DECEMBER 2024 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS:

Caladão REE + Gallium Discovery, Minas Gerais

- Results confirm potential district scale REE + Gallium discovery over a 60km^2 drilled area at the flagship Caladão Project (15% of total Caladão Project area), progressing toward JORC Resource definition
- Caladão has shaped into a unique REE + Gallium deposit with high grade Gallium occurring **at surface** in the upper lateritic soil profile, providing a valuable potential credit to the Project
- Company record high total rare earth oxide (**TREO**) assays up to **28,321ppm TREO** (**2.8% TREO**) and up to **7,605 ppm high value magnetic rare earth oxides (MREO)**, with intercepts also returning over **40% MREO/TREO**
- ~4,000m drilled to date with results demonstrating consistent, exceptionally high grade, thick, **near surface REE** including:

CLD-DDH-001:	**12.4m @ 5,478ppm TREO** from 3m
including:	**2m @ 12,454ppm TREO** from 18m
with:	**1m @ 19,493ppm TREO (33%)** from 11m
CLD-DDH-003:	**32.1m @ 5,295ppm TREO** from 13m
including:	**10m @ 9,444ppm TREO** from 18m
with:	**1m @ 13,492ppm TREO** from 20m
CLD-AUG-093:	**14m @ 9,994ppm TREO** from 1m
including:	**1m @ 28,321ppm TREO** from 9m
and:	**1m @ 9,171ppm TREO** from 12m

- Sigificant Gallium mineralisation discovered **at surface** with intercepts up to **124g/t Ga_2O_3 (CLD-AUG-109)**, including:

CLD-AUG-109:	**6m @ 71 g/t Ga_2O_3** from 4m
including:	**1m @ 124 g/t Ga_2O_3** from 4m
CLD-DDH-005:	**14m @ 77 g/t Ga_2O_3** from surface
including:	**7m @ 83 g/t Ga_2O_3** from 4m
CLD-DDH-009:	**6m @ 71 g/t Ga_2O_3** from surface
CLD-AUG-101:	**6m @ 69 g/t Ga_2O_3** from surface

CLD-AUG-078: **6m @ 67 g/t Ga_2O_3** from surface

CLD-DDH-006: **45m @ 50 g/t Ga_2O_3** from surface to EOH,

Caldas REE Project, Poços de Caldas Alkaline Complex, Minas Gerais

- Exceptionally thick, consistent ultra high grade clay-hosted intercepts at surface from shallow auger holes at Caldas including:

CAL-AUG-001:	**11m @ 3,273ppm TREO** from surface
including	**1m @ 7,099ppm TREO** from 9m
ending with	**3m @ 5,609ppm TREO** from 9m
CAL-AUG-002:	**12.7m @ 2,222ppm TREO** from surface
including	**1m @ 3,033 ppm TREO** from 9m
ending with	**8m @ 2,602ppm TREO** from 5m
CAL-AUG-003:	**20m @ 3,082ppm TREO** from surface
including	**1m @ 6,536ppm TREO** from 15m
ending with	**11m @ 3,699ppm TREO** from 9m
CAL-AUG-009[1]:	**13m @ 5,735ppm TREO** from surface
including	**5m @ 10,526 ppm TREO** from 8m
ending with	**1m @ 19,493ppm TREO** from 11m

- Concentrations of high value magnetic rare earths over **40% MREO/TREO**
- 20 auger holes completed to date with assays averaging 3,229ppm TREO and no assays returned less than 1,000ppm cutoff
- Drill holes ending in high-grade mineralisation, suggesting continuity at depth
- Reconnaissance auger drilling to continue, testing prospects adjacent to Meteoric Resources (**ASX: MEI**) and Viridis Mining and Minerals (**ASX: VMM**)

Itiquira REE/Niobium Project, Mato Grosso

- Geological reconnaissance and scouting program revealed a lack of outcrops due to thick sandstone and Cenozoic sediment cover, with extreme weathering limiting significant REE or niobium surface results
- Future exploration may include a ground geophysical survey to assess the potential depth of intrusive igneous rocks

Corporate

- Axel is fully funded to accelerate Caladão to Maiden Resource estimate and continue Caldas exploration program with $10.7M cash at end of the quarter
- 26,201,723 restricted shares were released from escrow

[1] Post-quarter assay result, refer AXL ASX release 28 January 2025, "*19,493ppm TREO at High Grade Caldas Project*"

- Bonus Options Offer initiated on the basis of one option for every two shares held by Eligible Shareholders at 5pm (AEDT) on 31 January 2025

Axel REE Limited (**ASX: AXL**, **Axel** or **the Company**) is pleased to provide its Quarterly Activities Report for the three month period ending 31 December 2024. During the quarter, Axel continued its aggressive exploration strategy, focussing on advancing its flagship Caladão Rare Earth Element (**REE**) + Gallium Project located in the Lithium Valley of Minas Gerais, Brazil and the Caldas REE Project in the Poços de Caldas Alkaline Complex in southern Minas Gerais.

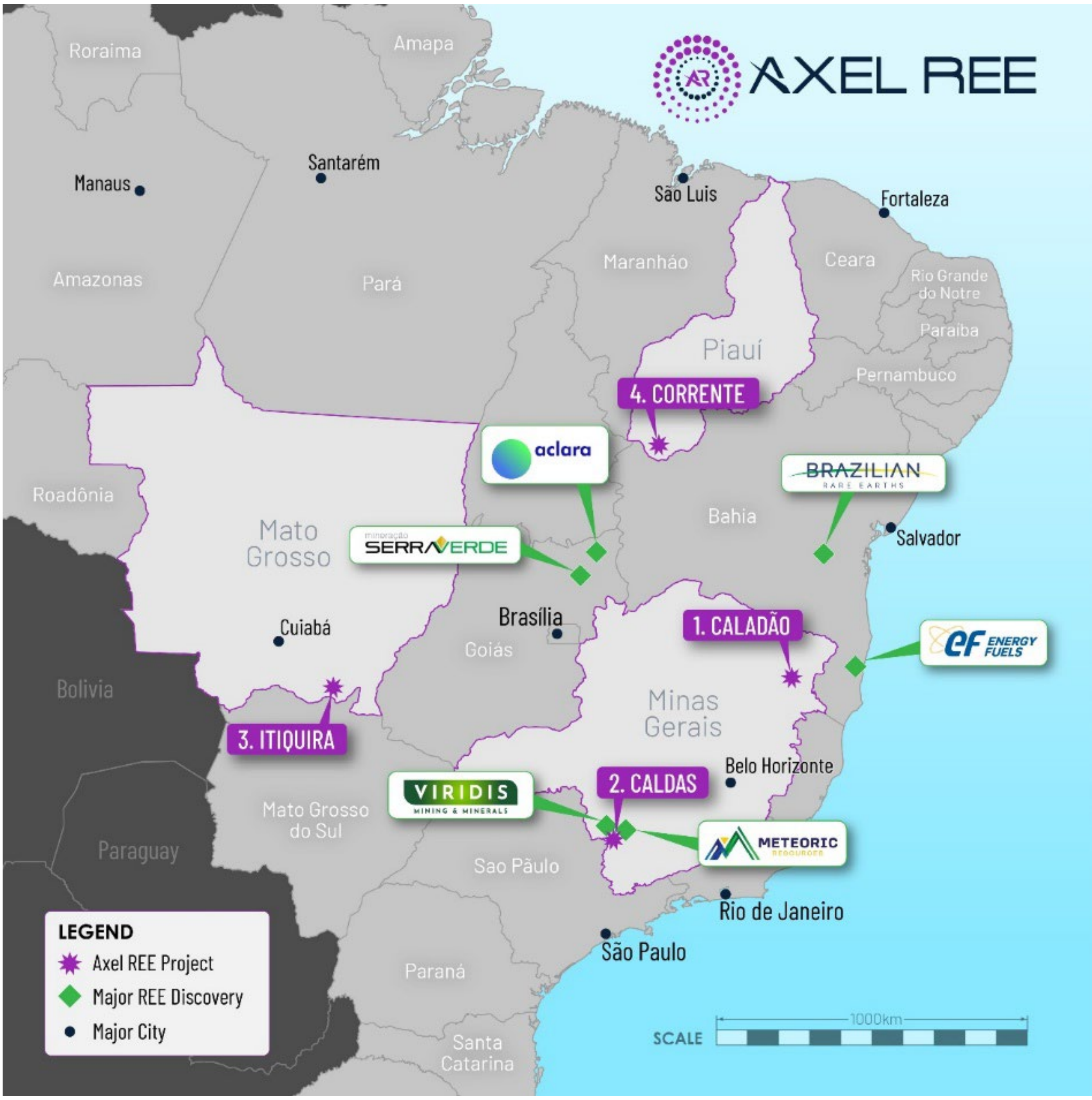

Figure 1 – Map of the Axel REE's 100% owned projects in Brazil.

Exploration Activities for the Quarter

Caladão REE Project

During the quarter, the Company 's diamond and auger drilling program initially focused on Area A (Figure 2), where high grade mineralised REE intercepts occurred over a drilled area of ~30km^2, representing ~10% of the total Caladão Project area. Drilling at Area A has been highly successful, where lateral persistence of the mineralisation is occurring and open in all directions (Figure 3).

