Axel REE Limited
ACN 665 921 273

ANNUAL REPORT

2024

CONTENTS

Letter to Shareholders

Dear Shareholders,

It is my pleasure to present the inaugural Annual Report for the financial year ended 30 June 2024 for Axel REE Limited (**Axel**), the first as an ASX-listed company, following our successful IPO on 23 July 2024.

Axel has made significant strides in our mission to become a leading player in the critical minerals sector, with a focus on our four highly prospective rare earth elements (**REE**) and niobium projects in Brazil. Our strategic positioning in the critical minerals space has never been more relevant, as global demand for REE continues to grow, driven by their essential role in clean energy technologies, high-tech applications and strategic importance on the geopolitical landscape.

Operational Highlights

During the reporting period, Axels efforts have concentrated on securing and advancing our flagship Caladão Project in the Lithium Valley region in northern Minas Gerais. Extensive exploration work has revealed promising results, with clay-hosted REE intercepts grading up to 7,612 ppm TREO and notable concentrations of Neodymium and Praseodymium, which are crucial for high-value magnet applications.

These initial results highlight the potential of our assets and reinforce our commitment to unlocking value for our shareholders.

We have also made progress across our other key projects:

- The Caldas REE Project in South Minas Gerais; and
- The Itiquira REE/Niobium Project in Mato Grosso.

Each of these assets contributes to our diverse portfolio and positions us strategically within Brazil's emerging REE and Niobium sector.

We have built a strong team of over 20 experienced local staff and consultants that will be integral to our systematic exploration plans and deliver on our IPO strategy to aggressively develop our projects and become a global player in the critical minerals sector.

Financial Position

As of 30 June 2024, Axel maintains a strong financial position, with a robust cash balance following our $13.3M IPO that allows us to fund our ongoing exploration and development activities. We remain committed to prudent capital management while aggressively pursuing our growth strategy.

Market Outlook

The rare earth elements market continues to show strong growth dynamics, driven by increasing demand in sectors such as electric vehicles, wind turbines, and consumer electronics. As governments worldwide push for greener technologies, the strategic importance of REEs is becoming ever more apparent, creating a favourable environment for companies like Axel REE.

Looking Ahead

In the coming year, we will focus on:

1. Accelerating our exploration programs across all four projects;
2. Advancing the Caladão Project towards resource definition;
3. Strengthening our relationships with local communities and stakeholders;
4. Exploring potential strategic partnerships to fast-track development; and
5. Evaluation of further opportunities in the critical minerals sector

We are excited about the opportunities that lie ahead and remain committed to creating long-term value for our shareholders while adhering to the highest standards of environmental stewardship and social responsibility.

On behalf of the Board, I would like to thank our dedicated team, whose hard work and expertise have been instrumental in our achievements this year. I also extend my gratitude to you, our shareholders, for your continued support and confidence in Axel.

We look forward to sharing Axel's successes with you in the year ahead as we unlock the full potential of our critical mineral assets in Brazil.

Sincerely,

Paul Dickson
Chairman

Axel REE – Critical Minerals in Brazil

Review of Operations

The Company's primary focus is on discovering major critical minerals deposits, with the primary focus on exploring the Caladáo, Caldas, Itiquira and Corrente projects, and more recently, completing a $13.3 million Initial Public Offering (**IPO**) of the Company's shares on the ASX to fund its proposed exploration activities on its project areas.

Axel's projects comprise the following:

- the Caladáo Project, located in the "Lithium Valley" region of the northern Minas Gerais State;
- the Caldas Project, located in the southern Minas Gerais State, bordering with São Paulo State;
- the Itiquira Project, located in the Mato Grosso State; and
- the Corrente Project, located in the Piauí State.

The Projects are owned by the Company via its 100%-owned Brazilian subsidiary Axel REE Ltda.

Together, the Projects cover 110,516 hectares (1,105 km^2) of exploration tenure (54 granted exploration permits, 11 pending exploration permit applications) in Brazil, the equal third largest country globally in terms of REE resources.

PROJECT	TENEMENT APPLICATIONS	GRANTED TENEMENTS	TOTAL (HECTARES)
Caladão Project	7,443	34,325	**41,768**
Caldas Project	1,143	22,093	**23,236**
Itiquira Project	-	39,580	**39,580**
Corrente Project	-	5,932	**5,932**
Total (hectares)	**8,586**	**101,930**	**110,516**

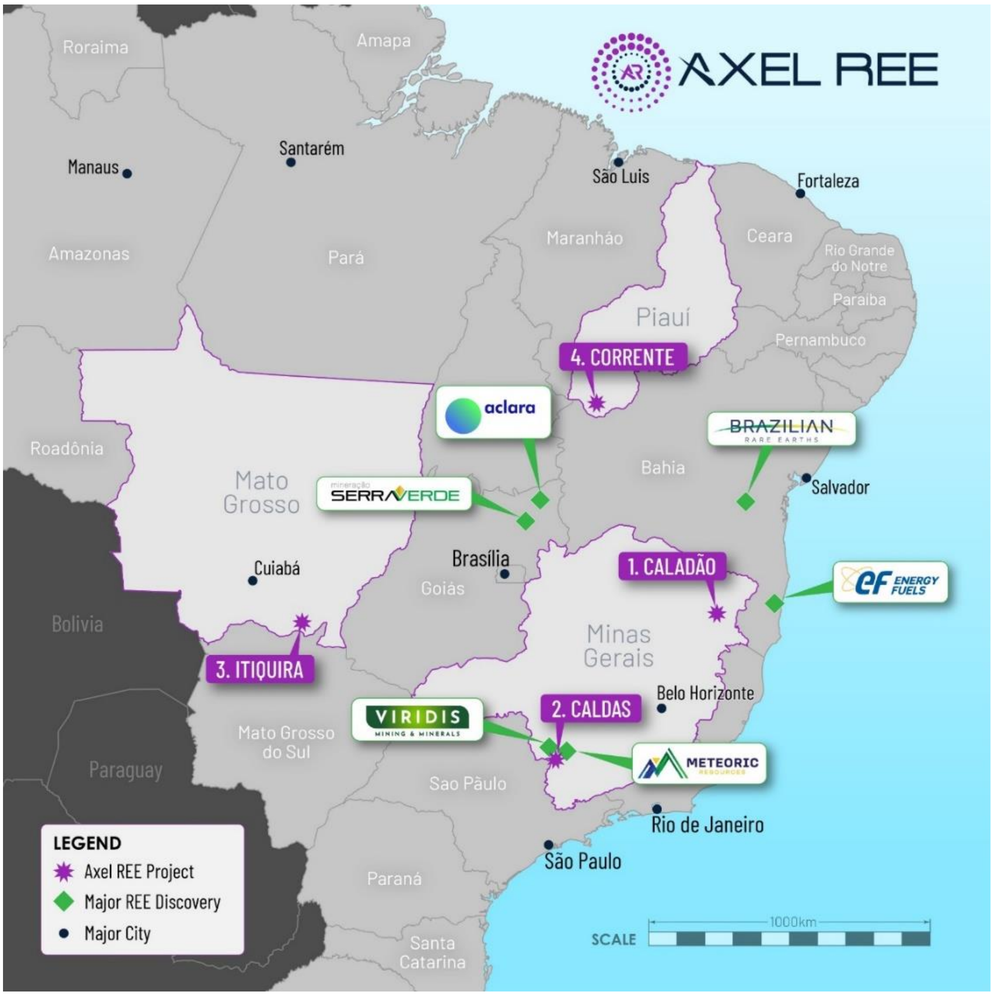

Figure 1 – Location of the Company's Projects (1. Caladáo, 2. Caldas, 3. Itiquira, 4. Corrente)

The Company's flagship projects, the Caladáo Project and Caldas Project, are located near several main towns and provide and provide access to highways, hydroelectrical grid power, water from the nearby Jequitinhonha River and commercial ports (Porto de Ilhéus and Porto de Vitória).

Caladão Project

The Caladão Project is located near the town of Padre Paraíso in the Lithium Valley region of the Minas Gerais State and comprises approximately 417.68km^2 of granted exploration permits and exploration permit applications.

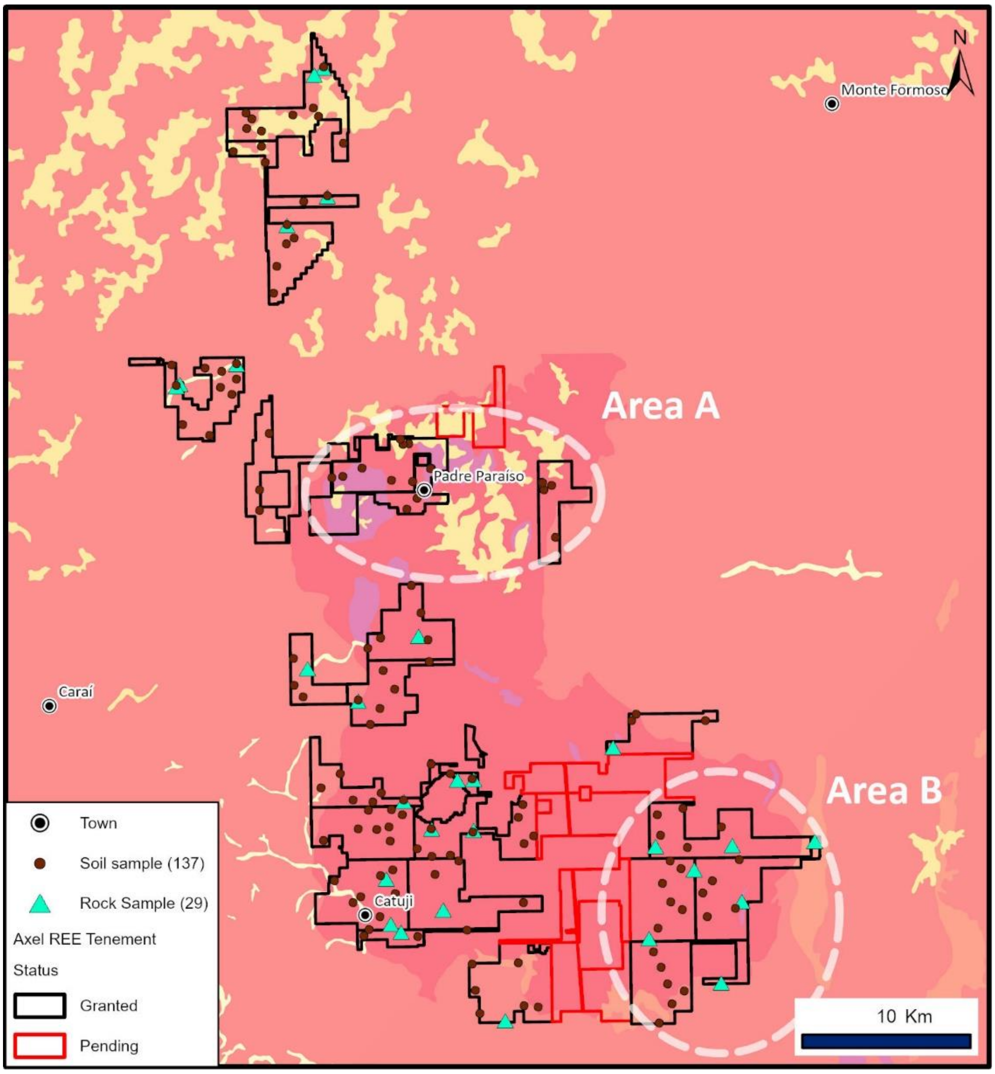

Figure 2 – Caladáo Project area with soil and rock chip sampling locations at Area A and Area B

The majority of the tenements are underlain by the Caladáo granite, a Cambrian I-type granite of the G5 supersuite, where large-scale greenfields REE mineralisation has been discovered in soils from the saprolite zone and the overlying unit.

