipment used in the mining production process or charged directly to the income statement over the estimated useful life of the individual asset on a straight-line basis when not related to the mining production process. Changes in estimates, which mainly affect units of production calculations, are accounted for prospectively. Depreciation commences when assets are available for use. Land is not depreciated.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are recognized within other income/expenses, in the income statement.

The expected useful lives under the straight-line method are as follows:

	Years
Buildings	3 to 33
Plant and equipment	5 to 10
Vehicles	5

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to be ready for its intended use are capitalized as part of the cost of the asset. All other borrowing costs are expensed where incurred. For borrowings associated with a

Unaudited Interim Consolidated Financial Statements

specific asset, the actual rate on that borrowing is used. Otherwise, a weighted average cost of borrowing is used. The Company capitalizes the borrowing costs related to qualifying assets with a value of US\$1,000,000 or more, considering that the substantial period of time to be ready is six or more months.

The Company has not capitalized interest as it is in a pre-construction stage of operations and consequently does not meet IAS 23 requirements.

Mining properties and development costs

Purchased mining properties are recognized as assets at their cost of acquisition or at fair value if purchased as part of a business combination. Costs associated with developments of mining properties are capitalized when incurred.

Mine development costs are, upon commencement of commercial production, depreciated using the units of production method based on the estimated economically recoverable reserves and resources to which they relate.

When a mine construction project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalization relating to mining asset additions or improvements, underground mine development or mineable reserve development.

Construction in progress and capital advances

Assets in the course of construction are capitalized as a separate component of property, plant and equipment when incurred. Once the asset is moved into the production phase, the cost of construction is transferred to the appropriate category. Construction in progress is not depreciated.

Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment is capitalized separately with the carrying amount of the component being written off. Other subsequent expenditure is capitalized if future economic benefits will arise from the expenditure. All other expenditure including repairs and maintenance expenditures are recognized in the income statement as incurred.

As of September 30, 2025, and December 31, 2024, the Company does not have any balance of mining properties and development costs and construction in progress and capital advances.

(g) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. The Company does not have intangible assets with an indefinite useful life.

The carrying amounts of exploration and evaluation assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on an asset-by-asset basis, except where such assets do not generate cash flows independent of other assets, and then the review is undertaken at the cash-generating unit ("CGU") level.

The assessment requires the use of estimates and assumptions such as long-term commodity prices, future capital requirements, and exploration potential. Changes in these assumptions will affect the recoverable amount of the exploration and evaluation assets.

If the carrying amount of an asset or its CGU exceeds the recoverable amount, an impairment provision is recorded to reflect the asset at the lower amount. Impairment losses are recognized in the income statement.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their value in use ("VIU") and fair value less costs of disposal ("FVLCD") to sell. FVLCD is based on an estimate of the amount that the Company may obtain in a sale transaction on an arm's length basis. VIU is based on estimated future cash flows discounted to their present value using a 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 cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

The recoverable values of the CGU are determined using a FVLCD methodology. FVLCD was determined using level 3 inputs to estimate the amount that would be paid by a willing third party in an arm's length transaction. Recoverable values are assessed only for CGUs that present impairment indicators.

Reversal of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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 amortization, if no impairment loss had been recognized.

(h) Trade and other receivables

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Current trade receivables are carried at the original invoice amount less provision made for impairment of these receivables. Non-current receivables are stated at amortized cost.

Impairment of financial assets – The company recognizes a value adjustment on expected credit losses (“ECL”) related to financial assets measured at amortized cost or at FVTOCI, lease accounts receivable, amounts owed by customers under construction contracts, as well as loan commitment and financial guarantee contracts. The amount of the expected credit losses is restated at each reporting date to reflect changes in the credit risk since the initial recognition of the corresponding financial asset.

The company always recognizes ECL over the life of the asset for trade accounts receivable. The expected credit losses of these financial assets are estimated using provisions matrix based on the historical experience of the Company's credit losses, adjusted for factors that are specific to the debtors, general economic conditions and an evaluation both of the real and budgeted direction of the conditions on the reporting date, including the time value of money when appropriate.

For all other financial instruments, the Company recognizes ECL over the life of the asset when there has been a significant increase in the credit risk since initial recognition. If, on the other hand, the credit risk of the financial instrument has not significantly increased since initial recognition, the Company measures the value restatement for losses for this financial instrument at an amount equal to the expected credit losses in the next twelve months. The evaluation as to whether ECL should be recognized over the life of the asset is based on a significant increase in the probability or risk of non-compliance occurring since initial recognition instead of on evidence of a credit-impaired financial asset as of the reporting date or the existence of a non-compliance event. ECL over the life of the asset represent the expected credit losses that will result from all possible non-compliance events during the expected life of a financial instrument. In contrast, the ECL in the next twelve months represents the portion of the s ECL during the life of the asset that are expected to result from a non-compliance event on a financial instrument that is possible within 12 months after the reporting date.

The Company applied a simplified focus to recognize expected credit losses over the life of the asset for its trade and other accounts receivable, as required by IFRS 9. In relation to related parties, management believes that there has not been a significant increase in the credit risk of loans with related parties from initial recognition to September 30, 2025, and December 31, 2024. Consequently, management does not expect to recognize expected credit losses in the next 12 months for loans with related companies. The amount of the provision is the difference between the carrying amount and the recoverable amount and this difference is recognized in the income statement.