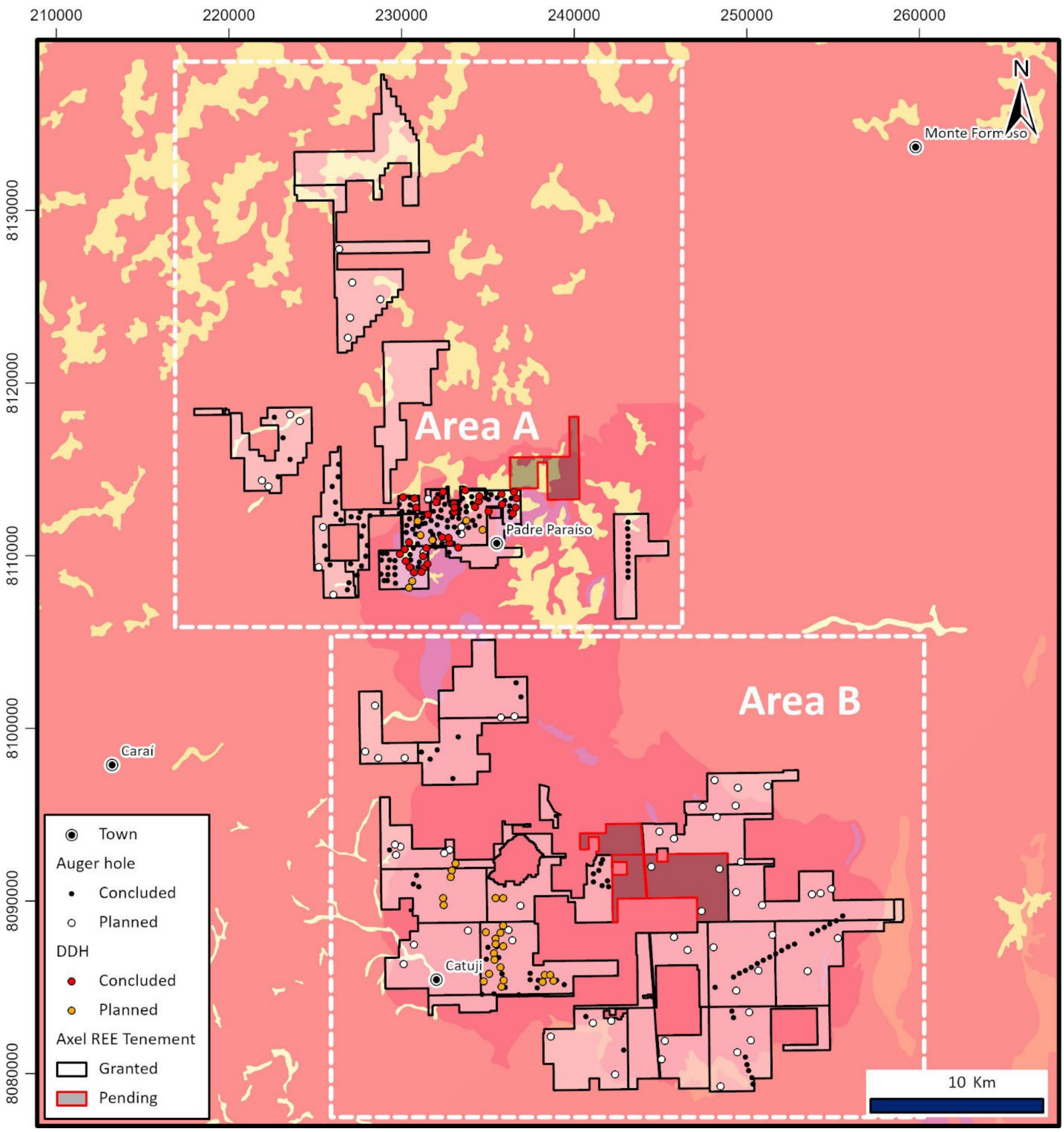

Figure 2 – Map of the Caladão Project showing the distribution of Axel's tenements and the priority drill targets A and B

The drilling program to date has shown extensive thickness of mineralisation occurring in the saprolite profile from surface to depths up to 60m. Notably, all auger holes completed to date have ended in high grade REE mineralisation (Table 1) which again demonstrates the high grade consistency of the Project. Auger holes usually have a limited depth of penetration in the weathering profile, averaging around 15m depth at the Caladão Project. The auger holes are sampling only the upper part of the mineralised profile and clearly indicate that the mineralisation is open at depth, as shown in the vertical geological cross-section in Figure 4. Diamond drill holes to date have also confirmed this depth profile.

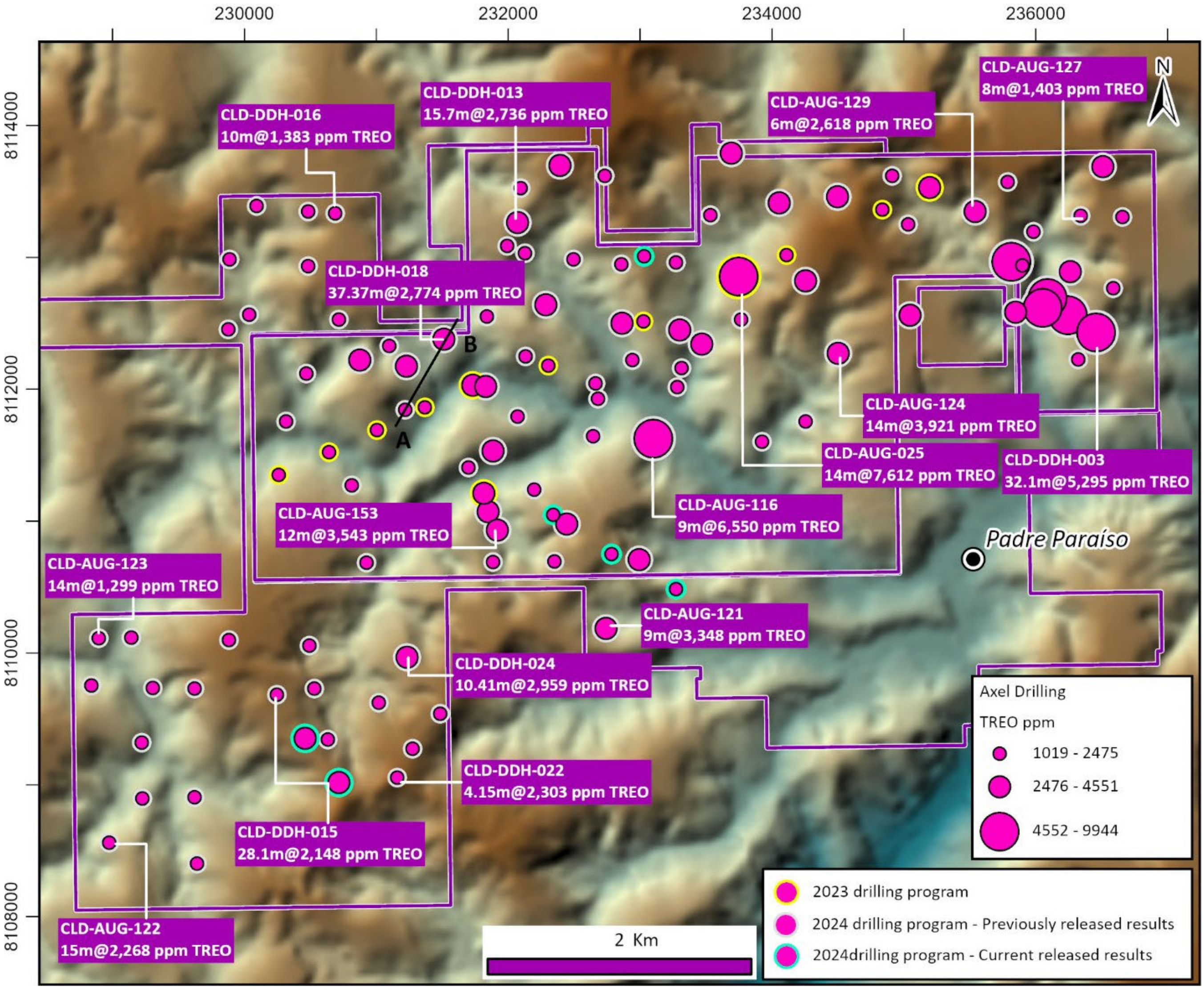

Figure 3 – Distribution of the Total Rare Earth Oxide (TREO) intercepts at Area A, over the Digital Elevation Model.

Area A shows an incredible lateral persistence of the REE mineralisation in all directions combined with the expressive thicknesses in the clay-rich profile, where the highest grade was recorded at the Project of **28,321 ppm TREO** (CLD-AUG-93) from 9m to 10m. Importantly, the thickness of mineralisation is demonstrated by CLD-DDH-018 with **37.37 metres @ 2,774 ppm TREO** recorded. High grade intercepts have shown to be consistent and open across the entire drilled area to date.

