ASX Announcement
Released 5th October 2026

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BCM SECURES BRAZILIAN MAGNESIUM SULPHATE PRODUCTION CAPABILITY FOR EMA PROJECT

RAW MATERIAL SUPPLY – REAGENT PRODUCTION – RARE EARTH DEVELOPMENT SUPPORTING SECURITY OF THE EMA PROJECT

Highlights

- BCM has executed a binding agreement through its wholly owned Brazilian subsidiary, Mineração BBX do Brasil Ltda (BBX), to **acquire a 90% interest in Sais Nordeste Indústria e Comércio Ltda**, an established magnesium sulphate producer located in Feira de Santana, Bahia
- The transaction will establish domestic Brazilian production of **magnesium sulphate** — the principal leaching reagent proposed for the Ema Rare Earth Project's in-situ recovery (ISR) process
- Initial production capacity is expected to supply approximately 50% of Ema's magnesium sulphate requirements, with potential to produce more than 100% of the Project's forecast requirements
- Securing domestic magnesium sulphate production is intended to **materially reduce Ema's exposure to Chinese reagent supply chains** and strengthen BCM's control over the availability, quality and continuity of a critical input to ISR
- BCM will fund and oversee the financial and operational restructuring of Sais Nordeste, including the treatment and renegotiation of legacy liabilities with the objective of returning the business to sustainable commercial operations
- The upstream strategy complements BCM's objective of producing MREC at Ema for supply into a rare earth separation and refining industry that is progressively being established outside China

Brazilian Critical Minerals Limited (ASX: BCM) ("BCM" or the "Company") is pleased to announce that its wholly owned Brazilian subsidiary, Mineração BBX do Brasil Ltda ("BBX"), has executed a binding agreement to acquire a 90% interest in Sais Nordeste Indústria e Comércio Ltda ("Sais Nordeste"), an established magnesium sulphate producer located in Feira de Santana, Bahia, Brazil currently under care and maintenance since February 2026. BCM has also secured local Brazilian supply agreements for magnesium oxide and sulphuric acid, the principal raw materials used to produce magnesium sulphate production.

To view the video of MD, Andrew Reid, discussing this announcement, click on the link below

https://braziliancriticalminerals.com/link/P4N8ze

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The agreements comprise:

- a supply agreement for **magnesium oxide (MgO) in Brazil**;
- a supply agreement for **sulphuric acid (H_2SO_4) in Brazil**; and
- an agreement for the **purchase of 90% of a magnesium sulphate production plant** in Brazil.

Together, the agreements support BCM's strategy to establish a secure, cost-effective and vertically integrated supply of magnesium sulphate for the proposed development of the Ema Project. The strategy is intended to reduce BCM's exposure to imported reagent supply while supporting Brazil's growing domestic critical minerals supply chain and increasing focus on local processing and value creation. During 2026 China's export controls increasingly extend beyond finished rare earth products and into the equipment, consumables and technical capabilities required to develop rare earth projects themselves.

Under the agreed transaction structure, BCM will immediately commence funding and overseeing the financial and operational restructuring of Sais Nordeste. The programme is intended to address legacy liabilities, support the return of the plant to sustainable commercial operations and restore the business to a position of operating self-sufficiency. Formal ownership of the 90% interest will transfer at completion following satisfaction of the agreed conditions precedent and all required approvals.

A Strategic Upstream Move Supporting Ema

BCM considers security of reagent supply to be fundamentally important for the development strategy for Ema. Magnesium sulphate is the principal leaching reagent proposed for Ema's ISR process and is therefore directly linked to the Company's ability to recover rare earth elements from the ionic adsorption clay mineralisation and produce a Mixed Rare Earth Carbonate (MREC).

The acquisition of Sais Nordeste represents a strategic move upstream in the Ema supply chain. Rather than relying solely on third-party or imported reagent supply, BCM is establishing access to an existing Brazilian magnesium sulphate manufacturing platform.

BCM considers this upstream positioning to be more strategically important than downstream integration: securing the principal reagent required for ISR supports reliable MREC production at Ema, while the ex-China rare earth separation, refining and magnet supply chain continues to develop.