(i) Income Tax

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

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted at the consolidated statement of financial position date, and any adjustment to tax payable in respect of previous years. The tax rates and applicable Canadian, Peruvian, Brazilian, American and Chilean tax regimes are as follows:

(1) Canadian Entity

Aclara Resources Inc.	2025 and 2024 0%
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(2) Peruvian Entity

Aclara Resources Peru SAC	2025 and 2024 29,5%
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(3) Chilean Entities

Aclara Resources Inc., Agencia en Chile	2025 and 2024 27%, General semi-integrated 14A
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Ree Uno SpA	2025 and 2024 27%, General semi-integrated 14A
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Prospecciones Greenfield SpA	2025 and 2024 12,5%, General pro-pyme 14D
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Fundacion Queule	2025 and 2024 25%, Special regime
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Aclara Metals SpA	2025 and 2024 12,5%, General pro-pyme 14D
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(4) Brazilian Entities

Aclara Resources Mineracao Ltda.	2025 and 2024 25% and 9% per corporate tax (“IRPJ”) and social contribution on net income (“CSLL”) respectively
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(5) American Entity

Aclara Technologies Inc.	2025 and 2024 21%
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Polaris Creek LLC	2025 0%
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Aclara Metals Inc.	2025 0%
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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, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized, or the liability is settled based on the tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

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

The Company has not recognized deferred tax assets as the recoverability in the foreseeable future is not more-likely-than-not to occur. Deferred taxes not recognized as of September 30, 2025, and December 31, 2024, amount to US\$ 15,853,762 and US\$ 14,481,722 respectively.

As of September 30, 2025, and December 31, 2024, the result for the year of the Company, its branch, and subsidiaries are a tax loss, for which no tax expense was recognized. The accumulated tax (income) losses as of September 30, 2025, and December 31, 2024, by entity are as follows:

		September 30, 2025
Name	Country	US\$000
Aclara Resources Inc.	Canada	13,173
Aclara Resources Inc., Agencia en Chile	Chile	7
Ree Uno SpA	Chile	11,791
Aclara Resources Peru SAC	Peru	848
Prospecciones Greenfield SpA	Chile	2,712
Aclara Resources Mineracao Ltda	Brazil	7,290
Fundacion Queule	Chile	-
Aclara Metals SpA	Chile	969
Aclara Technologies Inc.	USA	646
Polaris Creek LLC	USA	918
Aclara Metals Inc.	USA	-

		December 31, 2024
Name	Country	US\$000
Aclara Resources Inc.	Canada	10,789
Aclara Resources Inc., Agencia en Chile	Chile	5
Ree Uno SpA	Chile	11,487
Aclara Resources Peru SAC	Peru	-
Prospecciones Greenfield SpA	Chile	2,340
Aclara Resources Mineracao Ltda	Brazil	4,438
Fundacion Queule	Chile	-
Aclara Metals SpA	Chile	201
Aclara Technologies Inc.	USA	40

(j) Financial instruments

Financial instruments — initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through OCI, or fair value through profit or loss.

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The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognized as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include trade receivables (not subject to provisional pricing), trade receivable from related entities and other receivables.

The Company's financial assets at fair value through profit or loss include short term investments (time deposit 6 months).

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's Unaudited Interim Consolidated Statement of financial position) when:

- The rights to receive cash flows from the asset have expired or;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(b) Financial liabilities

Initial recognition and measurement

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Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and trade and other payables)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities at amortized cost (loans and trade and other payables)

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of profit or loss and other comprehensive income when the liabilities are derecognized, as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to interest-bearing loans and borrowings and trade and other payables.

Derecognition

A financial liability is derecognized when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss and other comprehensive income.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(k) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of financial position, cash and cash equivalents comprise cash on hand and deposits held with banks that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents, as defined above, are shown net of outstanding bank overdrafts.

Liquidity funds are classified as cash equivalents if the amount of cash that will be received is known at the time of the initial investment and the risk of changes in value is considered insignificant.

The Company uses the valuation technique level 1, that is, quoted (unadjusted) prices in active markets for identical assets or liabilities, for determining and disclosing the fair value of cash and cash equivalents.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

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The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Unaudited Interim Consolidated Financial Statements are categorized within the fair value hierarchy.

For assets and liabilities that are recognized in the Unaudited Interim Consolidated Financial Statements on a recurring basis at fair value, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company, in conjunction with its external valuers, where applicable, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As of September 30, 2025, and December 31, 2024, the Company does not have financial assets fair valued with these valuation techniques.

3 Subsidiary, joint venture and branch companies

Summary of subsidiaries, joint venture, and branch companies

Name	Country	Functional Currency	Voting power percentage	Participation % 2025 & 2024	
				Direct	Indirect
Aclara Resources Inc., Agencia en Chile	Chile	Chilean Pesos	100%	100%	-
Ree Uno SpA	Chile	Chilean Pesos	80%	80%	-
Aclara Resources Peru SAC	Peru	Peruvian Soles	100%	100%	-
Prospecciones Greenfield SpA	Chile	Chilean Pesos	80%	-	80%
Aclara Resources Mineracao Ltda.	Brazil	Brazilian real	100%	100%	-
Fundacion Queule	Chile	Chilean Pesos	80%	-	80%
Aclara Metals SpA	Chile	Chilean Pesos	50%	50%	-
Aclara Technologies Inc.	USA	American dollars	100%	100%	-
Polaris Creek LLC (1)	USA	American dollars	100%	100%	-
Aclara Metals Inc. (1)	USA	American dollars	50%	50%	-

(1) Incorporation of company Polaris Creek LLC and Aclara Metals Inc. is indicated in note 1.

As of September 30, 2025, and December 31, 2024, no dividends have been declared or distributed by the Company, its subsidiaries, or joint ventures.

Consolidation basis

(a) Subsidiaries or affiliates

Subsidiaries or affiliates are all entities over which the Company has control. The Company is considered to have control when it:

- Has power over the entity,
- Is exposed, 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.

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The Company has power and control over the subsidiaries due to the shares that the Company owns, which give it the current ability to direct the entity's relevant activities, that is, activities that significantly affect the entity's returns.

Subsidiaries are consolidated from the date on which control is transferred and excluded from consolidation on the date on which it ceases.

Intercompany transactions, balances, and unrealized gains by transactions between related entities are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment loss of the transferred asset.