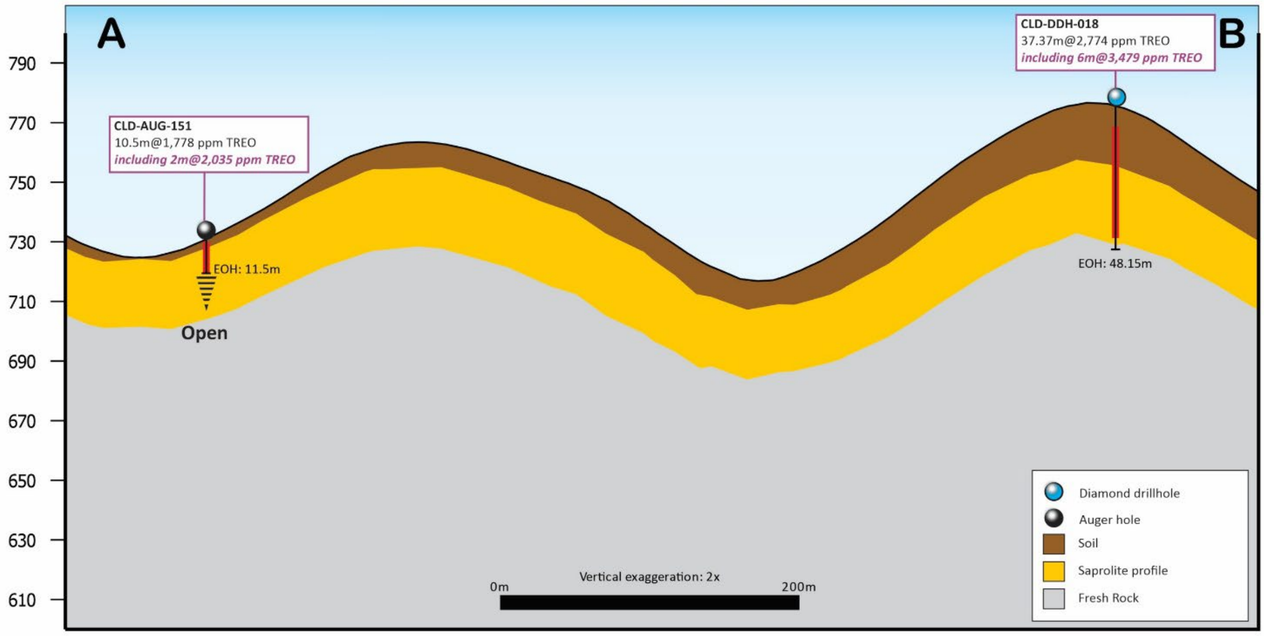

Figure 4 – Sample Cross section A-B highlighting auger hole CLD-AUG-151 and diamond hole CLD-DDH-018. Note that REE mineralisation remains open at depth in auger hole CLD-AUG-151 .

The Phase One drilling program program at the Caladão Project in the Lithium Valley, Minas Gerais, continues with 233 holes completed at the time of writing this report, including auger and diamond drill, totaling 3,952 metres drilled across Areas A and B. Drill samples have been sent to SGS and have returned progressively in batches. There are still ~1,000 samples pending at the laboratory. The data collected from these drillholes will be used to support a Maiden REE Resource estimate.

HoleID	From (m)	To (m)	Length (m)	TREO (ppm)	MREO (ppm)	MREO (%)	NdPr (ppm)	DyTb (ppm)
CLD-DDH-001	14	26.4	12.4	5,478	1,188	22	1,142	46
including	**18**	**20**	**2**	**12,454**	**2,795**	22	**2,678**	**117**
CLD-DDH-003	13	45.1	32.1	2,342	383	16	17	366
including	18	30	12	2,784	757	27	34	723
CLD-DDH-005	54	57.85	3.85	5,295	880	20	41	840
including	**55**	**56**	**1**	**9,219**	**1,125**	**15**	**49**	**1,075**
CLD-DDH-007	9	17	8	2,566	732	24	38	694
ending with	**16**	**17**	**1**	**7,287**	**2,793**	**38**	**160**	**2,632**
CLD-DDH-008	7	21.1	14.1	3,104	710	23	674	36
ending with	18	21.1	3.1	4,599	1,163	26	1,094	69
CLD-DDH-010	21	23.62	2.62	4,067	1,048	26	985	62
including	22	23	1	5,155	1,269	25	1,190	79
CLD-DDH-011	36.55	45.15	8.6	3,432	884	24	847	37
ending with	**44**	**45.15**	**1.15**	**6,500**	**1,923**	**30**	**1,850**	**73**
CLD-DDH-012	28	34.95	6.95	3,922	289	8	280	9
including	32	34	2	6,548	342	6	332	11
CLD-AUG-058	0	12	12	2,891	850	29	802	49
including	0	6	6	3,281	1,046	32	*995*	*51*
CLD-AUG-060	0	13	13	3,722	745	21	721	24
including	10	11	1	5,958	2,320	39	2,249	71
CLD-AUG-065	0	11	11	4,014	1,374	31	1,266	108
including	1	7	6	*5,272*	*2,041*	*37*	*1,889*	*152*
CLD-AUG-069	0	14	14	4,032	1,203	29	1,154	49
including	1	8	7	*4,875*	*1,603*	*33*	*1,549*	*53*
CLD-AUG-073	0	12	12	2,838	839	29	801	38
including	2	7	5	*3,412*	*1,136*	*33*	*1,088*	*48*
CLD-AUG-092	0	15	15	2,209	538	22	510	27
ending with	6	15	9	2,611	757	29	717	39
CLD-AUG-093	**1**	**15**	**14**	**9,944**	**2,000**	**16**	**1,914**	**86**
including	**9**	**15**	**6**	**13,869**	**4,360**	**33**	**4,201**	**159**
with	**9**	**10**	**1**	**28,321**	**7,606**	**27**	**7,349**	**257**
CLD-AUG-094	6	16	10	3403	727	15	708	18
ending with	13	16	3	*5,252*	*2,043*	*39*	*1,999*	*44*
CLD-AUG-102	6	15	9	1,760	355	18	338	17
ending with	12	15	3	2,263	622	27	593	29
CLD-AUG-104	0	14	14	2,119	148	7	137	12
ending with	10	14	4	2,542	270	11	249	21

HoleID	From (m)	To (m)	Length (m)	TREO (ppm)	MREO (ppm)	MREO (%)	NdPr (ppm)	DyTb (ppm)
CLD-AUG-105	3	15	12	2,098	381	18	362	20
ending with	7	15	8	2,286	430	19	409	22
CLD-AUG-108	12	17	5	2,475	416	17	401	15
ending with	**1**	**7**	**6**	**5,272**	**2,041**	**37**	**1,889**	**152**
CLD-AUG-113	0	15	15	1,828	351	17	335	16
ending with	10	15	5	2,916	669	23	639	30
CLD-AUG-116	5	14	9	6,550	622	9	589	33
ending with	**13**	**14**	**1**	**8,604**	**2,851**	**33**	**2,732**	**119**

Table 1: Summary of significant diamond (DDH) and auger (AUG) drill intercepts at Area A (1,000ppm cutoff)

Post quarter-end, the Company received auger drilling results from Area B, which confirmed a 68% increase in drilled mineralised area at the Caladão Project from $35km^2$ to $60km^2$. REE mineralisation at Area B was identified in a widespread area, with thick intercepts and best intercept **14m @ 3,921 ppm TREO** (CLD-AUG-124). Auger drilling will continue in Area B and is planned to be followed up with diamond drilling that will allow the sampling of the entire weathering profile down to the bedrock.

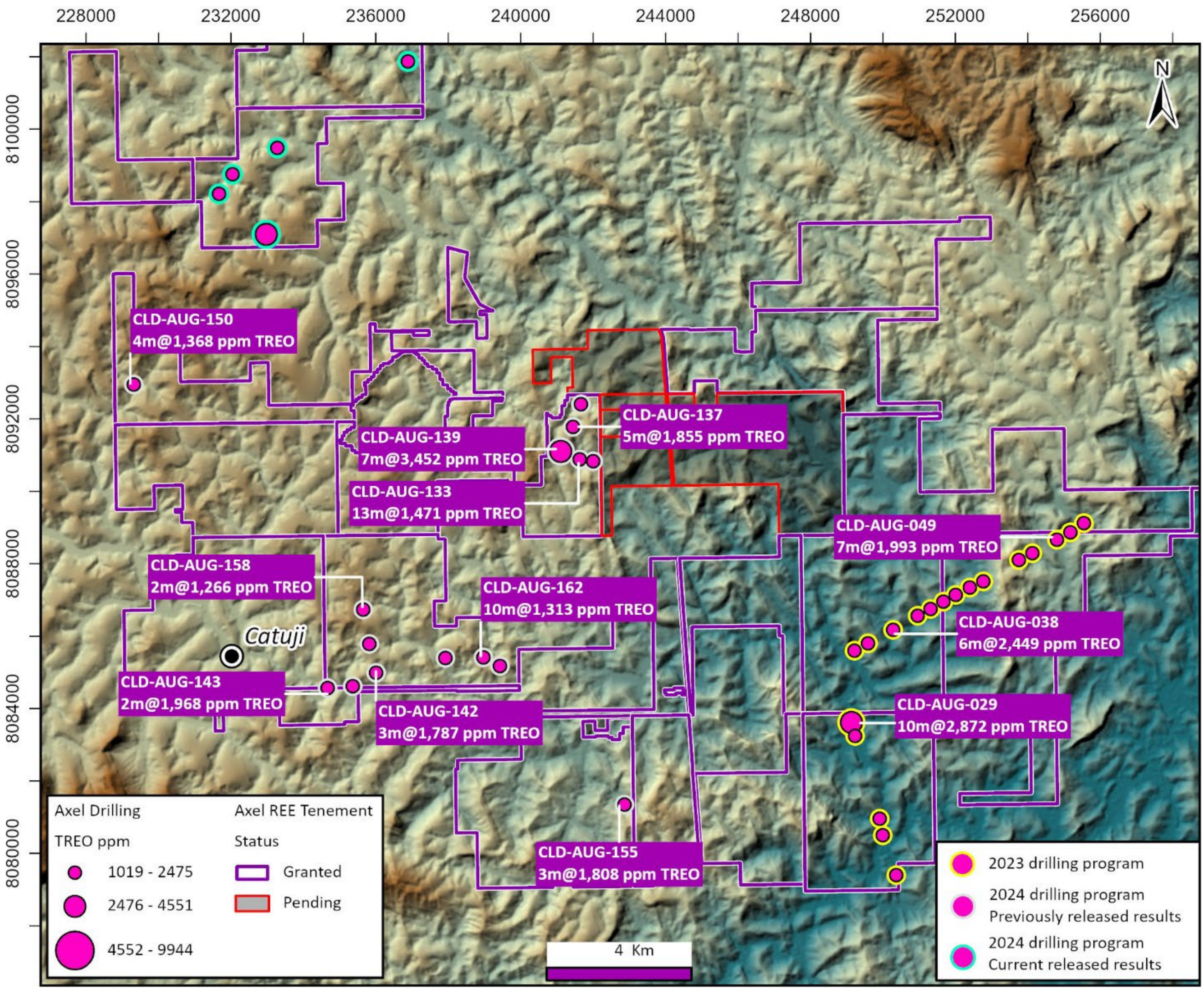

Figure 5 - Distribution of the Total Rare Earth Oxide (TREO) intercepts at Area B, over the Digital Elevation Model (DEM) in the background.