Andrew Reid, Managing Director of BCM, commented:

"Magnesium sulphate is the principal leaching reagent proposed for our ISR success story. Securing an established Brazilian production platform for this critical reagent gives BCM the opportunity to build greater control and resilience into the Ema supply chain and materially reduce our exposure to third-party reagent supply. Stage 1 production capacity is expected to supply approximately 50% of the Ema MGSUL needs over the first few years of production.

We view this as a strategic upstream investment that is at least as important to Ema as downstream integration. Before we can supply the emerging rare earth separation and refining industry outside China, we must first ensure that Ema can reliably produce MREC. Security of the principal ISR reagent is fundamental to achieving that objective.

Sais Nordeste brings more than five decades of magnesium sulphate manufacturing knowledge, established supplier relationships and existing industrial infrastructure in Brazil. BCM will now

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work with the business through its financial and operational restructuring, addressing legacy liabilities and supporting its return to sustainable commercial operations.

Our strategy is to strengthen control over the critical inputs required to produce MREC at Ema while maintaining flexibility to supply a downstream rare earth industry that is progressively being established outside China."

Established Industrial Platform and Strategic Location

Sais Nordeste is a Brazilian industrial chemicals business based in Feira de Santana, Bahia, with a long operating history in magnesium sulphate manufacture. Its location provides access to established Brazilian sources of the two principal raw materials used in magnesium sulphate production — magnesium oxide and sulphuric acid — and to major road and port infrastructure (Figure 1).