The functional currency for subsidiaries, joint venture and branch of the company is the U.S. dollar for Aclara Technologies Inc., Polaris Creek LLC, Aclara Metals Inc., Aclara Resources Peru SAC, the Brazilian real for Aclara Resources Mineracao Ltda. and the Chilean peso for Agencia, Ree Uno SpA, Prospecciones Greenfield SpA, Aclara Metals SpA and Fundacion Queule. The functional currency is determined by the currency of the primary economic environment in which it operates. The results and financial situation of all the subsidiaries, joint venture, and branch of the Company, which have a functional currency different from the currency of presentation are translated into the presentation currency US dollars by applying the exchange rate at period-end for assets and liabilities and the transaction date exchange rate for income statement items. The resulting difference is included as cumulative translation adjustment in equity.

Changes in the scope of consolidation

(a) Direct consolidation scope

The following changes have occurred in the scope of direct consolidation of our subsidiary for the periods ended September 30, 2025, and December 31, 2024:

On March 11, 2024, Aclara Metals SpA was incorporated with a capital contribution of \$1,000,000 Chilean pesos equivalent to US\$ 1,036.32 made by the Company. The Company acquired a 100% stake in Aclara Metals SpA. In addition, on March 22, 2024, Aclara Technologies Inc. was incorporated with a capital contribution of US\$ 1 made by the Company. The Company acquired a 100% stake in Aclara Technologies Inc.

On April 09, 2024, Aclara Metals SpA and the Company signed a capital contribution agreement of US\$ 3,000,000. The capital increase of US\$3,000,000 will be paid by CAP S.A., a company that acquired a 50% interest in the joint venture Aclara Metals SpA on April 16, 2024, as part of the strategic investment agreement signed by the Company and CAP S.A.

On April 16, 2024, the Company sold 20% of its shares in its subsidiary Ree Uno SpA to the new investor CAP S.A.

On May 12, 2025, Aclara Metals Inc. was incorporated with a capital contribution of US\$500 made by the Company, resulting in a 50% ownership stake.

(b) Indirect consolidation scope

The following changes have occurred in the scope of indirect consolidation of our subsidiaries for the periods ended September 30, 2025, and December 31, 2024:

On May 06, 2024, Ree Uno SpA reduced the investment in Aclara Mineracao Ltda. from 2,04% to 0% interest. Aclara Mineracao Ltda. made the return of the capital contribution to Ree Uno SpA on May 14, 2024.

On July 15, 2024, Ree Uno SpA and Prospecciones Greenfield SpA signed a capital contribution agreement under which Ree Uno SpA contributed the pilot plant as capital, valued at \$ 1,131,612,371 Chilean pesos equivalent to US\$ 1,306,334.04. This non-cash contribution was accounted for as an equity transaction under common control, with no gain or loss recognized in the Unaudited Interim Consolidated Financial Statements.

4 Administration expenses

(a) Administration expenses

	Three months ended September 30		Nine months ended September 30	
	2025 US\$000	2024 US\$000	2025 US\$000	2024 US\$000
Personnel expenses (1)	473	779	2,080	2,645
Professional fees	157	209	897	883
Depreciation and amortization	183	303	546	972
Contractors and services	371	794	1,105	1,198
Travel expenses	84	125	323	391
Marketing expenses	269	60	464	201
Others	96	78	181	170
Total	1,633	2,348	5,596	6,460

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The following expenses are not directly related to the project executed in the subsidiary Ree Uno SpA, Aclara Resources Mineracao Ltda. and Aclara Technologies Inc.:

- (1) Majority of the personnel expenses were capitalized for the periods ended September 30, 2025, and September 30, 2024. Non-capitalized personnel expenses belong to Aclara Resources Inc., and Aclara Resources Peru SAC.

5 Exploration expenses and other (expenses) income

(a) Exploration expenses

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
	US\$000	US\$000	US\$000	US\$000
Personnel expenses	55	42	138	82
Professional fees	240	-	815	3
Mining rights	-	-	90	-
Rentals	8	21	30	107
Repair and maintenance	-	-	-	4
Analysis & technical	19	-	19	-
Studies	5	-	61	4
Technology and system	-	-	11	-
Contractors and services	306	-	308	16
Travel expenses	16	12	113	35
Freight	-	1	-	14
Laboratory supplies and materials	2	5	8	7
Others	31	1	69	22
Total	682	82	1,662	295

(b) Other income

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
	US\$000	US\$000	US\$000	US\$000
Contractors and services	-	-	-	135
Total	-	-	-	135

6 Financial income and costs

(a) Financial income

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
	US\$000	US\$000	US\$000	US\$000
Interests	417	485	892	1,331
Total	417	485	892	1,331

(b) Financial costs

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
	US\$000	US\$000	US\$000	US\$000
Bank commissions	82	10	172	40
Total	82	10	172	40

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7 Share of loss of a joint venture

	Three months ended September 30		Nine months ended September 30	
	2025 US\$000	2024 US\$000	2025 US\$000	2024 US\$000
Aclara Metals SpA				
Administration expenses	275	41	653	61
Financial costs	2	-	4	-
(Loss) for the period from continuing operations	277	41	657	61
Share of loss of a joint venture	139	21	329	31
Investment in a joint venture	-	-	(1)	(1)
Investment in a joint venture at beginning of the year	-	30	114	30
Total share of loss of a joint venture 50%	139	51	442	60

- (1) The administration expenses refer to the results of the Chilean joint venture Aclara Metals SpA. As of September 30, 2025, there have been no material transactions and results between the Company and Aclara Metals SpA that impact Unaudited Interim Consolidated Financial Statements.