Gallium Discovery at Caladão

Following a review of drilling data during the quarter, the Company was pleased to identify widespread gallium mineralisation **at surface**, with assays returning **up to 124 g/t Ga_2O_3** (CLD-AUG-109). While gallium tends to concentrate in the upper regolith, deeper drilling has also intercepted significantly thick intervals, including **45m @ 50g/t Ga_2O_3** (CLD-DDH-006), indicating potential for significant gallium mineralisation throughout the entire profile. The concentration of gallium in the upper and more oxidized portions of the weathering profile opens the possibility of adding value to the overburden of the REE mineralisation.

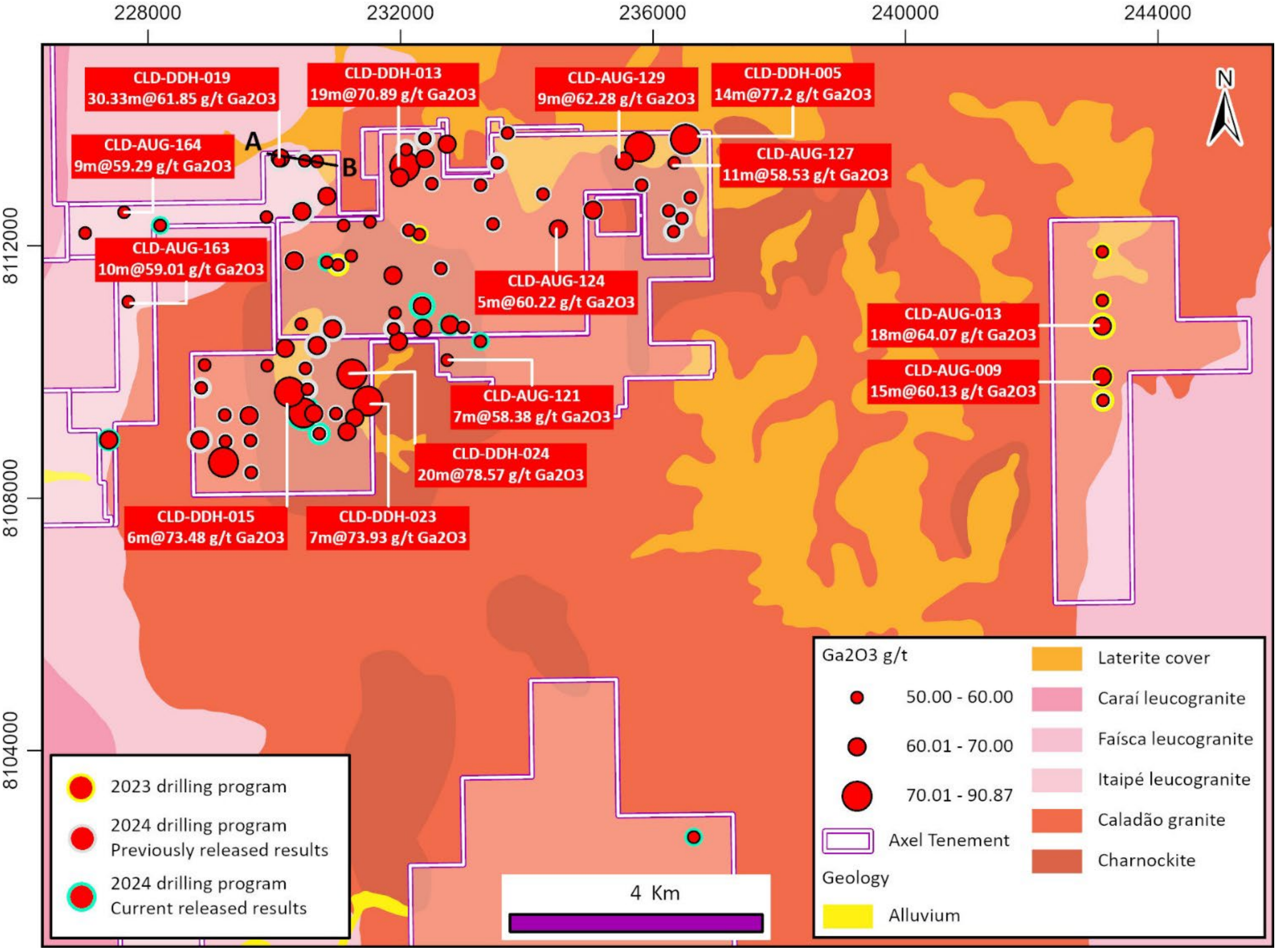

Figure 6 – Geological map of Caladão Area A, highlighting the distribution of Gallium intersections, using a 50 g/t Ga2O3 cutoff.

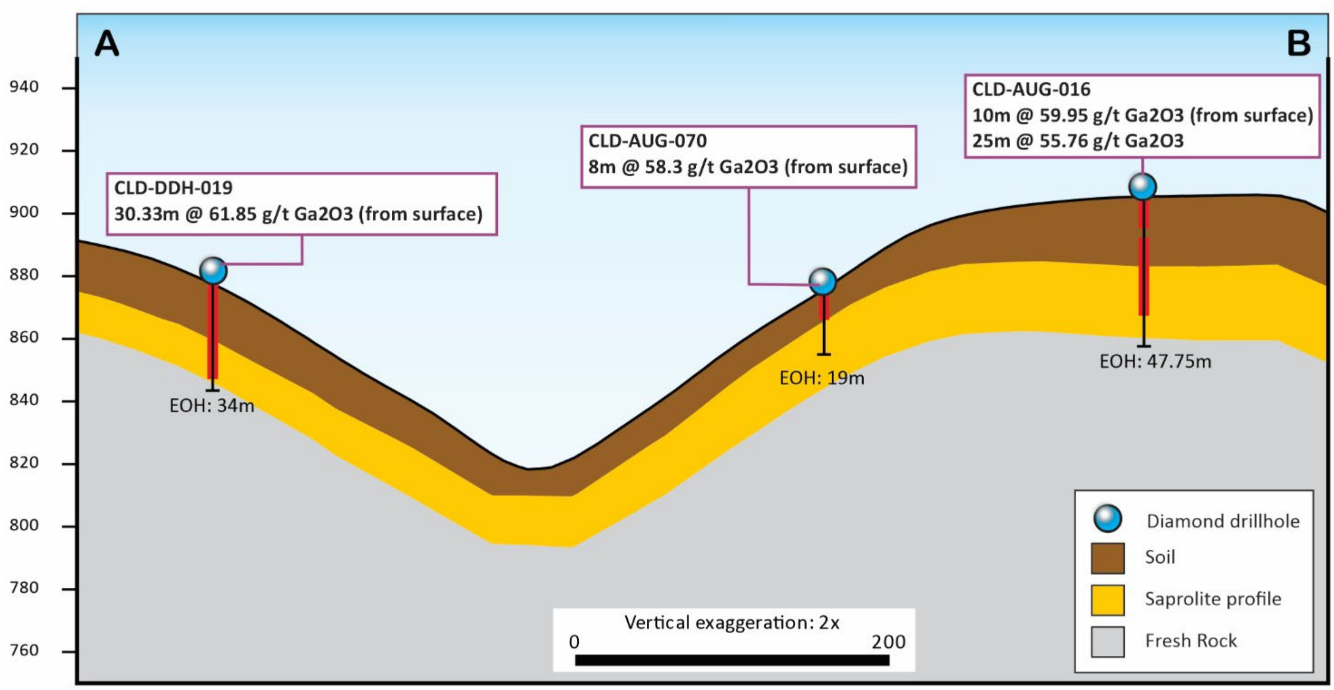

Figure 7 –Caladão Area A cross section showing Gallium predominately mineralised in the lateritic soil profile.