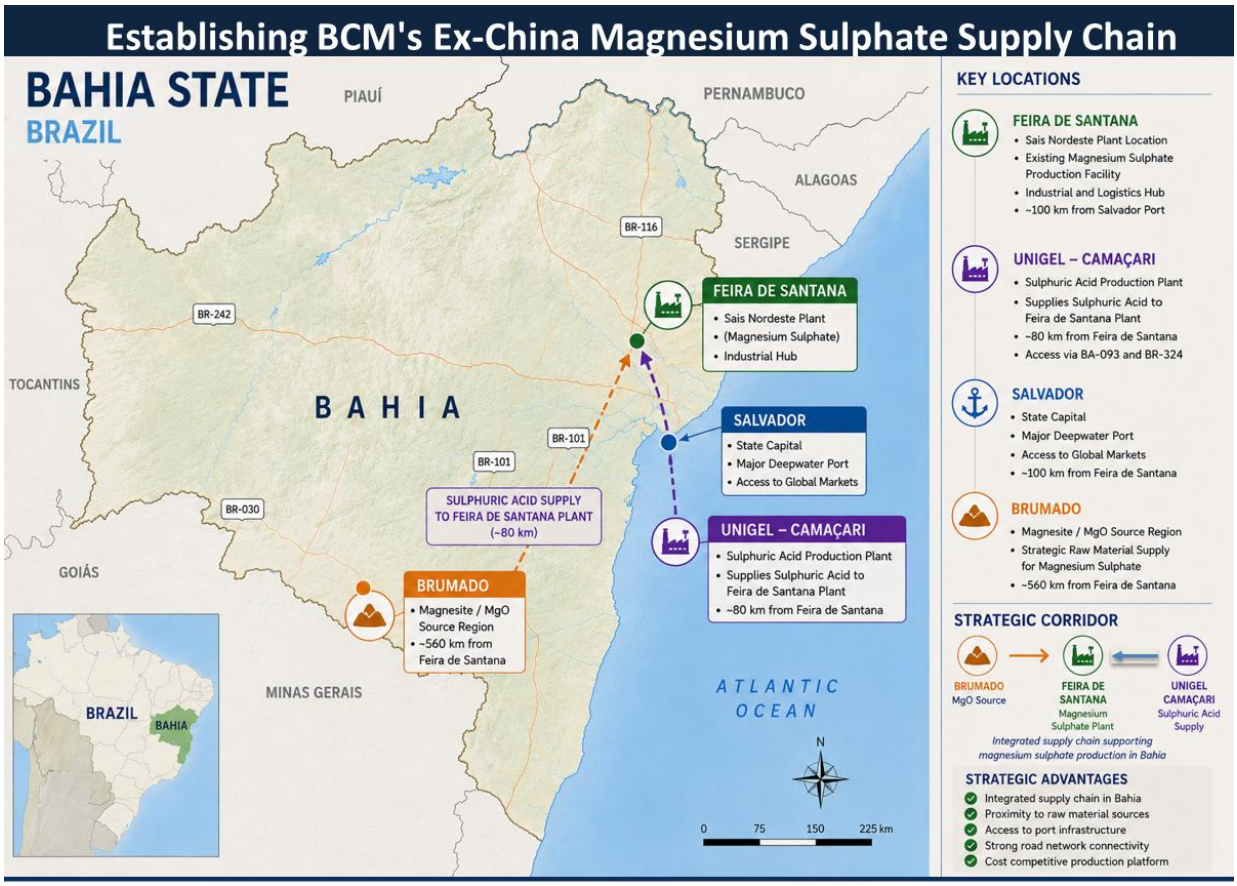


Figure 1. Location of Magnesium Sulphate Plant plus magnesium oxide and sulphuric acid operations.

Sais Nordeste provides BCM with an established industrial platform together with long-standing magnesium sulphate manufacturing know-how and established relationships across its raw-material supply chain.

The plant is strategically positioned relative to sources of its principal raw materials. Sulphuric acid can be supplied from UNIGEL at the Camaçari industrial complex, just 80kms away, while magnesium oxide is to be sourced from Bahia's established magnesite and MgO industry centred on Brumado approximately 560kms from the processing plant. Feira de Santana also provides strong road connectivity and access to Salvador's port infrastructure.

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Figure 2. Pictures taken from Sais Nordeste magnesium sulphate plant.

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The strategy also supports the development of a more integrated Brazilian critical minerals supply chain by combining domestic raw-material supply, reagent production and rare earth development. It is aligned with Brazil's increasing focus on building domestic processing capability and capturing greater value from its critical mineral resources.

Restructuring and Path to Production

The magnesium sulphate plant was fully functional and operating until February 2026 when Sais Nordeste was placed into the Brazilian Bankruptcy and Reorganization Law (Law 11.101/05) which is comparable to Chapter 11 of the United States of America Bankruptcy Code after becoming unable to meet its financial obligations. The filing arose despite strong plant utilisation and demand for its products creating an opportunity to acquire an operating production facility to support a secure supply of magnesium sulphate for the Ema Project.

BCM's immediate focus will be the financial and operational restructuring of Sais Nordeste. BCM will provide funding at its discretion through documented financing arrangements whilst the existing management remains formally responsible for the company and will oversee production under the management of BCM.

Under the agreement, BCM will acquire the magnesium sulphate production plant for a nominal cash consideration of **R$1**, together with the assumption of certain identified taxation liabilities associated with the plant and/or its acquisition.

The restructuring will include the treatment and renegotiation of Federal and State tax liabilities and other legacy obligations, together currently estimated to be **R$15.3M** (approximately A$4.2M) the majority of which is to be scheduled for payment over a 10-year period.

The economic commitment associated with the transaction principally comprises the funding required to restructure and return the Sais Nordeste business to sustainable operations, rather than a material cash consideration payable to the vendors with tax liabilities to be re-negotiated. An engineering design and modifications assessment has already commenced to determine the work required to adapt the plant to the Ema Project's needs.

Formal transfer of the 90% interest will occur at completion once the applicable conditions precedent above have been satisfied or waived in accordance with the transaction documents and the required judicial, regulatory and corporate approvals associated with the Judicial Recovery process have been obtained.

The transaction has been structured so that signing commences the restructuring phase, during which BCM will fund and oversee only the agreed financial and operational recovery activities. The existing shareholders remain the registered owners of Sais Nordeste until completion. At completion, the agreed 90% interest will be formally transferred to BBX, with the remaining 10% retained by the existing shareholder.

This announcement has been authorised for release by the Board of Brazilian Critical Minerals Limited.

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About Brazilian Critical Minerals Ltd

The Ema Rare Earth Project is an ionic adsorption clay rare earth project located near Apuí in Amazonas State, Brazil.

The Project is being developed using In-Situ Recovery ("ISR"), with magnesium sulphate solution used to recover rare earth elements from the mineralised clay profile. The recovered rare earths are subsequently processed to produce a Mixed Rare Earth Carbonate suitable for export and downstream refining.

The FEED stage represents the next engineering step in BCM's strategy to progressively de-risk the Ema Project and advance it towards development.