8 Basic and diluted earnings per share

Earnings per share ('EPS') is calculated by dividing profit for the year attributable to equity shareholders by the weighted average number of common shares issued during the period. The Company does not have dilutive potential common shares. As of September 30, 2025, and September 30, 2024, EPS has been calculated as follows:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Basic loss per share from continuing operations				
Total for the period and from continuing operations (US\$)	(0.01)	(0.01)	(0.03)	(0.03)
Diluted loss per share from continuing operations				
Total for the period and from continuing operations (US\$)	(0.01)	(0.01)	(0.03)	(0.03)

Loss from continuing operations attributable to equity holders is derived as follows:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Loss attributable to equity holders – continuing operations (US\$000)	(2,118)	(1,890)	(6,677)	(5,308)

The following reflects the share data used in the basic and diluted EPS computations:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Basic weighted average number of ordinary shares in issue (thousands)	199,033	164,848	199,033	164,848
Effect of dilutive potential ordinary shares related to contingently issuable shares (thousands)	-	-	-	-
Weighted average number of ordinary shares in issue for the purpose of diluted earnings per share (thousands)	199,033	164,848	199,033	164,848

The calculation of the weighted average number of common shares is as follows:

	Total
Balance as at January 1, 2024	163,311,439
Issuance April 03, 2024	3,097,784
Balance as at September 30, 2024	166,409,223
Weighted average number of ordinary shares as at September 30, 2024	164,847,602

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	Total
Balance as at January 1, 2025	166,409,223
Issuance February 19, 2025	51,303,573
Issuance April 01, 2025	2,272,425
Balance as at September 30, 2025	219,985,221
Weighted average number of ordinary shares as at September 30, 2025	199,033,481

9 Property, plant and equipment

	Land US\$000	Plant and equipment US\$000	Total US\$000
Cost property, plant and equipment			
Balance as at January 1, 2024	9,234	2,877	12,111
Additions	-	394	394
Foreign exchange effect	(1,106)	(85)	(1,191)
Balance as at December 31, 2024	8,128	3,186	11,314
Additions	-	527	527
Foreign exchange effect	288	54	342
Balance as at September 30, 2025	8,416	3,767	12,183
Accumulated depreciation plant and equipment			
Balance as at January 1, 2024	-	821	821
Depreciation of the period	-	619	619
Foreign exchange effect	-	(46)	(46)
Balance as at December 31, 2024	-	1,394	1,394
Depreciation of the period	-	135	135
Foreign exchange effect	-	5	5
Balance as at September 30, 2025	-	1,534	1,534
Net book value as at December 31, 2024	8,128	1,792	9,920
Net book value as at September 30, 2025	8,416	2,233	10,649

There were no borrowing costs capitalized in property, plant and equipment as there are no qualifying assets. There are no restrictions on ownership of property, plant and equipment.

There are no capital commitments for property, plant and equipment.

As of September 30, 2025, the company capitalized expenditures of US\$ 355,795 related to equipment forming part of the U.S. separation pilot plant.

As of November 23, 2020, a purchase agreement was signed between Ree Uno SpA and Forestal Arauco SA for the purchase of land located in Concepción, Chile. As of September 30, 2025, the company has paid five of the seven instalments indicated in the agreement described above. The Company has the right to cancel the contract at any moment if the project is proven unfeasible. As of December 31, 2023, the company has decided to continue with the purchase and make the payment of the remaining instalments in the following years:

Year	Total US\$000
2025	1,300
2026	1,300
Total	2,600

As of September 30, 2025, and December 31, 2024, the Company has not recognized any impairment.

10 Exploration and evaluation assets

	Total US\$000
Cost	
Balance as at January 1, 2024	95,152

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Additions (1)	19,294
Foreign exchange effect	(12,222)
Balance as at December 31, 2024	102,224
Additions (1)	23,093
Disposals	(90)
Foreign exchange effect	5,923
Balance as at September 30, 2025	131,150
Accumulated amortization and impairment	
Balance as at January 1, 2024	1,111
Additions	769
Foreign exchange effect	(168)
Balance as at December 31, 2024	1,712
Additions	369
Foreign exchange effect	39
Balance as at September 30, 2025	2,120
Net book value as at December 31, 2024	100,512
Net book value as at September 30, 2025	129,030

Notes:

- (1) The total investment in the Penco Module, Carina Project, U.S. Separation Project and mining concessions capitalized as of September 30, 2025, and December 31, 2024, amounting to US\$ 23,093 and US\$ 19,294 (respectively) is detailed below:

	September 30 2025 US\$000	December 31 2024 US\$000
Personnel expenses	5,324	4,593
Professional fees	5,267	3,059
Environmental impact study	1,808	1,367
Geochemical study	-	-
Drilling services	2,432	-
Engineering services	543	-
Mining rights	384	2,858
Feasibility studies	-	-
Rent building, vehicles, others	1,681	1,086
Analysis & technical	1,506	1,590
Contractors and Services	2,488	3,256
Travel expenses	755	583
Other	905	902
Total	23,093	19,294

The Company is currently focused on the development of the Penco, the Carina Project and the U.S. Separation Project. The Penco Module and Carina Project aim to produce a rare earth concentrate through a processing plant that will be fed by clays from nearby deposits, which will subsequently be refined and separated into high-purity individual REOs at the Company's U.S. separation plant.

The Company is developing pre-feasibility and feasibility studies, which will include activities such as engineering of the different deposits and the production process, as well as brownfield exploration and resources and reserves estimation. In addition, the Company continues working on the environmental permit.

There were no borrowing costs capitalized in exploration and evaluation assets as there are no qualifying assets.

There are no capital commitments and restrictions on ownership of exploration and evaluation assets.

As of September 30, 2025, and December 31, 2024, the Company has not recognized any impairment. Since the projects are subject to approval by local environmental authorities, the Company evaluated impairment indicators for the Penco Module and Carina Project and conducted an impairment test, which determined that the recoverable amount exceeds the carrying value of these assets.

According to the policy of capitalization of evaluation and exploration expenses, costs of mineral properties are capitalized as exploration and evaluation assets on a project-by-project basis. As of September 30, 2025, and December 31, 2024, the Company has three projects capitalized and named Penco Module (Chile), Carina Project (Brazil) and U.S. Separation Project (USA). The Company capitalizes expenses related to researching and analyzing

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historical exploration data, gathering exploration data through geophysical studies, exploratory drilling, and sampling, determining and examining the volume and grade of the resource, surveying transportation and infrastructure requirements, and conducting market and finance studies.