HoleID	From (m)	To (m)	Length (m)	Ga_2O3 (g/t)
CLD-AUG-166	0	5	5	90.87
CLD-DDH-024	0	20	20	78.57
CLD-AUG-160	0	12	12	77.96
CLD-AUG-158	0	15	15	77.51
CLD-DDH-005	0	14	14	77.2
CLD-AUG-134	0	7	7	75.47
CLD-AUG-145	0	16	16	74.6
CLD-AUG-142	0	14	14	74.51
CLD-AUG-136	0	13	13	74.45
CLD-AUG-166	7	15	8	74.27
CLD-AUG-137	0	15	15	74.02
CLD-DDH-023	0	7	7	73.93
CLD-DDH-015	0	6	6	73.48
CLD-AUG-157	0	15	15	72.5
CLD-AUG-138	0	15	15	71.42
CLD-DDH-013	0	19	19	70.89
CLD-AUG-109	4	10	6	70.79
CLD-DDH-006	0	6	6	70.57
CLD-AUG-143	0	16	16	70.06
CLD-DDH-023	9	26	17	70.06
CLD-AUG-156	0	10	10	69.22
CLD-AUG-101	0	6	6	68.78
CLD-AUG-132	0	8	8	68.55
CLD-AUG-131	0	13	13	68.45
CLD-AUG-149	0	15	15	68.38
CLD-AUG-078	0	6	6	67.43
CLD-AUG-139	0	7	7	67.21
CLD-AUG-159	0	13	13	65.14
CLD-AUG-115	0	5	5	65.06
CLD-AUG-084	0	13	13	64.31
CLD-AUG-148	0	13	13	64.31
CLD-AUG-133	0	15	15	64.16
CLD-AUG-013	0	18	18	64.07
CLD-AUG-126	0	5	5	63.72
CLD-AUG-135	0	14	14	63.47
CLD-DDH-017	0	6	6	63.18
CLD-AUG-086	5	15	10	63.04
CLD-AUG-152	0	5	5	62.91
CLD-DDH-011	0	7	7	62.79
CLD-AUG-129	0	9	9	62.28
CLD-DDH-019	0	30.33	30.33	61.85
CLD-AUG-054	0	8	8	61.83
CLD-DDH-014	4	24	20	61.7
CLD-DDH-020	7	17	10	61.7
CLD-DDH-022	0	7	7	61.06
CLD-DDH-015	9	19	10	60.89

HoleID	From (m)	To (m)	Length (m)	Ga_2O3 (g/t)
CLD-DDH-025	0	8	8	60.82
CLD-AUG-162	0	13	13	60.59
CLD-AUG-099	1	17	16	60.57
CLD-AUG-105	0	7	7	60.49
CLD-AUG-150	0	7	7	60.3
CLD-AUG-124	0	5	5	60.22
CLD-AUG-009	0	15	15	60.13

Table 2 - Summary of high grade Gallium intercepts from diamond (DDH) and auger drilling (AUG) samples received to date (minimum 5m composite intercepts with 50g/t Ga_2O_3 cutoff).

Gallium Market

Gallium is listed as a critical mineral by both the US and the EU and is essential for various advanced technologies, including high-performance semiconductor chips. On December 3, 2024, China placed an export ban on gallium and other critical minerals. Gallium is currently trading at US$249,150/t[1].

Caldas REE Project

The Caldas Project is located amongst significant ionic adsorption clay (IAC) REE discoveries, including Meteoric Resources (**ASX: MEI**) high-grade Caldeira Resource and Viridis Mining and Mineals (**ASX: VMM**) Colossus Resource. This unique Alkaline Complex has a diameter of over 30km and hosts globally significant ionic adsorption clay (IAC) REE discoveries including Meteoric Resources' Caldeira Mineral Resource Estimate (**MRE**) of 740Mt @ 2,572ppm TREO (Measured + Inferred + Indicated)[2] and Viridis Mining & Minerals Limited's (ASX:VMM) Colossus MRE of 493Mt @ 2,508ppm TREO (Measured + Indicated + Inferred)[3]. Mineralisation is associated with the weathering profile that produces abundant clay minerals such as kaolinite, that are typically rich in rare earth elements.

The Company holds an expansive strategic portfolio of tenements both inside the Alkaline Complex and around the weathering profile. Initial results from a geochemistry program completed in 2023 indicate that REE mineralisation is not limited to the Project areas within the Poços de Caldas Alkaline Complex, but mineralisation could potentially extend within the weathering profile of the neighbouring gneissic rocks.

During the quarter, an auger program commenced to test surface and near-surface REE mineralisation, targeting areas with anomalous geochemical signatures identified through previous reconnaisance.

The assays to date have returned excellent results with assays from all 20 auger holes mineralised averaging 3,229ppm TREO and 100% of assays returning above the cutoff 1,000ppm TREO (1m interval assays). The intercepts show that the clay-hosted mineralisation at Caldas is thick over 20m, high-grade and open at depth. The chemical assays confirm the presence of an extraordinary concentration of Total Rare Earth Element Oxides (**TREO**), including an impressive concentration of magnetic rare earth oxides (**MREO**), particularly high value Neodymium (**Nd**) and Praseodymium (**Pr**).

[1] Gallium spot price in USD per tonne as at 27 January 2025, source: Daily Metal Prices
[2] Meteoric Resources NL (ASX:MEI) ASX release 5 August 2024 "Updated Figueira Mineral Resources Estimate
[3] Viridis Mining and Minerals Limited (ASX: VMM) ASX release 22 January 2025 "Colossus Delivers Largest Measured & Indicated Resource and Highest MREO Grade IAC Project Globally"

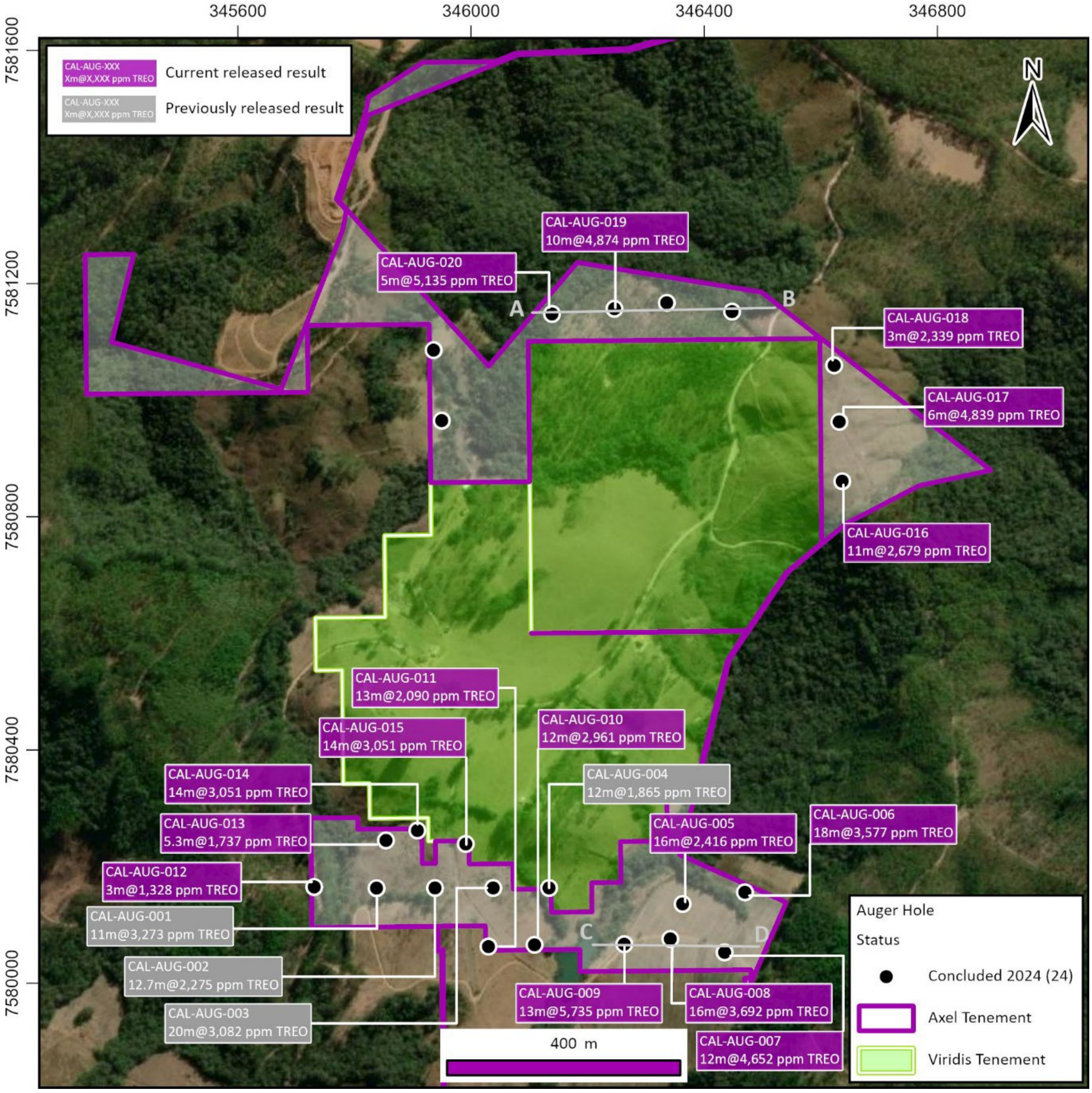

Figure 8 – Assay status map of Caldas REE prospect adjacent to Viridis (ASX:VMM)