In March 2023, an extensive program over the Caladáo Project area was completed including geological mapping and reconnaissance soil and rock chip sampling (137 samples).

Consistent REE mineralisation was discovered over the Caladáo project areas tested (all granted tenements) and two mineralised regions, Area A and Area B, were determined, spanning 25km in mineralised strike length.

Following the encouraging reconnaissance sampling results, in August 2023 the Company completed follow-up shallow auger drill programs at Area A (23 auger holes at an average depth of 13 meters) and Area B (25 auger holes at an average depth of 10 meters). The programs covered 25km of mineralised strike and drilling was completed based on aeromagnetic survey anomalies and surface sampling anomalies previously discovered.

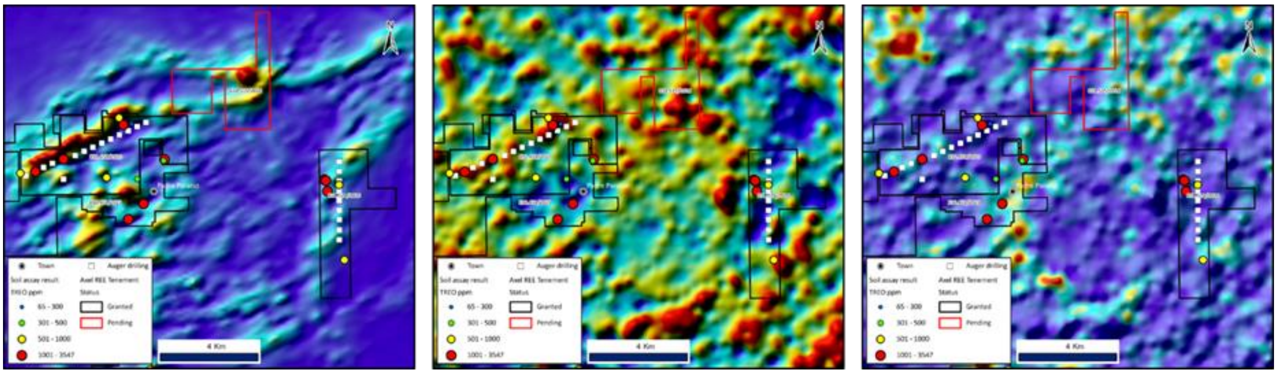

Figure 3: (Left to right) August 2023 completed auger drill program at Area A over aeromagnetic analytical imaging, radiometric (thorium), and radiometric (potassium)

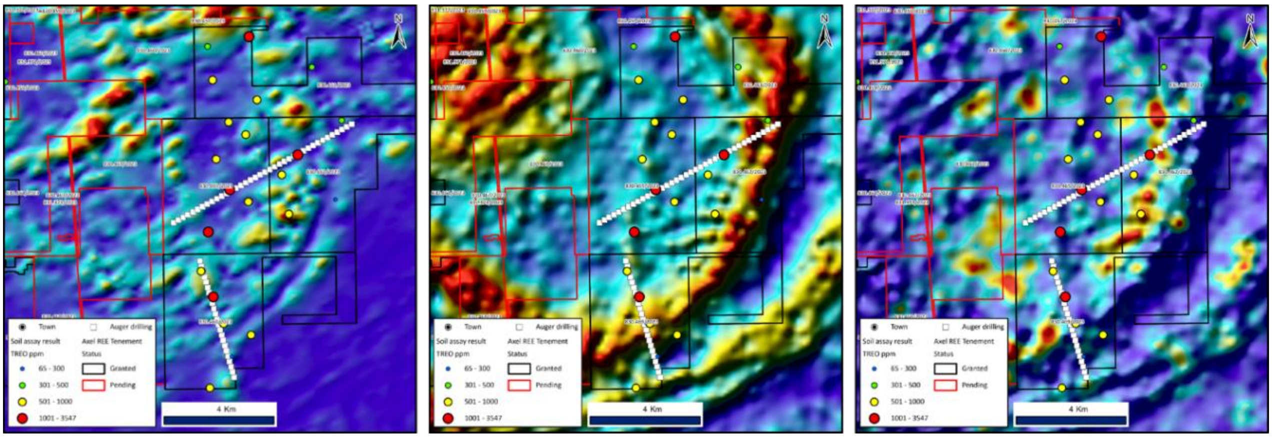

Figure 4: (Left to right) August 2023 completed auger drill program at Area B over aeromagnetic analytical imaging, radiometric (thorium), and radiometric (potassium)

Hole	From (M)	To (M)	Interval (M)	TREO (ppm)	MREO[1] (ppm)
CLD-AUG-005	0	10	10	3,012	742
CLD-AUG-008	0	4	4	1,250	136
and	6	14	8	2,835	810
CLD-AUG-010	8	13	5	1,383	236
CLD-AUG-011	6	10	4	1,136	48
CLD-AUG-016	2	9	7	1,616	256
CLD-AUG-018	0	6	6	1,610	359
CLD-AUG-019	0	10	10	2,423	708
CLD-AUG-020	2	6	4	1,082	63
and	8	16	8	2,303	445
CLD-AUG-021	0	4	4	1,806	142
and	6	12	6	2,152	615

[1] TREO represents total rare earth oxides and encompasses the sum of all oxides of rare earth elements (lanthanum – La to lutetium – Lu) and yttrium (Y).
MREO represents rare earth elements used in magnet production and includes the sum of oxides of four specific rare earth elements, namely praseodymium (Pr), neodymium (Nd), dysprosium (Dy) and terbium (Tb).

Hole	From (M)	To (M)	Interval (M)	TREO (ppm)	MREO[1] (ppm)
CLD-AUG-022	0	12	12	1,449	228
CLD-AUG-023	10	17	7	1,630	160
CLD-AUG-025	8	10	2	1,330	173
and	12	14	2	7,612	2,895
CLD-AUG-026	2	8	6	2,042	561
CLD-AUG-027	4	6	2	1,034	183
and	8	13	5	2,067	454
CLD-AUG-028	2	20	18	2,678	704

Table 1: Area A significant intercepts of REE mineralisation (cutoff 1,000ppm TREO)

Hole	From (M)	To (M)	Interval (M)	TREO (ppm)	MREO (ppm)
CLD-AUG-029	0	10	10	2,872	1,012
CLD-AUG-030	0	3	3	1,475	343
CLD-AUG-032	10	17	7	1,613	283
CLD-AUG-033	2	12	10	1,793	298
CLD-AUG-034	8	10	2	1,126	269
CLD-AUG-035	12	15	3	1,380	358
CLD-AUG-036	8	12	4	1,054	172
CLD-AUG-037	2	11	9	1,575	443
CLD-AUG-038	4	10	6	2,449	862
CLD-AUG-042	2	6	4	1,197	229
and	8	10	2	1,155	265
CLD-AUG-044	0	2	2	1,352	293
CLD-AUG-045	4	10	6	1,425	316
CLD-AUG-046	2	6	4	1,565	161
CLD-AUG-048	2	4	2	1,084	51
CLD-AUG-049	0	7	7	1,993	392
CLD-AUG-050	2	6	4	1,121	108
CLD-AUG-051	2	4	2	1,518	313
and	8	11	3	1,057	77
CLD-AUG-052	0	14	14	1,582	476
CLD-AUG-053	12	13	1	1,195	217

Table 2: Area B significant intercepts of REE mineralisation (cutoff 1,000ppm TREO)

The exploration activities completed indicate the area is highly prospective for hosting IAC-type REE mineralisation.

Subsequent to the reporting period, the Company commenced a Phase 1 diamond and auger drilling program at the Caladão REE Project as part of a 20,000m drill campaign planned over the next 2 years. The drilling program is planned to follow up on these historical auger results in Area A and Area B. The first phase of the program will comprise

~2,600m of diamond driling with an estimated average depth of 50 metres per vertical hole. However, the depth of the holes can, and will probably vary as we are yet to determine the true thickness of the REE-bearing clay profile. By employing diamond drilling we will have the opportunity to cross the entire weathering profile until we reach the fresh basement rock.

Figure 5: Diamond drill rig in operation at Caladão Project Phase 1 drill program

Caldas Project

The Caldas Project is located nearby the city of Poços de Caldas in the south of Minas Gerais in Brazil and comprises 232km^2 of granted exploration permits and exploration permits applications.

The Poços de Caldas Alkaline Complex is one of the most prominent alkaline igneous provinces in Brazil, covering an area of approximately 800 km^2 and is renowned for its unique geological features and mineral deposits.

In September 2023, the Company undertook an initial reconnaissance program at the Caldas Project comprising 34 soil samples and five rock chip samples. Initial results from this program indicate that REE mineralisation is not limited to the Project areas withing the Poços de Caldas Alkaline Complex, but mineralisation could potentially extend within the weathering profile of the neighbouring gneissic rocks. The Caldas Project areas were strategically selected within the weathering profile surrounding the alkaline complex.