11 Trade and other receivables

	September 30 2025 US\$000	December 31 2024 US\$000
Current		
Advances to suppliers	3,768	1,660
Loans to employees	6	8
Others	200	163
Assets classified as receivables	3,974	1,831
Prepaid expenses	20	17
Value added tax	979	80
Total	4,973	1,928
Non-current		
Value added tax	-	6,706
Loans to employees	-	4
Others	40	13
Total	40	6,723

In September 2025, the Company, through its Chilean subsidiary REE Uno SpA, received a Value-Added Tax ("VAT") cash refund of US\$6.9 million under a Chilean tax incentive program that supports companies carrying out investment projects. The refund applies to VAT paid on local purchases and is conditional upon the Company performing future exports that generate sales volumes which would normally accrue output VAT equivalent to the refunded amount, although such exports remain VAT-exempt under Chilean law.

The fair values of trade and other receivables approximate their book value. As of September 30, 2025, and December 31, 2024, none of the financial assets classified as receivables (net of impairment) were past due.

12 Cash and cash equivalents

	September 30 2025 US\$000	December 31 2024 US\$000
Current demand deposit accounts	27,083	15,375
Cash and cash equivalents considered for the statement of cash flows	27,083	15,375

The fair value of cash and cash equivalents approximates their book value. The Company does not have undrawn borrowing facilities available in the future for operating activities or capital commitments. The composition of the item by currency as of September 30, 2025, and December 31, 2024, is as follows:

	September 30 2025 US\$000	December 31 2024 US\$000
Chilean pesos (equivalent US\$)	4,902	578
Canadian dollar (equivalent US\$)	110	1,419
Peruvian soles (equivalent US\$)	72	37
Brazilian real (equivalent US\$)	1,102	204
American dollar	20,897	13,137
Total	27,083	15,375

The composition of the item by bank as of September 30, 2025, and December 31, 2024, is as follows:

	September 30 2025 US\$000	December 31 2024 US\$000
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Citi Bank	2,179	7,905
BCI	5,012	10
BCP	150	267
JP Morgan	6,270	5,658
RBC	337	1,332
Itau	817	203
ABC	201	-
BICE	3,117	-
Scotiabank	9,000	-
Total	27,083	15,375

13 Short term investments

As of September 30, 2025, and December 31, 2024, the Company has no short-term investments.

14 Trade and other accounts payables

	September 30 2025 US\$000	December 31 2024 US\$000
Current		
Trade payables (1)	1,405	1,369
Lands	1,300	1,304
Taxes and contributions	287	203
Salaries and wages payable	2,326	2,002
Others	250	240
Total	5,568	5,118
Non-current		
Lands	1,300	1,300
Others (2)	500	-
Total	1,800	1,300

The fair value of trade and other payables approximate their book values.

- (1) Trade payables relate mainly to the acquisition of materials, supplies and contractors' services. These payables do not accrue interest, and no guarantees have been granted.
- (2) On September 2, 2025, the U.S. International Development Finance Corporation (DFC) committed up to US\$ 5,000,000 in project development funding to support the Carina Project. During Q3 2025, the Company received an initial disbursement of US\$ 500,000 under this commitment. The funding bears no interest and does not include any security interest. Repayment is conditional upon the occurrence of a qualifying financing event related to the construction of the Carina Project, which may occur within ten years from the agreement's effective date.

15 Other provisions

	September 30 2025 US\$000	December 31 2024 US\$000
Contractors and Services	-	1,088
Total	-	1,088

16 Equity

- (a) Share capital

Issued share capital and additional capital

The changes in share capital are as follows:

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	Number of shares type A - Aclara Resources Inc.	Total US\$ 000
Balance as at January 01, 2024	163,311,439	164,226
Shares issued (1)	3,097,784	1,098
Balance as at December 31, 2024	166,409,223	165,324
Shares issued (2)	51,303,573	25,000
Share issuance costs	-	(836)
Shares issued (3)	2,272,425	808
Balance as at September 30, 2025	219,985,221	190,296

(1) Shares issued to settle Restricted Share Units:

On April 03, 2024, the Company issued 3,097,784 common shares for a total amount of \$ 1,486,936.32 Canadian dollars equivalent to US\$ 1,098,423.82.

On February 19, 2025, the Company issued 51,303,573 common shares for a total amount of US\$ 25,000,000.77.

On April 01, 2025, the Company issued 2,272,425 common shares for a total amount of \$ 1,158,936.75 Canadian dollars equivalent to US\$807,734.

Shareholder	Shares subscribed	Percentage share
Hochschild Mining Holdings Ltd	42,787,104	19.45%
New Hartsdale Capital Inc	80,340,876	36.52%
CAP S.A.	22,163,143	10.07%
Other Investors	74,694,098	33.96%
Total	219,985,221	100%

The restricted share units were issued in accordance with the terms of the Company's long-term incentive plan.

Dividends will be paid exclusively from the net earnings for the year, or from the retained earnings from balance sheets approved by the general shareholders' meeting. If the Company has accumulated losses, the profits for the year will first be used to absorb them, if there are losses for a year, these will be absorbed with retained earnings, if any. The Chairman of the Board of Directors may, under his personal responsibility, distribute provisional dividends during the fiscal year charged to the profits thereof, if there are no accumulated losses.

(b) Other reserves

Cumulative translation adjustment

The cumulative translation adjustment account is used to record foreign exchange differences arising from the translation of the financial with a functional currency different to the reporting currency of the Company.

Other reserves

(1) Shared-based payments

On December 10, 2021, the Company adopted and approved a compensation plan to provides for the issuance of restricted share units (hereinafter "RSUs") to qualified employees, directors, and executives. Due to the above, it was determined that the exercise price of the RSU shall be fixed by the board when such RSU is granted but shall be no less than the closing price of the Common Shares on the TSX on the day prior to the date of grant (the "Market Price"). In addition, it was determined that the RSU shall be exercisable during a period established by board, which shall commence on the date of the grant and shall terminate no later than 10 years after the date of granting the RSU, or such shorter period of time as the Board may determine. On a change of control of the Company, the executives will be entitled to immediate vest any equity-based awards (including RSUs).