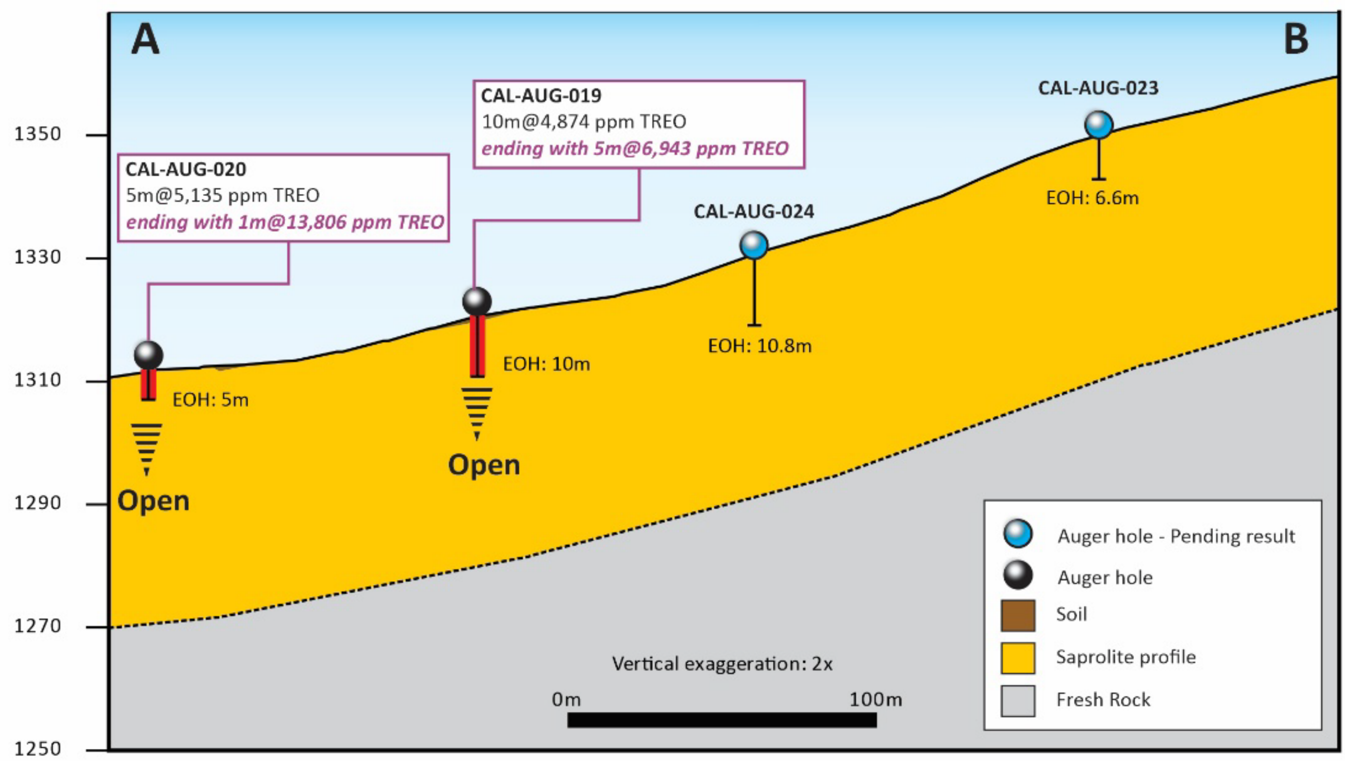

Figure 9 – Cross section of auger holes (potential fresh rock zone interpreted)

HoleID	From (m)	To (m)	Interval (m)	TREO (ppm)	MREO (ppm)	MREO (%)	NdPr (ppm)	DyTb (ppm)
CAL-AUG-001	0	11	11	3,273	894	24	847	47
including	7	11	4	4,978	1,678	33	1,586	92
with	**9**	**10**	**1**	**7,099**	**2,466**	**34**	**2,310**	**89**
CAL-AUG-002	0	12.7	12.7	2,275	578	23	543	35
CAL-AUG-003	0	20	20	3,082	853	26	805	48
including	9	17	8	4,053	1,268	31	1,195	74
with	**15**	**16**	**1**	**6,536**	**2,077**	**32**	**1,935**	**143**
CAL-AUG-004	0	12	12	1,865	398	20	370	27
CAL-AUG-005	0	16	16	2,416	425	16	393	32
CAL-AUG-006	0	18	18	3,577	635	17	602	33
including	15	18	3	4,927	1,254	26	1,205	49
CAL-AUG-007	0	12	12	4,652	1,386	28	1,323	63
including	**6**	**10**	**4**	**6,761**	**2,241**	**33**	**2,136**	**106**
with	**8**	**9**	**1**	**8,286**	**2,864**	**35**	**2,717**	**147**
CAL-AUG-008	0	16	16	3,692	836	19	793	43
including	**10**	**16**	**6**	**5,441**	**1,526**	**28**	**1,465**	**61**
CAL-AUG-009	**0**	**13**	**13**	**5,735**	**1,412**	**18**	**1,359**	**54**
including	**9**	**13**	**4**	**11,568**	**3,229**	**30**	**3,132**	**97**
with	**11**	**12**	**1**	**19,493**	**6,462**	**33**	**6,289**	**172**
CAL-AUG-010	0	12	12	2,961	856	28	807	50
CAL-AUG-011	0	13	13	2,090	444	21	419	25
CAL-AUG-012	0	3	3	1,328	93	7	83	11
CAL-AUG-013	0	5.3	5.3	1,737	219	13	203	16
CAL-AUG-014	0	14	14	3,051	759	20	717	42
including	**11**	**14**	**3**	**6,118**	**2,126**	**35**	**2,017**	**109**
CAL-AUG-015	0	23	23	2,692	742	21	711	31
including	18	23	5	2,209	2,209	38	2,125	84
with	**18**	**19**	**1**	**8,554**	**3,724**	**44**	**3,599**	**130**
CAL-AUG-016	0	11	11	2,679	628	23	593	35
CAL-AUG-017	0	6	6	4,839	1,453	29	1,378	76
CAL-AUG-018	0	3	3	2,339	481	21	458	23
CAL-AUG-019	0	10	10	4,874	1,666	29	1,588	78
including	**5**	**10**	**5**	**6,943**	**2,620**	**38**	**2,496**	**123**
CAL-AUG-020	0	5	5	5,135	1,751	27	1,671	80
including	**4**	**5**	**1**	**13,806**	**5,760**	**42**	**5,507**	**254**

Table 3 - Summary of auger REE intercepts (1,000ppm TREO cutoff)

Itiquira REE Project

The Itiquira Project has 395km^2 of exploration permits covering a significant portion of the Itiquira Complex, located in the southeast portion of the State of Mato Grosso, in the central-west portion of Brazil. Itiquira is interpreted to be an Alkaline Igneous Complex, associated with the Transbrasiliano Lineament. This deep transcontinental structure, together with the 125 AZ Lineament, controlled the ascent and emplacement of mantle-derived magmas during the Cretaceous. Among the most notorious intrusive complexes controlled by these structures are the Araxá and Catalão Carbonatitic Complexes, which are both niobium and phosphate mines (Figure 9).

During the quarter, Axel initiated a geological reconnaissance and scouting program at Itiquira Project. Initial scouting and reconnaissance of Itiquira has identified an overall lack of outcrops is due to the thick sandstone cover from the Marilia Formation and the Cenozoic sediments from the Cachoeirinha Formation. The weathering of the complex is extreme, and surface samples have not returned significant REE or niobium results so far. The continuation of the program may include a ground geophysical survey to determine the potential depth of the intrusive igneous rocks.

The Company will continue to review Itiquira whilst its focus remains at developing the Caladão REE + Gallium Project and Caldas REE Project.

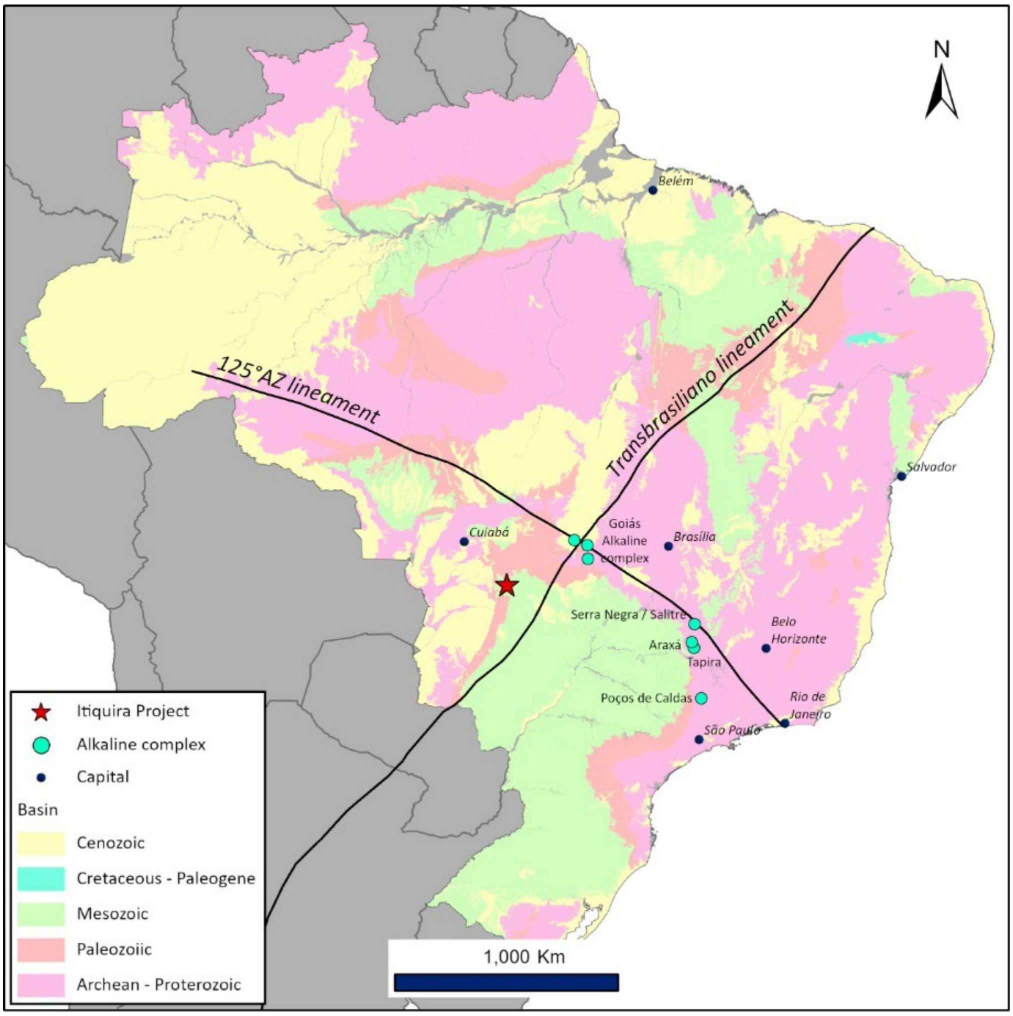

Figure 10 – Geological map of Brazil, highlighting the 125 AZ and the Transbrasilano lineaments, which are major transcontinental faults that controlled the emplacement of a great number and variety of mantle-derived alkaline intrusions in the Upper Cretaceous. The Itiquira project is shown as a red star.