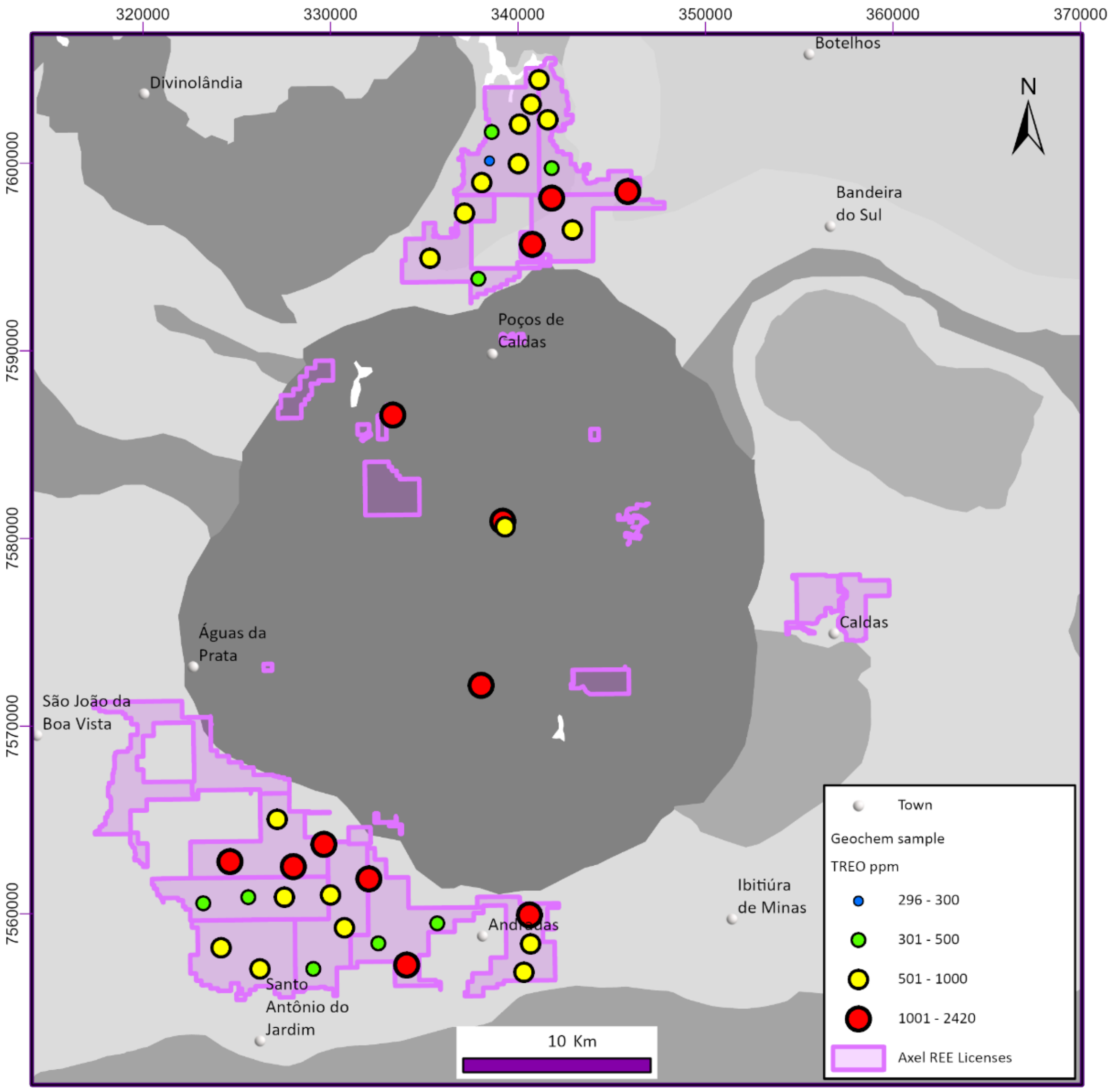

Figure 6: Map of the Poços de Caldas Alkaline Complex, showing the distribution of Axel's tenements and initial surface sampling results.

Subsequent to the reporting period, the Company commenced a drill program at Caldas to target five priority prospect zones, where initial scouting completed following Axel's IPO in July along the edges of the Alkaline Complex revealed zones of intense weathering developed along the contact zone with the host alkaline granite. The supergene profile has exposures up to 11m thick and is constantly very rich in kaolinite. Several channels were dug and samples were taken along these clay-rich profiles, with assays pending.

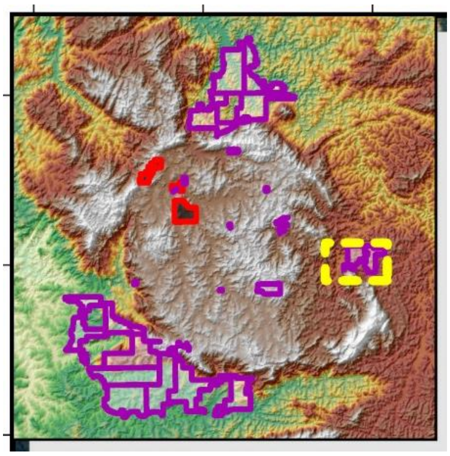

Figure 7: A 9-m channel sample taken over kaolinite weathing profile at the East-Caldas prospect, assays pending.

Itiquira Project

Axel's Itiquira Project has 396km^2 of granted exploration permits covering a significant portion of the Itiquira Complex. 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. Intrusive complexes controlled by these structures include the Araxá and Catalão Carbonatitic Complexes, which contain world class niobium and phosphate mines.

The Itiquira Project combines several geological, geophysical, and geotechnical attributes that underscore its high niobium prospectivity. This potential alkaline intrusive complex has an oval to rounded shape and a diameter of 25km in the NS- and 20km in the EW-direction, analogous to many other Alkaline intrusions that occur along the margins of the Phanerozoic Paraná Basin.

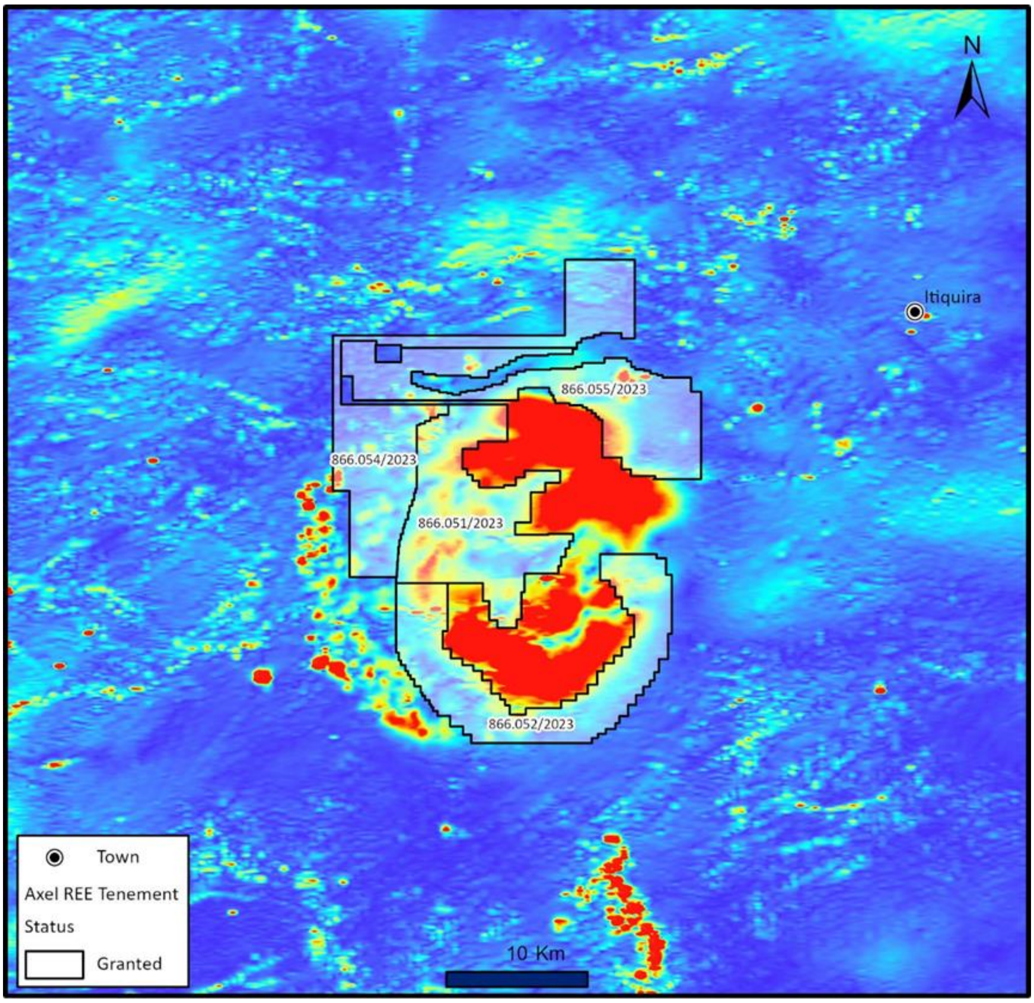

Figure 8: Map of the Itiquira Project tenements over analytical signal

Subsequent to the reporting period, the Company initiated a geological reconnaissance and scouting program for REE and niobium. The program comprises mapping, soil and rock chip sampling and, subject to results, will be subsequently followed up by systematic soil grid sampling and initial auger drilling.

Compliance Statement

This report contains information on the Caladão, Caldas and Itiquira Projects extracted from the Company's Replacement Prospectus dated 7 June 2024 (**Prospectus**) and ASX market announcements dated 31 July 2024, 2 September 2024 and 6 Septemeber 2024 released by the Company and reporting in accordance with the 2012 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). The Prospectus and original market announcements are available to view on www.axelreelimited.com.au and www.asx.com.au. The Company is not aware of any new information or data that materially affects the information included in the Prospectus or original market announcements.

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 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.

Where reference is made to the Prospectus or previous announcements of Exploration Results and Geological Data, the Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all material assumptions and technical parameters underpinning the estimates included in those announcements continue to apply and have not materially changed.

Directors' Report

The Directors present their report on Axel REE Limited (**Axel** or **the Company**) and the entities it controlled (**the Group**) at the end of, and during the year ended 30 June 2024.

Directors

The Directors of Axel at any time during the reporting period up to the date of this report, unless otherwise stated were:

- Paul Dickson (appointed 6 March 2024)
- Dr. Fernando Tallarico (appointed 15 February 2024)
- Patrick John Volpe
- Ian Kiers (appointed 18 December 2023)
- Dr. Paul Woolrich (resigned 8 March 2024)
- Patrick Antonio Volpe (resigned 18 December 2023)

Paul Dickson (Non-Executive Director, appointed 6 March 2024)

B.Ed. SF Fin Grad Dip TA

Paul Dickson has over 35 years of experience in the finance services industry. He has worked with a number of stock broking firms including Ord Minett Ltd and Colonial Stock-broking Limited and more recently has been a director of a number of corporate advisory boutiques.

Mr Dickson is currently independent non-executive chair of Alligator Energy Ltd (ASX:AGE) and was appointed non-executive chair in 2018, where he oversaw the development of the Samphire Uranium Project's Blackbush Deposit and has progressed to scoping study.