The RSUs will vest over a period of three years from the applicable date of grant. As of September 30, 2025, the Company's issued, and outstanding convertible share capital comprise an aggregate of 3,977,220 RSUs which are issued and outstanding in accordance with the terms of the Company's omnibus long-term incentive plan. The details and modifications of the RSUs are as follow:

In Units - Vesting Period	As at September 30 2025	As at December 31 2024	As at December 31 2023	Total
December 10, 2024	-	205,947	-	205,947
May 15, 2025	-	44,131	44,131	88,262
December 10, 2025	-	205,945	-	205,945
January 01, 2026	394,558	466,127	261,026	1,121,711
May 15, 2026	-	44,131	44,131	88,262

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December 10, 2026	-	205,945	-	205,945
January 01, 2027	394,558	466,133	-	860,691
May 15, 2027	-	44,131	-	44,131
January 01, 2028	394,557	-	-	394,557
RSUs issued for the Management team	1,183,673	1,682,490	349,288	3,215,451
April 03, 2025	761,769	-	-	761,769
RSUs issued for the Board Members	761,769	-	-	761,769
Total RSUs issued	1,945,442	1,682,490	349,288	3,977,220

To determine the fair value of the RSUs the Executive Stock Option formula (Jennergren y Naslund - 1993) was used. There is no cash settlement of the options. As of September 30, 2025, and December 31, 2024, no RSUs additional to those mentioned above have been granted, canceled, exercised or expired.

The fair value of RSUs was estimated on the date of grant using the following assumptions:

As of January, 2023

Method - Black Scholes	Executives			Directors
Vesting Date	01-01-2024	01-01-2025	01-01-2026	31-12-2023
Stock price (Canadian dollar)	0.32	0.32	0.32	0.32
Strike price (X)	-	-	-	-
Volatility	12.64%	12.64%	12.64%	12.64%
Risk-free rate	4.92%	4.50%	4.13%	4.92%
Time to expiration	1.0	2.9	3.9	1.0
Dividend yield (b)	-	-	-	-
Annual - staff turnover	10%	10%	10%	10%

Method - Actuarial	Executives			Directors
Vesting Date	01-01-2024	01-01-2025	01-01-2026	31-12-2023
Survival	89.76%	89.74%	80.52%	89.58%
Death	0.24%	0.26%	0.28%	0.42%
Retirement	10%	10%	10%	10%
Spot price (Canadian dollar)	0.32	0.32	0.32	0.32
Risk-free rate	4.92%	4.50%	4.13%	4.92%

As of March, 2023

Method - Black Scholes	Executives			
Vesting Date	05-05-2023	10-12-2023	10-12-2024	10-12-2025
Stock price (Canadian dollar)	0.46	0.46	0.46	0.46
Volatility	12.55%	12.55%	12.55%	12.55%
Risk-free rate	5.03%	4.76%	4.20%	3.81%
Annual - staff turnover	10%	10%	10%	10%

Method - Actuarial	Executives			
Vesting Date	05-05-2023	10-12-2023	10-12-2024	10-12-2025
Survival	90.00%	89.77%	80.58%	72.32%
Death	0.000%	0.227%	0.241%	0.253%
Retirement	10%	10%	10%	10%

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Spot price (Canadian dollar)	0.46	0.46	0.46	0.46
Risk-free rate	5.03%	4.76%	4.20%	3.81%

As of May, 2023

Method - Black Scholes	Executives		
Vesting Date	15-05-2024	15-05-2025	15-05-2026
Stock price (Canadian dollar)	0.46	0.46	0.46
Strike price (X)	-	-	-
Volatility	12.73%	12.73%	12.73%
Risk-free rate	4.87%	4.33%	3.92%
Time to expiration	1	2	3
Dividend yield (b)	-	-	-
Annual - staff turnover	10%	10%	10%

Method - Actuarial	Executives		
Vesting Date	15-05-2024	15-05-2025	15-05-2026
Survival	89.81%	89.79%	80.60%
Death	0.19%	0.21%	0.23%
Retirement	10.00%	10.00%	10.00%
Spot price (Canadian dollar)	0.46	0.46	0.46
Risk-free rate	4.87%	4.33%	3.92%

As of July, 2024

Method - Black Scholes	Executives					
Vesting Date	01-01-2025	01-01-2026	01-01-2027	10-12-2024	10-12-2025	10-12-2026
Stock price (Canadian dollar)	0.54	0.54	0.54	0.54	0.54	0.54
Strike price (X)	-	-	-	-	-	-
Volatility	10.38%	10.38%	10.38%	10.38%	10.38%	10.38%
Risk-free rate	4.76%	4.50%	4.09%	4.76%	4.53%	4.11%
Time to expiration	0.5	1.5	2.5	0.4	1.4	2.4
Dividend yield (b)	-	-	-	-	-	-
Annual - staff turnover	10%	10%	10%	10%	10%	10%

Method - Black Scholes	Executives			Directors
Vesting Date	15-05-2025	15-05-2026	15-05-2027	31-12-2024
Stock price (Canadian dollar)	0.54	0.54	0.54	0.54
Strike price (X)	-	-	-	-
Volatility	10.38%	10.38%	10.38%	10.38%
Risk-free rate	4.72%	4.33%	4.00%	4.76%
Time to expiration	0.9	1.9	2.9	0.5
Dividend yield (b)	-	-	-	-
Annual - staff turnover	10%	10%	10%	10%

Method - Actuarial	Executives					
Vesting Date	01-01-2025	01-01-2026	01-01-2027	10-12-2024	10-12-2025	10-12-2026
Survival rate	89.76%	89.74%	89.73%	89.76%	89.74%	89.73%
Death rate	0.24%	0.26%	0.27%	0.24%	0.26%	0.27%