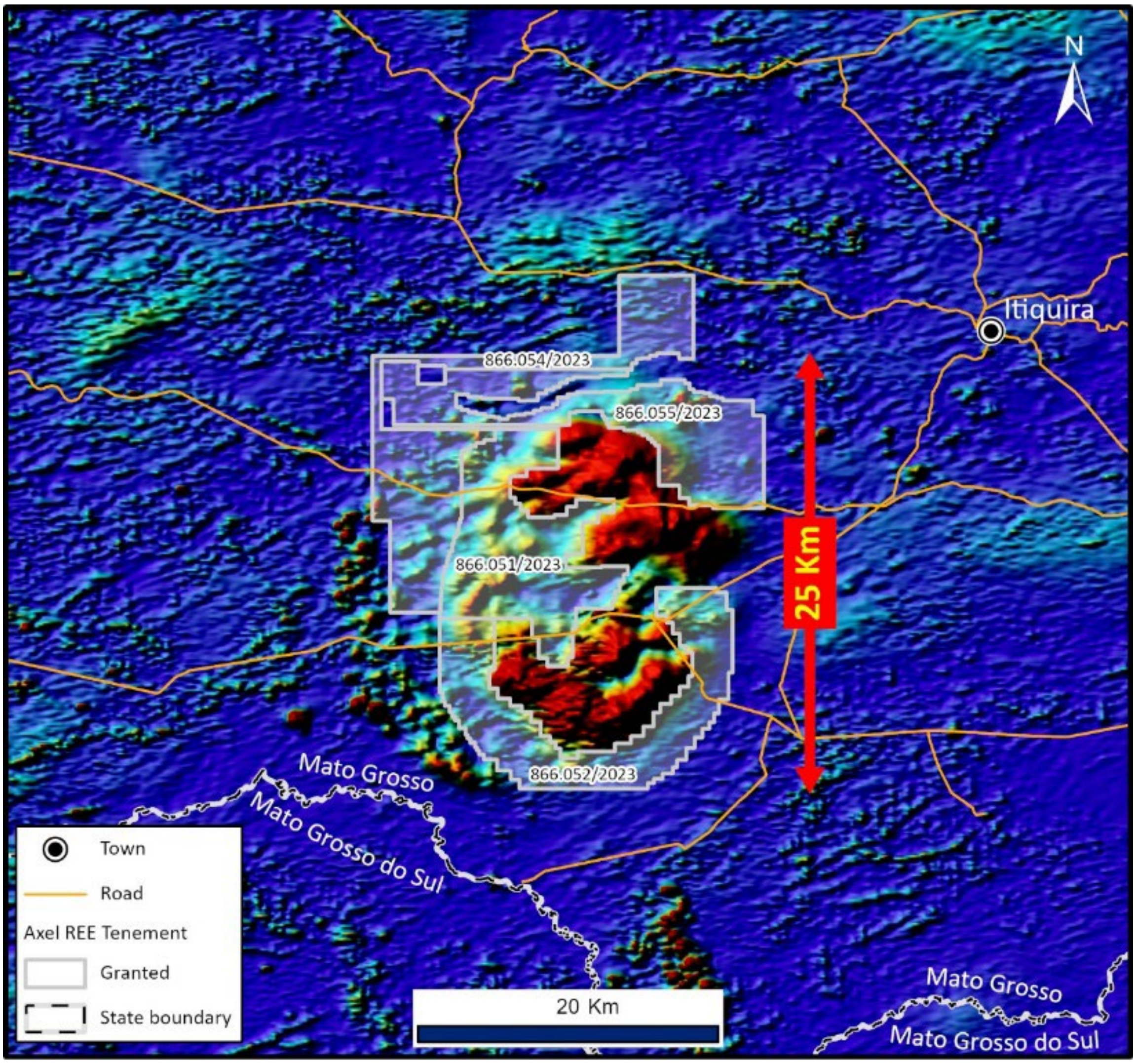

Figure 11 – Airborne magnetics, analytical signal map of the Itiquira Project showing the general distribution of Axel's tenements covering the core of the 20 km by 25 km bullseyes magnetic anomaly.

Corporate

Annual General Meeting

The Company held its 2024 Annual General Meeting on 19 November 2024. All resolutions were passed via poll.

Escrow Shares

On 9 October 2024 and 15 December 20024, 16,483,003 and 9,718,720 restricted shares respectively were released from escrow.

Bonus Options Offer

On 7 October 2024 the Company announced a non-renounceable pro-rata bonus issue of options on the basis of one (1) option (**Loyalty Option**) for every two (2) shares held by eligible shareholders at 5pm (AEDT) on 31 January 2025 (**Record Date**) for nil consideration per Loyalty Option (**Loyalty Option Offer**). A Prospectus was lodged with ASIC and ASX on 24 January 2025.

Cash Position

The Company remains fully funded to execute its exploration strategy with $10.7M in cash on hand at 31 December 2024.

ASX – Additional Information

5.3.1.

For the purpose of ASX Listing Rule 5.3.1, details of the Company's exploration activities for the quarter, including any material developments or changes in those activities, and a summary of the expenditure incurred on those activities is set out in the relevant sections of this announcement. Total exploration expenditure incurred during the period was $394,168.

5.3.2.

For the purpose of ASX Listing Rule 5.3.2, the Company confirms that there were no mining production and development activities during the quarter by the Company or its subsidiaries.

5.3.3.

For the purpose of ASX Listing Rule 5.3.3, details of the tenements held by Company are set out at Schedule 1.

5.3.4.

For the purpose of ASX Listing Rule 5.3.4, a comparison of the use of funds as per the Axel REE Prospectus dated 7 June 2024 (**Prospectus**) and actual use of funds since ASX admission is presented below:

Use of Funds	Prospectus Estimate (2 year period following admission) ($ million)	Actual use of Funds until 31 December 2024 ($ million)	Variance
Exploration at the Projects	9.65	0.74	(8.91)
Expenses of the Offer	1.14	1.10	(0.04)
General and administration costs	2.51	1.02	(1.49)
Working capital	0.52	0.07	(0.45)
Total	**13.82**	**2.93**	**(10.89)**

The material variance relating to exploration expenditure was principally due to the following:

- The Company was admitted to the ASX on 19 July 2024 (**Admission**) and commenced trading on 23 July 2024. The Use of Funds Statement covers a 24 month period following Admission.
- As at the date of this announcement, the Company believes it remains on track to meet its intended use of funds disclosed in the Use of Funds Statement over the 24 month period, as a large amount of the Company's exploration work is planned over the next 16 months, including progressing the current exploration programs that primarily consist of drilling, as set out in this announcement and the Prospectus.

5.3.5.

For the purpose of ASX Listing Rule 5.3.5, the Company made payments of approximately $201,813 to related parties and their associates. These payments include directors' fees/salaries and superannuation contributions, company secretary fees and geological consulting fees.

This announcement was authorised by the Board of Directors.

For enquiries regarding this release please contact:

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Investor & Media Relations
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About Axel REE

Axel REE is a critical minerals exploration company which is primarily focused on exploring the Caladão, Caldas, Itiquira, and Corrente rare earth elements (**REE**) projects in Brazil. Together, the project portfolio covers over 1,105km^2 of exploration tenure in Brazil, the third largest country globally in terms of REE Reserves.

The Company's mission is to explore and develop REE and other critical minerals in vastly underexplored Brazil. These minerals are crucial for the advancement of modern technology and the transition towards a more sustainable global economy. Axel's strategy includes extensive exploration plans to fully realize the potential of its current projects and seek new opportunities.

Competent Persons Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources, or Ore Reserves is based on information compiled by Dr. Fernando Tallarico, who is a member of the Association of Professional Geoscientists of Ontario, and Dr. Paul Woolrich, who is a Competent Person and a Member of the Australian Institute of Mining and Metallurgy (AusIMM). Dr Woolrich is a consultant to the Company and Dr Tallarico is a full-time employee of the Company. Dr. Tallarico and Dr. Woolrich have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves. Dr. Tallarico and Dr. Woolrich consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Forward Looking Statement

This announcement contains projections and forward-looking information that involve various risks and uncertainties regarding future events. Such forward-looking information can include without limitation statements based on current expectations involving a number of risks and uncertainties and are not guarantees of future performance of the Company. These risks and uncertainties could cause actual results and the Company's plans and objectives to differ materially from those expressed in the forward-looking information. Actual results and future events could differ materially from anticipated in such information. These and all subsequent written and oral forward-looking information are based on estimates and opinions of management on the dates they are made and expressly qualified in their entirety by this notice. The Company assumes no obligation to update forward-looking information should circumstances or management's estimates or opinions change.