Mr Dickson was a founder/director of Paradigm Capital Pty Ltd and DDM Capital Pty Ltd, which provided a range of services including capital raising and general corporate advice for small-cap companies and Proserpine Capital Partners Pty Ltd, a private equity business based in Melbourne. Mr Dickson currently consults to the equity markets area for Henslow Pty Ltd.

Former directorships in last 3 years: Cobold Metals Limited

Dr. Fernando Tallarico (Managing Director, appointed 15 February 2024)

B.Sc. Geology, M.Sc., Ph.D. and P.Geo.

Dr. Fernando Tallarico is a resident of Brazil and a geologist with over 30 years international experience, who has been responsible for grass roots discoveries for Vale, Falconbridge/Noranda and BHP in Brazil.

Dr. Tallarico was CEO/Managing Director of Aguia Resources Limited (ASX:AGR) from 2019 to 2023 following his role of Technical Director from 2010 to 2019 and was instrumental in assembling the Aguia phosphate and copper portfolio, that resulted in greenfield discoveries in Southern Brazil.

Dr. Tallarico has also held positions as Technical Director at Forbes & Manhattan Brazil, Project Manager at BHP Billiton, Senior Geologist at Falconbridge and Vale, leading world-class discoveries in potash, diamonds, nickel laterite and PGE respectively.

Former directorships in last 3 years: Aguia Resources Limited

Patrick John Volpe (Non-Executive Director)

CPA, Post Grad Taxation

Pat Volpe is the Founder of the Company and has over 35 years' experience in minerals and metals exploration globally, including spending the previous 10 years developing strong relationships in Brazil where he accumulated the Company's portfolio across four states. Mr Volpe has intimate knowledge of Brazil's Mining laws and regulations and brings his strong relationships with local explorers and governments to the Company.

Mr Volpe was the founding director of A-Cap Resources Limited (acquired by Lotus Resources Limited ASX:LOT), who led the discovery and development of what is now known as one of the top 10 largest undeveloped uranium deposits in the world. Pat was the executive chairman of Botswana Metals Limited (renamed SI6 Metals Ltd, ASX:SI6), which made base and precious metals discoveries (nickel, copper and PGE's) in north-eastern Botswana and attracted a joint venture with Botswana's largest miner and smelting operation - BCL Limited, which is government owned.

Mr Volpe also chairs a private venture which has made a district scale graphite discovery in Botswana. He was also the founder and chairman of ASX-listed Cardia Bioplastics Limited (renamed Secos Limited, ASX:SES).
Former directorships in last 3 years: Nil

Ian Kiers (Non-Executive Director, appointed 18 December 2023)

LB, BComm

Ian Kiers is an experienced private equity and mergers and acquisition specialist. He is currently Non-Executive Chairman of SI6 Metals Ltd (ASX:SI6) and has been the Chief Executive Officer of a private family office (GBM Group) for 19 years having previously held positions as Head of Mergers and Acquisitions and Head of Group Strategy.

Prior to GBM Group, Mr Kiers was employed at National Australia Bank Limited in its structured finance and project finance division in Melbourne. While at the NAB he worked on numerous project financings in the resources sector.

Mr Kiers holds a Bachelor of Laws and Bachelor of Commerce from Melbourne University and was admitted to the Supreme Court of Victoria as a Barrister and Solicitor in 1989.

Former directorships in last 3 years: Nil

Dr. Paul Woolrich (Non-Executive Director, resigned 8 March 2024)

BSc (Honours), MSc, Ph.D.

Dr. Woolrich has over 45 years' experience in the international exploration and mining industry focused on gold, base metals, platinum group elements (PGEs), uranium and coal. Dr Woolrich has previously held senior management roles in Western Mining Corporation, Ranger Minerals, Orion Resources, Gallery Gold, Platmin Ltd, A-Cap Resources Ltd and Botswana Metals Ltd. In 1990, he was credited with discovering the 4Moz Damang Gold deposit in Ghana, for Ranger Minerals, which is still an operating mine today.

Dr Woolrich served as Group Exploration Manager of Gallery Gold Limited from 2003 to 2005 and as Project Manager/Consultant in charge of the Feasibility Study of the Pilanesberg PGE Project for Platmin Ltd. in South Africa from 2005 to 2006. Dr Woolrich also served as an Independent Consultant to the mining and exploration industry for several years with clients including Perilya Ltd and Boynton Investments of South Africa. Dr Woolrich subsequently served as a Non-Executive Director of Botswana Metals Limited from 2008 until January 2017 and as a Director of A-Cap Resources Limited from 2007 to September 2016 with the latter years as an Executive Director.

Dr. Woolrich is a Geologist/Metallurgist and holds a BSc honours in Geology, MSc in Geochemistry and a PhD in Metallurgy.

Former directorships in last 3 years: Nil

Company Secretary

Mr Patrick Antonio Volpe was Company Secretary furing the whole reporting period up to the date of this report.

Patrick Volpe (Company Secretary)(Non-executive Director, resigned 18 December 2023)

MB Econ, BCom (Eco, Fin), AGIA, MAICD

Patrick Volpe is an experienced corporate governance and financial services professional and has provided corporate governance management and company secretary services for private, not-for-profit, unlisted public and ASX-listed entities. He is currently Managing Director of a boutique corporate advisory firm and currently holds directorships and company secretarial positions in a range of ventures in metals and minerals resources exploration including graphite, lithium, gold and base metals, as well as biotech and managed investments. He is currently Non-Executive Director of Si6 Metals Ltd (ASX:SI6).

Mr Volpe holds a Master of Business Economics from Monash University, Bachelor of Commerce (Majoring in Economics and Finance) from Deakin University, is an Affiliated member of the Governance Institute of Australia and Member of the Australian Institute of Company Directors.

Former directorships in last 3 years: Nil

Meetings of Directors

The number of meetings of the Company's Directors held during the year ended 30 June 2024, and the number of meetings attended by each Director are as follows:

	Board of Directors Meetings	
Director	**Eligible to attend**	**Attended**
P Dickson[1]	2	2
F Tallarico[2]	3	3
P J Volpe	7	7
I Kiers[3]	4	6
P Woolrich[4]	5	4
P A Volpe[5]	3	3

[1]Mr Dickson was appointed a Director on 6 March 2024.

[2]Mr Tallarico was appointed Director on 15 February 2024.

[3]Mr Kiers attended two meeting during the period prior to his appointment as Director on 18 December 2023.

[4]Mr Woolrich resigned on 8 March 2024.

[5]Mr Patrick A Volpe resigned as Director on 18 December 2023.

Principal Activities

The principal activities of the Company during the financial year included the acquisition, exploration and development of critical minerals resource projects in Brazil.

There were no significant changes in these activities during the financial year.

Review of activities

The Company's primary focus is on discovering major critical minerals deposits, with the primary focus on exploring the Caladáo, Caldas, Itiquira and Corrente projects, and more recently, completing an initial public offer raising $13.3 million (before costs) and listing on the Australian Securities Exchange (**ASX**) .

Corporate activities

During the year the following significant corporate events occurred:

- On 1 September 2023, the Company established Axel REE Ltda, a wholly owned subsidiary in Brazil for the purposes of acquiring, holding and operating exploration tenements in Brazil.
- On 9 October 2023, the Company issued 89,961,666 ordinary shares to shareholders of Foxfire Metals Pty Ltd (**Foxfire Metals**) for nil consideration as part of a one-for-one bonus share issue that formed part of the Foxfire Metals restructure.

- On 2 November 2023, Foxfire Metals, Foxfire Metals Ltda (a Brazilian entity) (**Foxfire Metals Brazil**), the Company and Axel REE Ltda (**Axel Brazil**), entered into an asset sale and joint venture agreement pursuant to which Foxfire Metals Brazil agreed to sell and Axel Brazil agreed to acquire a:
  - 100% legal and 70% beneficial joint venture interest in 46 granted exploration licences and 16 applications which are prospective for lithium and rare earth elements (**FMB Licences**); and
  - 70% beneficial joint venture interest in the rights to conduct exploration for and mining operations in respect of rare earth elements and any other minerals (excluding lithium) on two granted exploration licences and one exploration licence application (with the exception of the rights to conduct exploration for and mining operations in respect of lithium) (**REE Licences**).

  The asset sale agreement was amended and restated on 6 February 2024 (refer below).
- On 8 November 2023, the Company issued 8 million Class B shares as part of a pre-IPO seed raising of $1.28 million (before costs) at $0.16 per Class B share.
- On 15 December 2023, the Company issued 9,873,945 ordinary shares at an issue price of $0.06 per share as a result of the early conversion of 1,974,789 convertible notes held by professional and sophisticated investors in Foxfire Metals.
- On 18 December 2023, Ian Kiers was appointed Non-executive Director and Patrick Volpe resigned as Non-executive Director of the Company.
- On 6 February 2024, the Company and its wholly owned subsidiary Axel Brazil entered into an amended and restated asset sale agreement with Foxfire Metals and Foxfire Metals Brazil pursuant to which Axel Brazil agreed to acquire:
  - a 100% interest in 49 granted exploration licences and 13 applications which are prospective forlithium and rare earth elements (**REE Licences**); and
  - a 100% beneficial joint venture interest in the rights to conduct exploration for and mining operations in respect of rare earth elements and any other minerals (excluding lithium) on two granted exploration licences and one exploration licence application (with the exception of the rights to conduct exploration for and mining operations in respect of lithium) (**REE Rights**).

  In consideration for the acquisition of an interest in the REE Licences and the REE Rights (together, **the REE Projects**), the Company has agreed to pay the following consideration:
  - an amount of $319,168.50, of which:
    - $309,736.09 was paid on execution of the asset sale and joint venture agreement; and
    - $9,432.41 was paid on execution of the amended and restated agreement; and
  - $420,192.38 which has been satisfied by the issue of 7,003,206 Shares as part of an issue of up to 10,073,945 Shares to the Convertible Noteholders of Foxfire Metals Pty Ltd for a total sum of $604,440 in accordance with the terms and conditions of the Convertible Note Deeds; and
  - $133,129.38 will be satisfied through the issue of 832,059 Shares at a deemed issue price of $0.16 per Share which will be issued to Foxfire Metals approximately 6 months after the date of admission of the Company to the Official List.

  Under the asset sale agreement, Axel Brazil also agreed to assume the existing royalties applicable to the REE Projects, being a 3% gross revenue royalty in respect of any minerals from the area within the boundaries of the REE Licences, a 2% gross revenue royalty in respect of lithium and a 3% gross revenue royalty in respect of all other minerals from the area within the boundaries of the licences over which the REE Rights are granted.