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Retirement rate	10%	10%	10%	10%	10%	10%
Spot price (Canadian dollar)	0.54	0.54	0.54	0.54	0.54	0.54
Risk-free rate	4.76%	4.50%	4.09%	4.76%	4.53%	4.11%

Method - Actuarial	Executives			Directors
Vesting Date	15-05-2025	15-05-2026	15-05-2027	31-12-2024
Survival	89.74%	89.72%	89.70%	89.76%
Death	0.26%	0.28%	0.30%	0.24%
Retirement	10%	10%	10%	10%
Spot price (Canadian dollar)	0.54	0.54	0.54	0.54
Risk-free rate	4.72%	4.33%	4.00%	4.76%

As of April, 2025

Method - Black Scholes	Executives			Directors	Executives		
Vesting Date	01-01-2026	01-01-2027	01-01-2028	03-04-2025	15-05-2026	15-05-2027	15-05-2028
Stock price (Canadian dollar)	0.50	0.50	0.50	0.50	0.65	0.65	0.65
Strike price (X)	0	0	0	0	0	0	0
Volatility	68.06%	68.06%	68.06%	68.06%	67.26%	67.26%	67.26%
Risk-free rate	2.44%	2.25%	2.24%	2.75%	2.41%	2.39%	2.42%
Time to expiration	0.7	1.7	2.7	-	1.0	2.0	3.0
Dividend yield (b)	-	-	-	-	-	-	-
Annual - staff turnover	10%	10%	10%	10%	10%	10%	10%

Method - Actuarial	Executives			Directors	Executives		
Vesting Date	01-01-2026	01-01-2027	01-01-2028	03-04-2025	15-05-2026	15-05-2027	15-05-2028
Survival rate	89.78%	79.55%	69.30%	100%	89.54%	79.04%	68.50%
Death rate	0.22%	0.23%	0.25%	0%	0.46%	0.50%	0.53%
Retirement rate	10%	10%	10%	0%	10%	10%	10%
Spot price (Canadian dollar)	0.50	0.50	0.50	0.50	0.65	0.65	0.65
Risk-free rate	2.44%	2.25%	2.24%	2.75%	2.41%	2.39%	2.42%

Based on the methodology and assumptions used, the value of the RSUs and PRSUs (price per share in Canadian dollars) and the vesting date are as follows;

Approval date	Vesting date	March 2022 RSU
	10-12-2022	0.67

Approval date	Vesting date	January 2023 RSU	March 2023 RSU	May 2023 RSU
	05-05-2023	-	0.43	-
	10-12-2023	-	0.41	-
	31-12-2023	0.20	-	-
	01-01-2024	0.27	-	-
	15-05-2024	-	-	0.39
	10-12-2024	-	0.39	-
	01-01-2025	0.27	-	-
	15-05-2025	-	-	0.36
	10-12-2025	-	0.34	-
	01-01-2026	0.23	-	-

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	15-05-2026	-	-	0.31
Approval date		July 2024 PRSU	July 2024 RSU	April 2025 RSU
Vesting date				
10-12-2024	-	-	0.49	-
01-01-2025	0.49	-	0.49	-
03-04-2025	-	-	-	0.50
15-05-2025	-	-	0.47	-
10-12-2025	-	-	0.45	-
01-01-2026	0.44	-	0.44	0.45
15-05-2026	-	-	0.43	0.58
10-12-2026	-	-	0.41	-
01-01-2027	0.41	-	0.41	0.40
15-05-2027	-	-	0.40	0.51
01-01-2028	-	-	-	0.35
15-05-2028	-	-	-	0.45

The total shares issued to settle RSUs are as follows:

Shares issued - RSUs	As at September 30 2025	As at December 31 2024	Total
April 03, 2024	-	3,097,784	3,097,784
April 03, 2025	2,272,425	-	2,272,425
RSUs issued for the Management team	1,572,225	802,277	2,374,502
RSUs issued for the Board members	700,200	2,295,507	2,995,707
Total RSUs issued	2,272,425	3,097,784	5,370,209

The following share-based payments reserves are used to recognize the value of equity-settled share-based payments provided to employees, key management personnel and directors as part of their compensation plan and remuneration;

	Total US\$000
As at January 31, 2024	1,337
RSUs settled and cancelled during the period	(1,102)
Share - based payments expense during the period	1,198
As at December 31, 2024	1,433
RSUs settled and cancelled during the period	(741)
Share - based payments expense during the period	519
As at September 30, 2025	1,211

17 Related-party balances and transactions

The Company had the following related-party balances and transactions as of As of September 30, 2025, and December 31, 2024, the related parties are companies owned or controlled by the principal shareholder of the Company or associates.

	Accounts receivable	
	September 30 2025 US\$000	December 31 2024 US\$000
Current related party balances		
Aclara Metals SpA - Joint venture	-	17
CAP S.A.	6,937	12,501
Total	6,937	12,518
Non-current related party balances		
CAP S.A.	-	6,917
Total	-	6,917

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(1) Capital contribution from CAP S.A. to the subsidiary Ree Uno SpA (refer to Note 1 for additional details).

	Accounts payable	
	September 30 2025 US\$000	December 31 2024 US\$000
Current related party balances		
Compañía Minera Ares S.A.C.	2	19
CAP S.A.	-	6
Total	2	25

(a) Related-party accounts receivable and payable

No security has been granted or guarantees given by the Company in respect of these related party balances.