Reference to Previous Announcements

The information that relates to previous exploration results is extracted from:

- AXL ASX release 28 January 2025, "*19,493ppm TREO at High Grade Caldas Project*"
- AXL ASX release 24 January 2025, "*Loyalty Options Prospectus*"
- AXL ASX release 20 January 2025, "*68% Increase In Mineralised Drilled Area at Flagship Caladao*"
- AXL ASX release 17 December 2024, "*Significant Gallium Mineralisation at Caladao Project*"
- AXL ASX release 11 December 2024, "*28,321ppm TREO / 7,606ppm MREO Make Record Grades at Caladao*"

- AXL ASX release 3 December 2024, "*Widespread High Grade REE Confirmed from Caladao Channelling*"
- AXL ASX release 27 November 2024, "*Exceptional TREO and MREO Intercepts Continue at Caladao*"
- AXL ASX release 30 October 2024, "*Up to 12,931ppm TREO from first DD Hole at Flagship Caladao*"
- AXL ASX release 23 October 2024, "*Up to 7,099ppm TREO from high grade batch assays at Caldas*"
- AXL ASX release 7 October 2024, "*Loyalty Options Offer*"

The Company confirms that it is not aware of any new information or data that materially affects the information contained in these announcements and, in the case of estimates of mineral resources, that all material assumptions and technical parameters underpinning the estimates in the announcements continue to apply and have not materially changed.

Schedule 1 – Tenements at 31 December 2024

Tenement Number	Area (ha)	Holder	Location	Interest[1]	Expry Date
830457/2023	1,317.80	Axel REE Ltda	Minas Gerais	100%	14-Oct-2027
830466/2023	1,968.93	Axel REE Ltda	Minas Gerais	100%	18-Apr-2026
830453/2023	1,502.79	Axel REE Ltda	Minas Gerais	100%	19-Jun-2026
830465/2023	1,912.78	Axel REE Ltda	Minas Gerais	100%	19-Jun-2026
830467/2023	826.86	Axel REE Ltda	Minas Gerais	100%	20-Sep-2027
830468/2023	910.99	Axel REE Ltda	Minas Gerais	100%	20-Sep-2027
830454/2023	1,299.51	Axel REE Ltda	Minas Gerais	100%	23-Mar-2026
830458/2023	1,714.00	Axel REE Ltda	Minas Gerais	100%	23-Mar-2026
830469/2023	1,972.50	Axel REE Ltda	Minas Gerais	100%	23-Mar-2026
830464/2023	1,991.16	Axel REE Ltda	Minas Gerais	100%	23-Mar-2026
803030/2023	1,997.87	Axel REE Ltda	Minas Gerais	100%	23-Mar-2026
830527/2023	386.89	Axel REE Ltda	Minas Gerais	100%	23-Mar-2026
830455/2023	1,227.51	Axel REE Ltda	Minas Gerais	100%	23-May-2026
831090/2023	1,333.64	Axel REE Ltda	Minas Gerais	100%	23-May-2026
831084/2023	1,950.77	Axel REE Ltda	São Paulo	100%	23-May-2026
831088/2023	1,956.82	Axel REE Ltda	Minas Gerais	100%	23-May-2026
831089/2023	1,983.83	Axel REE Ltda	Minas Gerais	100%	23-May-2026
831087/2023	1,998.07	Axel REE Ltda	Minas Gerais	100%	23-May-2026
820286/2023	16.56	Axel REE Ltda	Minas Gerais	100%	26-Oct-2026
820287/2023	899.49	Axel REE Ltda	Minas Gerais	100%	26-Oct-2026
820319/2023	1,603.14	Axel REE Ltda	Minas Gerais	100%	26-Sep-2026
830082/2023	1,549.63	Axel REE Ltda	Minas Gerais	100%	27-Feb-2026
830887/2023	14.15	Axel REE Ltda	São Paulo	100%	28-Feb-2027
830889/2023	32.88	Axel REE Ltda	São Paulo	100%	28-Feb-2027
830895/2023	67.40	Axel REE Ltda	São Paulo	100%	28-Feb-2027
830500/2023	1,460.50	Axel REE Ltda	Piauí	100%	28-Jul-2026
830884/2023	24.43	Axel REE Ltda	Minas Gerais	100%	28-Jul-2026
830893/2023	24.65	Axel REE Ltda	Minas Gerais	100%	28-Jul-2026
830890/2023	363.73	Axel REE Ltda	Minas Gerais	100%	28-Jul-2026
830886/2023	47.58	Axel REE Ltda	São Paulo	100%	28-Jul-2026
830891/2023	5.63	Axel REE Ltda	Minas Gerais	100%	28-Jul-2026
830888/2023	7.77	Axel REE Ltda	São Paulo	100%	28-Jul-2026
830882/2023	8.12	Axel REE Ltda	Piauí	100%	28-Jul-2026
830456/2023	1,080.58	Axel REE Ltda	Minas Gerais	100%	28-Mar-2026
830452/2023	148.72	Axel REE Ltda	Minas Gerais	100%	28-Mar-2026
803032/2023	1,957.15	Axel REE Ltda	Minas Gerais	100%	30-Mar-2026
803031/2023	1,977.23	Axel REE Ltda	Minas Gerais	100%	30-Mar-2026
831092/2023	1,085.01	Axel REE Ltda	Minas Gerais	100%	31-May-2026
831086/2023	1,886.07	Axel REE Ltda	Minas Gerais	100%	31-May-2026
830085/2023	1,454.03	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026
830461/2023	1,914.17	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026

Tenement Number	Area (ha)	Holder	Location	Interest[1]	Expry Date
830463/2023	1,917.61	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026
830451/2023	1,919.96	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026
830516/2023	1,947.10	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026
830515/2023	1,963.87	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026
830462/2023	1,978.71	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026
830505/2023	1,033.42	Axel REE Ltda	Minas Gerais	100%	4-May-2026
830506/2023	786.64	Axel REE Ltda	Minas Gerais	100%	4-May-2026
866055/2023	9,753.55	Axel REE Ltda	Mato Grosso	100%	6-Jun-2026
866054/2023	9,944.86	Axel REE Ltda	Mato Grosso	100%	6-Jun-2026
866052/2023	9,989.08	Axel REE Ltda	Mato Grosso	100%	6-Jun-2026
830083/2023	1,995.50	Axel REE Ltda	Minas Gerais	100%	7-Feb-2026
830084/2023	1,327.50	Axel REE Ltda	Minas Gerais	100%	7-Mar-2026
866051/2023	9,892.33	Axel REE Ltda	Mato Grosso	100%	8-Mar-2026
830459/2023	1,599.56	Axel REE Ltda	Minas Gerais	100%	9-May-2026
831892/2024	1,130.7	Axel REE Ltda	Minas Gerais	100%	Application pending
833341/2023	1,130.70	Axel REE Ltda	Minas Gerais	100%	Application pending
830460/2023	1,435.97	Axel REE Ltda	Minas Gerais	100%	Application pending
830881/2023	32.34	Axel REE Ltda	Minas Gerais	100%	Application pending
830880/2023	357.80	Axel REE Ltda	Minas Gerais	100%	Application pending
831917/2024	486.96	Axel REE Ltda	Minas Gerais	100%	Application pending
830883/2023	57.57	Axel REE Ltda	Piauí	100%	Application pending
830885/2023	695.36	Axel REE Ltda	Minas Gerais	100%	Application pending
833340/2023	936.03	Axel REE Ltda	Minas Gerais	100%	Application pending
831458/2020	1,574.47	Foxfire Metals Ltda[2]	Minas Gerais	100%[2]	27-Nov-2027
831515/2020	884.39	Lobo Guara Mineracao e Representacao Eireli[2]	Minas Gerais	100%[2]	Application pending
831524/2020	1,023.90	Lobo Guara Mineracao e Representacao Eireli[2]	Minas Gerais	100%[2]	Extension application pending

[1] Interest refers to legal and beneficial ownership of the tenements described in Schedule 1 except for the three tenements referred at 2 below.

[2]Axel REE holds 100% beneficial interest in the mineral rights (other than lithium) in three tenements that were assigned to the Company under an asset sale agreement with Foxfire Metals Pty Ltd. Refer to the Company Prospectus for further details.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity	
AXEL REE LIMITED	

ABN	Quarter ended ("current quarter")
50 665 921 273	31 DECEMBER 2024

Consolidated statement of cash flows		Current quarter $A'000	Year to date 6 months $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(394)	(651)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(235)	(1,020)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	120	197
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (IPO costs expensed to P&L)	-	(117)
1.9	**Net cash from / (used in) operating activities**	**(508)**	**(1,590)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(93)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	(13)	(67)

Consolidated statement of cash flows		Current quarter $A'000	Year to date 6 months $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(13)**	**(160)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,615
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(982)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**2,633**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	11,206	9,806
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(508)	(1,590)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(13)	(160)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	2,633

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date 6 months $A'000**
4.5	Effect of movement in exchange rates on cash held	-	(4)
4.6	**Cash and cash equivalents at end of period**	**10,684**	**10,684**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	10,684	11,206
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**10,684**	**11,206**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(202)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Refer section 5.3.5 of quarterly activity report for further explanation of related party payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-
7.5	**Unused financing facilities available at quarter end**		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(508)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(508)
8.4	Cash and cash equivalents at quarter end (item 4.6)	10,684
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	10,684
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	21.01

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
	Answer: N/A
	Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2025

Authorised by: Board of Axel REE Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.