  The asset sale agreement superseded an asset sale and joint venture agreement that was executed by the parties on 2 November 2023.

- On 18 January 2024, 8 million Class B shares were converted into ordinary fully paid shares on a one-for-one basis.
- On 15 February 2024, Fernando Tallarico was appointed Managing Director of the Company.
- On 6 March 2024, Paul Dickson was appointed Non-Executive Chairman of the Company.
- On 8 March 2024, Paul Woolrich resigned as Director of the Company.
- On 17 April 2024:
    - 2,000,000 unlisted options were issued to Patrick John Volpe, non-executive Director
    - 1,500,000 unlisted options were issued to Patrick Antonio Volpe, Company Secretary
    - 2,050,000 performance rights with various vesting milestones were issued to Paul Dickson, non-executive Chairman
    - 2,050,000 performance rights with various vesting milestones were issued to Fernando Tallarico, Managing Director
    - 2,050,000 performance rights with various vesting milestones were issued to Ian Kiers, non-executive director
- On 7 June 2024, the Company lodged the Replacement Prospectus (**Prospectus**) with ASIC for the initial public offer of Axel REE shares (**IPO**) at an issue price of $0.20 per Share. The Company successfully completed the IPO and listed on 23 July 2024.

Financial position

At the end of the financial year the Group had $9,806,647 (2023: $1) in cash (including IPO subscriptions held in trust).

Operating result

The consolidated net loss after income tax for the financial year was $2,262,516 (2023:$17,000 loss). The significant items affecting the loss after tax were:

- exploration and evaluation costs of $937,684 (2023: Nil) primarily due to the acquisition of the portfolio of rare earth elements tenements acquired from Foxfire Metals Pty Ltd under the asset sale agreement executed on 6 February 2024 and additional exploration expenditure incurred on those projects during the period. Exploration and evaluation costs are expensed when incurred.
- Compliance costs of $284,535 (2023: nil) allocated to profit and loss
- Share based payments expense of $341,961 (2023: nil) due to the issue of options to director and key management personnel and performance rights issued to directors as disclosed in the Remuneration Report that forms part of the Directors' Report.

Significant changes in the state of affairs

Other than stated in this report, there have been no significant changes in the state of affairs of the Company and Group during or since the end of the financial year.

Material business risks

Exploration and development in the mineral sector inherently involve high levels of risk, with various uncertainties that can often fall outside the Group's reasonable control. These uncertainties stem from numerous factors, such as the inherent characteristics of the mineral exploration industry and fluctuations in economic conditions. The business risks identified as potentially having a significant impact on the Group's operations, financial performance, and overall results include:

Exploration and Operations	The mineral exploration permits comprising the Projects are at various stages of exploration, and prospective investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that future exploration of these exploration permits, or any other mineral licences that may be acquired in the future, will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited. The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and staff, changing government regulations and many other factors beyond the control of the Company.
Limited history	The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly in the mineral exploration sector, which has a high level of inherent uncertainty. The Company was only recently incorporated on 21 February 2023 and has only limited operating history and limited historical financial performance. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its Projects. Until the Company is able to realise value from its Projects, it is likely to incur ongoing operating losses.
Sovereign Risk	The Company holds legal and beneficial interest in the Projects which are located in Brazil. There are numerous risk factors associated with operating in foreign jurisdictions, such as Brazil. Possible sovereign risks associated with operating in Brazil include, economic, social or political instability or change, hyperinflation, changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents. Any future material adverse changes in government policies or legislation in Brazil that affect foreign ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Company. Further, it is possible that the current system of exploration and mine permitting in Brazil may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation. The Company has made investment and strategic decisions based on information

	currently available to the Board. Should there be any material change in the political, economic, legal and social environments in Brazil, or South America generally, the Company may reassess investment decisions and commitments to assets in Brazil and the region. No assurance can be given regarding future stability in Brazil or any other country in which the Company may, in the future, have an interest.
Applications	The Tenements are at various stages of application and grant. Specifically, eleven Tenements (ten Axel Tenements and one REE Tenement) are currently under application, including some with competing applications from third parties. Specifically, a considerable proportion of exploration permit applications 830881/2023, 830883/2023 and 830885/2023 overlap existing exploration and mining claims, which may result in a reduction in the granted exploration permits. Further information is set out in Parts IV.1.10.3 to IV.1.10.5 of the Solicitor's Tenement Report for further information. Exploration permit applications 832092/2023 and 832093/2023 were rejected by the ANM on the basis that these exploration permit applications completely overlapped third party tenements (including other exploration permits held by or exploration permit applications filed by Foxfire). In November 2023, Foxfire Metals applied for new exploration applications, 833341/2023 and 833340/2023, for the areas where the initial tenements were denied. There is a risk that these new exploration applications will not be granted. There can be no assurance that any exploration permit applications will be granted or, if granted, will be granted in their entirety. Other than exploration permit applications 833341/2023 and 833340/2023, the Company is unaware of any circumstances that would prevent the Tenements in application status from being granted, other than the competing applications. If any of the Tenements in application status are not granted or are only granted for part of the area applied for, the Company will lose the benefit of certain areas of those Tenements for its exploration activities. Please refer to the Solicitor's Tenement Report in Annexure B for further information on the Company's Tenement applications.
Renewal of Tenure	Mining and exploration permits are subject to periodic renewal. The renewal of the term of granted tenements is subject to compliance with the applicable mining legislation and regulations, including relevant reporting requirements, and such renewal is at the discretion of the relevant mining authority. Additional conditions on the Tenements may be imposed following renewal. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company. Generally, the holder of an exploration permit will have the ability to request a single renewal of the exploration permit which will be granted provided that the holder complies with the regulatory requirements (including submission of a report describing the exploration activities conducted and the technical justification for the continuation of exploration and payment of the required fee). The granted exploration permits have not yet been subject to any renewal requests. Accordingly, there is a risk that the granted exploration permits will not be renewed. Accordingly, the Company may, subject to compliance with the regulatory requirements, seek to apply for renewal of the exploration permits at the relevant time or lodge the necessary documentation to apply for conversion to a mining permit. There is a risk that the Company will not be able to comply with the relevant requirements to renew its tenure or convert the tenure into mining permits. The Company considers the likelihood of tenure forfeiture to be low given the laws and

	regulations governing exploration in Brazil and the ongoing expenditure budgeted for by the Company. However, the consequence of forfeiture or involuntary surrender of a granted Tenement for reasons beyond the control of the Company could be significant. Please refer to the Solicitor's Tenement Report in Annexure B for further details.
Grant of future authorisations to explore and mine	If the Company discovers an economically viable mineral deposit that it then intends to develop, it will, among other things, require various approvals, licences and permits before it will be able to mine the deposit. There is no guarantee that the Company will be able to obtain all required approvals, licenses and permits. To the extent that required authorisations are not obtained or are delayed, the Company's operational and financial performance may be materially adversely affected.
Resource and Reserves	The Company does not presently have any JORC Code compliant resources on the Tenements. Whilst the Company intends to undertake additional exploration works with the aim of defining a resource, no assurances can be given that additional exploration will result in the determination of a resource. Even if a resource is identified no assurance can be provided that this can be economically extracted. Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature resource and reserve estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate.
Future funding requirements and the ability to access debt and equity markets	The funds raised under the Offer are considered sufficient to meet the exploration and evaluation objectives of the Company over the two years following Admission. Additional funding may be required in the event exploration costs exceed the Company's estimates, to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. In addition, should the Company consider that its exploration results justify commencement of production on any of its Projects, additional funding will be required to implement the Company's development plans, the quantum of which remains unknown at the date of this Prospectus. The Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Company's Tenements or even loss of a Tenement interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.
Currency volatility	The majority of the Company's business operations are, or will be, conducted in currencies other than the Australian dollar, primarily the Brazilian real. Additionally, most of the supplies and inputs for the Company's projects are priced in currencies other than the Australian dollar. Consequently, fluctuations in these foreign currencies relative to the Australian dollar could significantly impact the Company's financial results, which are denominated and reported in Australian dollars. The Company may occasionally implement hedging strategies to mitigate the risk of losses if the Australian dollar depreciates against foreign currencies. However, if the Company fails to effectively manage these risks, or if the hedging arrangements do not fully protect against currency fluctuations, the Company's financial performance could be adversely affected.
Commodity prices	Commodity prices are driven by both physical and investment demand, and

	fluctuations in these prices can significantly influence the Company's exploration and development activities. Should the Company achieve success in exploration that leads to mineral production, its revenue from commodity sales would expose the Company's potential income to risks associated with commodity prices and exchange rates. Commodity prices are inherently volatile and are affected by numerous factors outside the Company's control, including global demand, production costs in major commodity-producing regions, China's policies regarding its domestic rare earths industry, and the emergence of new technologies that may either create new demand or reduce demand for specific rare earth elements. Such fluctuations in commodity prices could impact the Company's project development, plans, and activities, including its capacity to finance these endeavors. The Company cannot guarantee the prices it will achieve for any mineral commodities it produces. A significant decline in commodity prices or an increase in transport or distribution costs could have a materially adverse effect on the Company and the value of its shares.

Interests in securities

As at the date of this report, the interests of the directors in the securities of Axel were:

	Number of ordinary shares*	Number of options over ordinary shares*	Number of performance share rights*
Mr Paul Dickson	380,000	-	2,050,000
Dr Fernando Tallarico	-	-	2,050,000
Mr Pat Volpe	62,400,001	2,000,000	-
Mr Ian Kiers	1,588,888	-	2,050,000

**Includes securities in which the Director has an indirect interest through associated entities.*

Shares under option

Unissued ordinary shares of Axel under option at the date of this report are as follows:

	Exercise price	Grant date	Expiry date	Number of shares under option
Options (ex. $30)	$0.30	17 April 2024	17 April 2027	1,750,000
Options (ex. $0.37)	$0.37	17 April 2024	17 April 2027	1,750,000
Advisor options (ex. $0.30)*	$0.30	17 July 2024	17 July 2027	5,000,000
Advisor options (ex. $0.37)*	$0.37	17 July 2024	23 July 2027	5,000,000

All shares under option on issue at the date of this report are escrowed for 24 months from the Company being admitted to the Official List of the ASX. No options on issue are listed. During the financial year:

- 1,750,000 free unlisted Options exercisable at $0.30 per Option expiring three years from the date of issue (1,000,000 to Mr Pat Volpe, Non-Executive Director, and 750,000 to Mr Patrick Volpe, Company Secretary (or their nominees))
- 1,750,000 free unlisted Options exercisable at $0.37 per Option expiring three years from the date of issue (1,000,000 to Mr Pat Volpe - Non-Executive Director, and 750,000 to Mr Patrick Volpe - Company Secretary (or their nominees).