Principal transactions (all these amounts have been capitalized) between related parties are as follows:

	September 30 2025 US\$000	December 31 2024 US\$000
Expense recognized for the services performed by Compañía Minera Ares S.A.C.	21	53
Expense recognized for the services performed by CAP S.A.	30	6

Related parties are as follows:

	Relationship	Country	Type of transaction
Compañía Minera Ares S.A.C.	Related parties - Shareholder	Peru	Intercompany administrative services
CAP S.A.	Related parties - Shareholder	Chile	Capital contribution to subsidiaries and rental services

(b) Compensation of key management personnel of the Company

	Total US\$000
Compensation of key management personnel	
Shared-based payments	168
Short-term employee benefits	424
As at March 31, 2024	592
Shared-based payments	411
Short-term employee benefits	1,693
As at June 30, 2024	2,696
Shared-based payments	472
Short-term employee benefits	492
As at September 30, 2024	3,660

	Total US\$000
Compensation of key management personnel	
Shared-based payments	65
Short-term employee benefits	610
As at March 31, 2025	675
Shared-based payments	125
Short-term employee benefits	2,390
As at June 30, 2025	3,190
Shared-based payments	322
Short-term employee benefits	683
As at September 30, 2025	4,195

Number of key managements of the Company was seven at September 30, 2025 and at September 30, 2024.

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18 Notes to the statement of cash flows

	As at 30 September 2025	As at 30 September 2024
	US\$000	US\$000
Reconciliation of loss for the period to net cash generated from operating activities		
(Loss) of the period	(6,773)	(5,411)
Adjustments to reconcile Company loss to net cash inflows from operating activities		
Depreciation and amortization of the period	546	972
Disposals	-	-
Share based compensation expense	(222)	(47)
Movements related to minority interest and other that do not represent flows	1,310	10,326
Increase/(decrease) of cash flows from operations due to changes in assets and liabilities		
Trade debtors and other accounts receivable	(4,177)	(1,973)
Accounts receivable to related entities	18	(9,719)
Trade accounts payable and other accounts payable	1,278	(455)
Accounts payable to related entities	(23)	(12)
Other provisions	(1,088)	(1,158)
Cash generated from operations	(9,131)	(7,478)

19 Contingencies

a) Taxation:

As of September 30, 2025, and December 31, 2024, the Company is not subject to any contingencies.

b) Guarantees:

As of September 30, 2025, and December 31, 2024, the Company does not have any guarantee in respect of exploration activities.

c) Litigations:

As of September 30, 2025, and December 31, 2024, there are no major litigations currently affecting the Penco Module, Carina Project and the U.S. Separation Project.

20 Financial risk management

The Company is exposed to a variety of risks and uncertainties which may have a financial impact on the Company.

The Company identify and, where appropriate, implement the controls to mitigate the impact of significant risks.

(a) Foreign currency risk

The Company is in the pre-operational stage, and no income or operating costs have been recorded. The main disbursements are in Chilean pesos,

As of September 30, 2025, and December 31, 2024, the Company has deposits, trade and other payables and account payables to related parties stated in US dollars. The sensitivity of financial assets and liabilities, on December 31, 2024, to a +/- 10% change in the US dollar exchange rate, with all other variables held constant, is +/- US\$ 787,000 for Canadian dollars, US\$ 446,000 for Brazilian real, US\$ 187,500 for Peruvian soles and US\$ 1,658,000 for Chilean pesos.

(b) Credit risk

Credit risk arises from debtors' inability to make payment of their obligations to the Company as they become due (without taking into account the fair value of any guarantee or pledged assets). The Company does not have material exposure to credit risk since it does not have commercial activities.

(c) Liquidity risk

Liquidity risk arises from the Company's inability to obtain the funds it requires to comply with its commitments, including the inability to sell a financial asset quickly enough and at a price close to its fair value. Management constantly monitors the Company's level of short- and medium-term liquidity, and their access to credit lines, in order to ensure appropriate financing is available for its operations.

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The table below categorizes the undiscounted cash flows of Company's financial liabilities into relevant maturity groupings based on the remaining period as at the statement of financial position to the contractual maturity date.

		Less than 1 year US\$000	Between 1 and 2 years US\$000	Between 2 and 5 years US\$000	Over 5 years US\$000	Total US\$000
	Note					
As at September 30, 2025						
Trade and other payables	14	5,568	1,800	-	-	7,368
Trade and other payables related parties	17	2	-	-	-	2
Total		5,570	1,800	-	-	7,370
As at 31 December 2024						
Trade and other payables	14	5,118	1,300	-	-	6,418
Trade and other payables related parties	17	25	-	-	-	25
Total		5,143	1,300	-	-	6,443

(d) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. Management considers as part of its capital, the financial sources of funding from shareholders and third parties.

(e) Environmental risk

Due to the anticipated termination of the EIA review in 2023, the Company revised its permitting strategy to address concerns related to native forests while minimizing significant impacts on the Project's development timeline. To implement this strategy, the Company proposed preparing and submitting two EIAs, which will collectively cover the full life of the Project. The first assessment, EIA 1, focuses on the initial five years of the Project and includes three extraction zones (Victoria Norte, Luna, and Maite), one deposition zone (Neptuno), and the associated production facilities.

On June 10, 2024, the Company filed the new EIA 1 for the Penco Module project with the Environmental Assessment Service (SEA) in Concepción, Chile. Just two weeks later, on June 24, 2024, the Company announced that the SEA had confirmed the admissibility of the EIA 1 application. Building on this progress, in March 31, 2025, the Company further announced that it had submitted a comprehensive report addressing all technical observations raised by the SEA and other government agencies involved in the review. Subsequently, in May 2025, the SEA issued a complementary addendum, to which the Company is preparing responses expected to be filed during Q4 2025.

(f) New mining royalty risk

On August 10, 2023, the new Mining Royalty Law N° 21,591, was published in the Official Gazette. This law creates a royalty that certain mining exploiters must pay in favour of the State due to the exploitation of mining resources that belong to such State. This royalty is applicable only to exploiters with annual sales of mining products over and above the equivalent of 12,000 metric tonnes of copper equivalent (today over and above annual sales of US\$ 99,320,520).

21 Subsequent events

Between September 30, 2025, the closing date of the Unaudited Interim Consolidated Financial Statements, and their date of presentation, no significant events of a financial accounting nature have occurred that could affect the Company's net worth or the interpretation of the Unaudited Interim Consolidated Financial Statements.