*After the reporting period:

- 5,000,000 free unlisted Advisor Options were issued to Bell Potter Limited exercisable at $0.37 and expiring 3 years from the date of the Company being admitted to the Official List; and
- 5,000,000 free unlisted Advisor Options were issued to Pamplona Capital exercisable at $0.30 and expiring 3 years from the date of issue.

Options do not entitle the holder to participate in any share issue of the Company or any other body corporate. The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares.

Dividends

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year (2023: nil).

Events occurring after balance sheet date

Other than the matters noted below, there have been no subsequent events that require adjustment to, or disclosure in, the Financial Statements of the Group for the year ended 30 June 2024.

- On 8 July 2024, 5,000,000 free unlisted Advisor Options were issued to Bell Potter Limited exercisable at $0.37 and expiring 3 years from the date of the Company being admitted to the Official List;
- On 8 July 2024, 5,000,000 free unlisted Advisor Options were issued to Pamplona Capital exercisable at $0.30 and expiring 3 years from the date of issue.
- On 23 July 2024, Axel REE successfully listed on the ASX and raised $13.3 million before costs through the issue of 66,418,875 ordinary shares.
- On 5 August 2024, Mr Ian David Kiers acquired additional 200,000 ordinary shares in the Company
- On 6 August 2024, Mr Patrick John Volpe acquired additional 500,000 shares in the Company
- On 22 Auguat 2024, Mr Paul Andrew George Dickson acquired additional 175,000 shares in the Company

Other than as already stated in this report, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Indemnification and insurance of officers

To the extent permitted by law, the Company has indemnified each director and the secretary of the Company. The liabilities indemnified include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Company or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

Indemnification and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 19 to the financial statements. The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 19 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Likely developments and expected results of operations

The Company expects to maintain exploration programs at its 100% owned REE projects across four states in Brazil with the objective of identifying commercial resources.

Environmental regulation

The Group's activities are subject to environmental regulations under Brazil federal and state legislation.

The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach to those requirements as they apply to the Group.

Proceedings on behalf of the Group

The Group is not aware that any person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings in which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the court under section 237 of the Corporations Act 2001.

Remuneration Report

Remuneration paid to Directors and Officers of the Company is set by reference to such payments made by other ASX listed companies of a similar size and operating in the mineral exploration industry. In addition, reference is made to the financial position of the Company and the specific skills and experience of the Directors and Officers.
Details of the nature and amount of remuneration of each Director, and other Key Management Personnel if applicable, are disclosed annually in the Company's Annual Report.

1. Key Management Personnel

Axel's KMP consists of the Board and Executives who have authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly. The table below lists the Group's KMP for FY24.

Name	Position	Term as KMP
Non-Executive Directors		
Paul Dickson	Independent, Non-Executive Chair	Part year – Commenced 6 March 2024
Pat Volpe	Not Independent, Non-Executive Director	Full year 2024
Ian Kiers	Independent, Non-Executive Director	Part year – Commenced 18 December 2023
Dr. Paul Woolrich	Independent, Non-Executive Director (resigned 8 March 2024)	Part year – ceased 8 March 2024
Patrick Volpe	Not Independent, Non-Executive Director (resigned 18 December 2023)	Part year – ceased 18 December 2023
Executive Director		
Fernando Tallarico	Managing Director	Part Year – Commenced 15 February 2024
Other KMP		
Patrick Volpe	Company Secretary	Full year FY24

2. Principals used to determine the nature and amount of remuneration

The remuneration strategy at Axel REE is designed to align the Group's key goals with both shareholder interests and the broader business objectives, focusing on critical performance areas that impact the Group's financial outcomes. The Axel REE Board considers this remuneration strategy to be well-suited to its purpose.
Periodically, the Board may authorize incentives, bonuses, and options for executives. The remuneration strategy is structured to attract top-tier executives and compensate them for performance that drives long-term shareholder value. The expenses associated with remuneration are calculated at their cost to the Group. The Board is responsible for determining and overseeing the remuneration of the Managing Director.
For non-executive directors, the Board's policy is to offer compensation at market-competitive rates, reflective of their time, commitment, and responsibilities. When necessary, independent external advice may be sought. The maximum total fees payable to non-executive directors must receive shareholder approval at the Annual General Meeting, with the current cap set at $500,000.

2.1 Remuneration Committee

The Company does not have a separate remuneration committee and as such all remuneration matters are considered by the Board as a whole, with no member deliberating or considering such matter in respect of their own remuneration.

In the absence of a separate Remuneration Committee, the Board is responsible for:

(a) Setting remuneration packages for Executive Directors, Non-Executive Directors and other Key Management Personnel, and

(b) Implementing employee incentive and equity-based plans and making awards pursuant to those plans.

2.2 Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive Director and executive remuneration is separate and distinct.

2.3 Non-Executive Director Remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

2.4 Executive Remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

(a) Fixed Remuneration

Fixed remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Board has access to external, independent advice where necessary.

(b) Variable Remuneration

The objective of the short-term incentive program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short-term incentive available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

2.5 Remuneration Plans

The Company provides long term incentives to Directors and Employees pursuant to the Axel REE Employee Incentive Securities Plan, which was adopted in 2024.
The Board, acting in remuneration matters:

(a) Ensures that incentive plans are designed around appropriate and realistic performance targets and provide rewards when those targets are achieved;

(b) Reviews and approves existing incentive plans established for employees; and

(c) Approves the administration of the incentive plans, including receiving recommendations for, and the consideration and approval of grants pursuant to such incentive plans.

2.6 Use of Remuneration Consultants

The Company has not engaged any remuneration consultants and the Board is satisfied that the recommendations were made free from undue influence from any members of key management personnel.

3. Executive Employment Agreements

The following table summarises the key employment terms for executive KMP.

Role	Contract term	Notice period by Executive	Notice period by Company	Termination benefits
Managing Director	**24 months**	Immediate subject to unrectified breach of contract	Immediate subject to unrectified breach of contract	No termination benefits

4. Non-Executive Director Remuneration Agreements

The following table outlines the Company's NED fee policy and terms.

Fee Policy	Description
Aggregate NED fee pool	In accordance with the Constitution, a Shareholder resolution has been passed providing that the maximum total amount of directors' fees that may be paid to the Company's NEDs is up to A$500,000 per annum.
Board and Committee fees	NED fees reflect the obligations, responsibilities and demands of the Director role. The fees outlined in the table below are exclusive of statutory superannuation.

Board fees	FY24 fees (excluding superannuation) $
Chair	90,000
Non-Executive Director	80,000

Board Committee Fees	FY24 fees (excluding superannuation) $
There were no Board committee established during the period and no fees paid. The Board may consider establishing committees as its operations grow and will review committee fees at such time.	

The Company reimburses NEDs for reasonable expenses incurred in performing their duties (including in relation to any authorised independent professional advice sought by the NEDs to assist them in carrying out their duties as Directors).

5. Details of Remuneration

The table below provides the statutory remuneration disclosures for KMP in FY24. Amounts are prepared in accordance with Australian Accounting Standards.

Role	Contract term	Salary (accrued for period)	Salary (paid in cash) $	Professional fees (Accrued for period) $	Professional fees (paid in cash) $	Cash Bonus $	Non-monetary $	Superannuation $	Performance Rights $	Options $	Total $
Non-Executive Directors											
Paul Dickson (appointed 6 March 2024)	FY24	28,561	-	-		-	-	3,257	21,237		53,055
Pat Volpe	FY24	80,000	-	-		-	-	8,800		159,000	247,800
Ian Kiers (appointed 18 December 2023)	FY24	42,740	-	-		-	-	4,763	21,237		68,740
Paul Woolrich (resigned 8 March 2024)	FY24	55,014	-	-		-	-	6,096			61,110
Patrick Volpe (resigned 18 December 2023)	FY24	37,260	-	-		-	-	4,037			41,297
Executive Director											
Fernando Tallarico[1]	FY24	5,000	5,015	26,000	74,924	-	-	-	21,237		132,176
Other KMP											
Patrick Volpe[2]	FY24	-	66,000	-	-	-	-	-	-	119,250	185,250
Total KMP	**FY24**	**248,575**	**71,015**	**26,000**	**74,924**	**-**	**-**	**26,953**	**63,711**	**278,250**	**789,428**

[1] Fernando Tallarico provides monthly geological consulting services to the Company pursuant to a services agreement with Cosenza Consultoria em Mineração Ltda for a monthly services fee of AUD28,000 per month until 1 August 2024, and then AUD31,000 per month commencing 1 August 2024.

[2]Patrick Volpe provides Company Secretarial and financial controller services to the Company via Archikan Holdings Pty Ltd <JAP A/C> , and entity which Patrick is a beneficial owner, for a monthly services fee of $6,000 per month plus GST.

There was no remuneration paid to directors or KMP in FY23.

6. Share-Based Remuneration

(a) Issue of Shares

The table below discloses the number of ordinary shares issued during the year.

Name	Date	No. Shares	Issue Price $	$
Pat Volpe	9/10/2023	61,900,000	Nil[1]	Nil
Ian Kiers	9/10/2023	833,333	Nil[1]	Nil
Paul Woolrich (resigned 8 March 2024)	9/10/2023	345,000	Nil[1]	Nil
Ian Kiers	15/12/2023	555,555	0.06[2]	33,333.50

[1]*Comprises the following shares issued pursuant to a bonus share issue to shareholders in Foxfire Metals Pty Ltd on 9 October 2023 for nil consideration:*

- *61,900,000 ordinary shares issued to Pat Volpe and associated entities;*
- *833,333 ordinary shares issued to Ian Kiers and associated entities; and*
- *345,000 ordinary shares issued to Paul Woolrich and associated entities.*

[2] *comprises 555,555 ordinary shares issued to Ian Kiers and associated entities via the conversion of convertible notes on 15 December 2023 at an issue price of $0.06 per share.*

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2024.

(b) Options Awarded, Vested and Lapsed During the Year

The table below discloses the number of Options granted, vested or lapsed during the year. Options do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met.

Role	Financial Year	Options awarded during the year[1]	Grant date	Fair value per option at grant date[1]	Vesting date	Exercise price	Expiry date	Options vested during the year	Options lapsed during the year	Value of Options granted during the year [1]	Value of Options exercised during the year
Pat Volpe	FY24	1,000,000	17/04/2024	$0.082	17/04/2024	$0.30	17/04/2027	1,000,000	–	$82,000	–
	FY24	1,000,000	17/04/2024	$0.077	17/04/2024	$0.37	17/04/2027	1,000,000	–	$77,000	–
Patrick Volpe	FY24	750,000	17/04/2024	$0.082	17/04/2024	$0.30	17/04/2027	750,000	–	$61,500	–
	FY24	750,000	17/04/2024	$0.077	17/04/2024	$0.37	17/04/2027	750,000	–	$57,750	–

[1]*Options are granted as part of KMP remuneration packages. AASB2 Share based Payments require the fair value of the options at grant date to be expensed over the vesting period.*

(c) Performance Rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Class	Name	Performance Rights awarded during the year[1]	Grant date	Fair value per right at grant date[1]	Vesting Conditions	Expiry date	Rights vested during the year	Rights lapsed during the year
Class A	Paul Dickson	250,000	17/04/2024	$0.20	The satisfaction of each of the following:	17/04/2027	–	–
	Fernando Tallarico	250,000	17/04/2024	$0.20	a. receipt of conditional listing approval from ASX,	17/04/2027	–	–
	Ian Kiers	250,000	17/04/2024	$0.20	on terms satisfactory to the Company; and b. the holder remaining a director of the Company for a period of 12 months post-Listing.	17/04/2027	–	–
Class B	Paul Dickson	500,000	17/04/2024	$0.147	The satisfaction of each of the following	17/04/2027	–	–
	Fernando Tallarico	500,000	17/04/2024	$0.147	a. the Company's 20-day volume weighted	17/04/2027	–	–
	Ian Kiers	500,000	17/04/2024	$0.147	average share price (calculated across 20 consecutive trading days on which the Company's shares actually traded) (**20-day VWAP**) reaching 100% higher than the Offer price; and b. the holder remaining a director of the Company for a period of 24 months post-Listing.	17/04/2027	–	–
Class C	Paul Dickson	500,000	17/04/2024	$0.108	The satisfaction of each of the following:	17/04/2027	–	–
	Fernando Tallarico	500,000	17/04/2024	$0.108	a. the Company's 20-day VWAP reaching 250%	17/04/2027	–	–
	Ian Kiers	500,000	17/04/2024	$0.108	higher than the Offer share price; and b. the holder remaining a director of the Company for a period of 24 months post-Listing.	17/04/2027	–	–
Class D	Paul Dickson	300,000	17/04/2024	$0.04	On the Company completing 20,000m of auger	17/04/2027	–	–
	Fernando Tallarico	300,000	17/04/2024	$0.04	drilling on a project area prospective for REE, of	17/04/2027	–	–
	Ian Kiers	300,000	17/04/2024	$0.04	which drill holes return at least 1,000 metres of cumulative intersections with an average grade of 1,200ppm TREO (as verified by a Competent Person)	17/04/2027	–	–
Class E	Paul Dickson	500,000	17/04/2024	$0.04	On the Company announcing to ASX a 10Mt Inferred	17/04/2027	–	–
	Fernando Tallarico	500,000	17/04/2024	$0.04	Resource at a minimum grade of 1,000ppm TREO for a	17/04/2027	–	–
	Ian Kiers	500,000	17/04/2024	$0.04	REE Project (as verified by a Competent Person)	17/04/2027	–	–

Directors' Report

The Directors' report is signed in accordance with a resolution of Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors.

Paul Dickson
Chairman
Melbourne
Dated this 26th day of September 2024

PKF Perth
ABN 64 591 268 274
Dynons Plaza,
Level 8, 905 Hay Street,
Perth WA 6000
PO Box 7206,
Cloisters Square WA 6850
Australia

+61 8 9426 8999
perth@pkfperth.com.au
pkf.com.au

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF AXEL REE LIMITED

In relation to our audit of the financial report of Axel REE Limited for the year ended 30 June 2024, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Perth

PKF PERTH

SIMON FERMANIS
PARTNER

26 September 2024
PERTH, WESTERN AUSTRALIA

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Note	2024 $	2023 $
Revenue and other income			
Interest income		9,172	-
		9,172	-
Administration expenses		(172,819)	(17,000)
Travel and marketing expenses		(51,975)	-
Accrued Directors' Fees		(280,542)	-
Exploration and evaluation expenses	3(a)	(937,684)	-
Interest expenses	3(b)	(24,066)	-
Corporate expenses		(178,106)	-
Compliance costs		(284,535)	-
Share based payments expenses	3(c)	(341,961)	-
Operating loss before tax		**(2,262,516)**	**(17,000)**
Income tax expense		**-**	**-**
Loss for the period		**(2,262,516)**	**(17,000)**
Other comprehensive income/(loss)			
Exchange differences on translation of foreign operations	11(c)	**(2,336)**	**-**
Comprehensive loss for the period		**(2,264,852)**	**(17,000)**

Earnings per share for loss attributable to the orfinary equity holders of the Group	Note	Cents	Cents
Basic earnings per share	18	(3.0)	-
Diluted earnings per share	18	(3.0)	-

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2024

	Note	2024 $	2023 $
CURRENT ASSETS			
Cash and cash equivalents	4	9,806,647	1
Trade and other receivables	5	32,587	1,200
TOTAL CURRENT ASSETS		**9,839,234**	**1,201**
NON-CURRENT ASSETS			
Other assets	**6**	184,245	-
TOTAL NON-CURRENT ASSETS		**184,245**	**-**
TOTAL ASSETS		**10,023,479**	**1,201**
CURRENT LIABILITIES			
Trade, other payables and accruals	7	601,402	18,200
Funds received in advance of IPO	8	9,669,000	-
TOTAL CURRENT LIABILITIES		**10,270,402**	**18,200**
TOTAL LIABILITIES		**10,270,402**	**18,200**
NET ASSETS		**(246,923)**	**(16,999)**
EQUITY			
Issued Capital	**10**	1,692,968	1
Reserves	**11**	339,625	-
Accumulated losses		(2,279,516)	(17,000)
TOTAL EQUITY		**(246,923)**	**(16,999)**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

2024	Share capital $	Share based payment reserve $	Foreign Exchange Translation Reserve $	Accumulated losses $	Total $
Balance at 1 July 2023	1	-	-	(17,000)	(16,999)
Comprehensive income:					
- Loss for the year	-	-	-	(2,262,516)	(2,262,516)
- Foreign currency translation difference	-	-	(2,336)	-	(2,336)
Total comprehsnesive loss for the year	-	-	(2,336)	(2,279,516)	(2,281,851)
Transactions with owners in their capacity as owners:					
- Issue of equity securities	1,884,437	-	-	-	1,884,437
- Share issue costs	(191,470)	-	-	-	(191,470)
- Share based payments		341,961	-	-	341,961
Total transactions with owners	1,692,967	341,961	-	-	2,034,928
Balance at 30 June 2024	**1,692,968**	**341,961**	**(2,336)**	**(2,279,516)**	**(246,923)**

2024	Share capital $	Share based payment reserve $	Foreign Exchange Translation Reserve $	Accumulated losses $	Total $
Balance at 1 July 2022	-	-	-	-	-
Comprehensive income:	-	-	-	-	-
- Loss for the year	-	-	-	(17,000)	(17,000)
- Foreign currency translation difference	-	-	-	-	-
Total comprehsnesive loss for the year	-	-	-	(17,000)	(17,000)
Transactions with owners in their capacity as owners:					
- Issue of equity securities	1	-	-	-	1
- Share issue costs	-	-	-	-	-
- Share based payments	-	-	-	-	-
Total transactions with owners	1	-	-	-	1
Balance at 30 June 2023	**1**	**-**	**-**	**(17,000)**	**(16,999)**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Note	2024 $	2023 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(551,281)	-
Finance costs paid		(24,066)	-
Interest received		9,172	-
Net cash used in operating activities	17(b)	**(566,175)**	**-**
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation		(65,194)	-
Payments for acquisition of tenements		(319,169)	-
Net cash used in investing activities		**(384,363)**	**-**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		1,280,000	1
Funds received in advance of IPO		9,669,000	-
Payments for share issue costs		(191,470)	-
Net cash provided by financing activities		**10,757,530**	**1**
Net increase in cash held		9,806,992	1
Cash and cash equivalents at beginning of year		1	-
Effects of exchange rate fluctuations on cash and cash equivalents		(346)	-
Cash and cash equivalents at end of year	17(a)	**9,806,647**	**1**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the financial year ended 30 June 2024

1. General Information

The consolidated financial statements of the Group, being Axel REE Limited (**the Company** or **Parent**) and its subsidiaries (collectively, **the Group**), for the year ended 30 June 2024 were authorised for issue in accordance with a resolution of the directors on 26 September 2024.

Axel REE Limited is a company limited by shares incorporated in Australia whose shares commenced trading on the Australian Securities Exchange (**ASX**) on 23 July 2024. Axel REE Limited is a for-profit entity for the purpose of preparing the consolidation financial statements.

The nature of the operations and principal activities of the Group are described in the directors' report. Information on the Group's structure and other related party relationships is provided in Note 20(b).

2. Statement of material accounting policy information

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

(b) Statement of compliance

The consolidated financial report of Axel REE Limited complies with Australian Accounting Standards, which include AIFRS, in their entirety. Compliance with AIFRS ensures that the financial report also complies with International Financial Reporting Standards ("IFRS") in their entirety.

(c) Adoption of new and revised Accounting Standards

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

New standards and interpretations not yet adopted

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application date for future reporting periods and which the Group has decided not to early adopt.

Reporting basis and conventions

These financial statements have been prepared under the historical cost convention, and on an accrual basis.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Axel REE Limited and its subsidiaries as at the end of each reporting period.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Information regarding subsidiaries is disclosed in Note 15(a).

The financial statements of subsidiaries are prepared for the same reporting period as the Parent company, using consistent accounting policies or adjustments are made to the financial statements of subsidiaries to bring their accounting policies in to line with those used by other members of the Group.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profits and losses resulting from inter-group transactions, have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre- existing investment in the acquiree) is goodwill or a discount on acquisition.

(e) Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the period of $2,262,516 (2023: $17,000) and net operating cash outflow of

$566,175 (2023: $Nil). As at 30 June 2024, the Group's cash and cash equivalents increased to $9,806,647 (2023: $1) and had a working capital deficit of $246,923 (2023:deficit $16,999).

The directors have prepared a cash flow forecast, which indicates that the Consolidated Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this report. The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds beyond the 12-months after signing the report by raising capital from equity markets and managing cash flow in line with available funds.

On 23 July 2024, the Company raised $13.3M (before costs) under an initial public offer (**IPO**) and was admitted to the Official List of the Australian Securities Exchange (**ASX**).

Based on the cash flow forecast and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Group's history of raising capital to date and the support from its shareholders, the Directors are confident of the Group's ability to raise additional funds as and when they are required.

(f) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Operating segments have been identified based on the information provided to the chief operating decision makers being the Board.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

The Group determines and presents operating segments based on the information internally provided to the Board.

(g) Exploration and evaluation expenditure

The Group expenses exploration and evaluation expenditure as incurred in respect of each identifiable area of interest until a time where an asset is in development.

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area as well as the determination of the technical feasibility and commercial viability of extracting mineral resource. Exploration and evaluation expenditure are expensed to the profit or loss as incurred except when existence of a commercially viable mineral reserves has been established and it is anticipated that future economic benefits are more likely than not to be generated as a result of the expenditure.

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. Exploration and evaluation costs, including the costs of acquiring licences, are expensed as incurred.

(h) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Group are presented in Australian dollars, which is Axel REE Limited's functional and presentation currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency translation reserve within equity in the consolidated financial statements.

Translation of group entities' financial statements

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from Axel REE Limited's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the date of the Statement of Financial Position.

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve. On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

(i) Share based payment transactions

Equity-settled share-based payments are measured at the fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Profit and Loss and Other Comprehensive Income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(j) Fair value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

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 Group.

3. Expenses

	2024 $	2023 $
(a) Exploration and evaluation expense comprise:		
Costs to acquire mineral exploration tenements	872,490	-
Operational exploration expenses	65,194	-
Total exploration and evaluation expense	**937,684**	**-**
(b) Interest expense comprises:		
Interest on convertible notes	24,066	-
Total interest expense	**24,066**	**-**
(c) Share based payments expense comprise:		
Options issued to director and KMP	278,250	-
Performance rights issued to Directors	63,711	-
Total share based payments expense	**341,961**	**-**

4. Cash and cash equivalents

	2024 $	2023 $
Cash at bank	137,647	1
Cash received in advance of IPO[1]	9,669,000	-
Total cash and cash equivalents	**9,806,647**	**1**

[1] Cash received in advance of issuing IPO shares under the prospectus is restricted as at the reporting date.

5. Trade and other receivables

	2024 $	2023 $
GST receivable	18,435	-
Other receivables	14,152	-
Total trade and other receivables	**32,587**	**-**

6. Other non-current assets

	2024 $	2023 $
Foxfire Metals Pty Ltd related party receivable[1]	184,245	-
Total other current assets	**184,245**	**-**

[1]On 15 December 2023 and 21 March 2024, 9,873,945 and 200,000 ordinary shares were issued respectively as a result of early conversion of the Convertible Notes for $592,437 and $12,000 respectively. Pursuant to the Asset Sale Agreement, the Company and Foxfire Metals agreed that 7,004,206 of the Convertible Note conversion shares would be applied to satisfy the Consideration of $420,192.38 for the acquisition of the Projects, and Foxfire Metals shall be indebted to the Company in the amount of up to $184,245.62 which shall be repaid on the following key Loan terms:

(a) The Loan is interest free and unsecured

(b) The Loan must be fully and finally repaid on or before the later of 12 months form the date the Company is admitted to the Official List of the ASX, and 30 June 2026.

(c) Foxfire Metals is permitted to repay the Loan in whole or in part at any time, notwithstanding that all obligations of Foxfire Metals to the Company shall continue in full force and effect until all amounts outstanding under the Loan have been repaid.

7. Trade and other payables

	2024 $	2023 $
Foxfire Metals Pty Ltd[1]	133,129	-
Accrued directors' fees	166,745	18,200
Other trade payables	301,528	-
Total trade and other receivables	**601,402**	**18,200**

[1]Pursuant to the Asset Sale Agreement, the Company will issue Foxfire Metals Pty Ltd 832,059 ordinary shares six months after the Company is admitted to the Official List (**Consideration Shares**).

8. Share subscriptions held in trust

	2024 $	2023 $
Initial public offer share subscriptions held in trust[1]	9,669,000	-
Total share subscriptions held in trust	**9,669,000**	**-**

[1]On 23 July 2024 the Company completed an initial public offering of $13.3 million (before costs) and was quoted on the ASX. Subscriptions received from the Offer Open Date (20 June 2024) until the Settlement Date (5 July 2024) were held in trust until the issue and allotment of shares on 15 July 2024.

9. Income tax

(a) The components of income tax expense comprise	2024 $	2023 $
Current tax	-	-
Under/(over) provision in prior years (current tax)	-	-
Total income tax benefit/(expense)	**-**	**-**

(b) Reconciliation of income tax expense to prima facie income tax	2024 $	2023 $
Loss before income tax from continuing operations	2,262,516	17,000
Tax at the Australian tax rate of 25% (2023:25%)	565,629	4,250
Tax effect of:		
Tax rates in other jurisdictions	-	-
Non-deductible share based payments expenses	85,490	-
Other non-deductible expenses	(74,511)	-
Transfer to/(utilisation of) tax losses available not brought to account	576,608	4,250
Total income tax benefit/(expense)	**-**	**-**

(c) Deferred tax asset/liabilities comprise	2024 $	2023 $
Deferred tax assets	580,858	4,250
Deferred tax assets not recognised	(580,858)	(4,250)
	-	-

Deferred tax assets

The Group expects to have carried forward tax losses, which have not been recognised as deferred tax assets, as it is not considered sufficiently probable that these losses will be recouped by means of future profits taxable in the relevant jurisdictions. The utilisation of the tax losses is subject to the Group passing the required Continuity of Ownership and Same Business Test rules at the time the losses are utilised. Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary difference can be utilised.

10. Issued Capital

	2024 $	2023 $
Ordinary Shares fully paid	108,035,612	1

(a) Movements in ordinary shares

Ordinary shares fully paid	$ per share	30 June 2024 No.	30 June 2024 $	30 June 2023 No.	30 June 2023 $
Opening balance		1	1	1	1
Issue of shares – bonus offer (9 October 2023)	Nil	89,961,666	-	-	-
Issue of shares – conversion of convertible notes (15 December 2023)	$0.06	9,873,945	592,437	-	-
Issue of shares – conversion of Class B shares (18 January 2024) (refer note 10(b))	$0.16	8,000,000	1,280,000	-	-
Issue of shares – conversion of convertible notes (21 March 2024)	$0.06	200,000	12,000		
Share issue costs		-	(191,470)	-	-
Closing balance		**108,035,612**	**1,692,968**	**1**	**1**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(b) Movements in Class B shares

Class B shares fully paid	$ per share	30 June 2024 No.	30 June 2024 $	30 June 2023 No.	30 June 2023 $
Opening balance		-	-	-	-
Issue of Class B shares (8 November 2023)	$0.16	8,000,000	1,280,000	-	-
Conversion of Class B shares to ordinary shares (16 January 2024)	Nil	(8,000,000)	(1,280,000)	-	-
Class B share issue costs		-	(76,800)	-	-
Re-allocation of issue costs to ordinary share costs on conversion			76,800		
Closing balance		**-**	**-**	**-**	**-**

Class B shares do not entitle the holder to vote at any general meeting of the Company or at any meeting of holders of ordinary shares, or to participate in dividends. Class B shares entitle the holder to receive, in priority to holders of ordinary shares, the repayment of capital paid up on their Class B shares.

11. Reserves

The share based payments reserve is used to recognise the fair value of share options and share rights granted.

	2024 $	2023 $
Share options reserve	278,250	-
Share rights reserve	63,711	-
Foreign currency translation reserve	(2,336)	-
	339,625	**-**

(a) Share options reserve

The share options reserve is used to recognise the fair value of share options granted.

During the 2024 and 2023 financial years movements in the share options reserve were:

Movements in unlisted share options	Unlisted Options ex. $0.30 expiring 17 April 2027 No.	Unlisted Options ex. $0.37 expiring 17 April 2027 No.
Number of options granted at 1 July 2022	-	-
Options issued	-	-
Number of options on issue at 30 June 2023	**-**	**-**
Number of options granted at 1 July 2023	-	
Options issued to Director and KMP	1,750,000	1,750,000
Number of options on issue at 30 June 2024	**1,750,000**	**1,750,000**

Movements in unlisted share options	2024 $	2023 $
Balance at beginning of year	-	-
Movement during the period	278,250	-
Balance at end of period	**278,250**	**-**

On 17 April 2024, 1,750,000 free unlisted Options exercisable at $0.30 per Option expiring three years from the date of issue (1,000,000 to Mr Pat Volpe, Non-Executive Director, and 750,000 to Mr Patrick Volpe, Company Secretary (or their nominees))(**Class A Options**) and a further 1,750,000 free unlisted Options exercisable at $0.37 per Option expiring three years from the date of issue (1,000,000 to Mr Pat Volpe - Non-Executive Director, and 750,000 to Mr Patrick Volpe - Company Secretary (or their nominees))(**Class B Options**).

The weighted average exercise price of options on issue at 30 June 2024 was $Nil.

The weighted average remaining contractual life of options on issue at 30 June 2024 was 2.79 years.

The fair value of the options at grant date has been estimated using trinomial option pricing model, considering the terms and conditions upon which the options were granted. The following assumptions were used:

	Class A Options	Class B Options
Number of Options	1,750,000	1,750,000
Underlying share price	$0.20	$0.20
Exercise price	$0.30	$0.37
Expected volatility	100%	100%
Life of Options (years)	3	3
Expected dividend	Nil	Nil
Early exercise multiple	2.0	2.0
Risk free rate	3.7%	3.7%
Fair Value per Option	$0.082	$0.077

(b) Share rights reserve

The share rights reserve is used to recognise the fair value of share rights granted.

During the 2024 and 2023 financial years movements in the share rights reserve were:

Movements in performance rights	No.
Number of performance rights granted at 1 July 2022	-
Options issued	-
Number of performance rights on issue at 30 June 2023	**-**
Number of performance rights granted at 1 July 2023	-
Performance rights issued to Directors	6,150,000
Number of performance rights on issue at 30 June 2024	**6,150,000**

Movements in performance rights	2024 $	2023 $
Balance at beginning of year	-	-
Movement during the period	63,711	-
Balance at end of period	**63,711**	**-**

On 17 April 2024, 6,150,000 Performance Rights were granted to Directors (2,050,000 to each of Mr Paul Dickson – Non-Executive Chairman, Dr Fernando Tallarico – Managing Director, and Mr Ian Kiers – Non-Executive Director) for nil consideration with various vesting milestones.

The fair value of the options at grant date has been estimated using trinomial option pricing model, considering the terms and conditions upon which the options were granted. The following assumptions were used:

	Class B Performance Rights	Class C Performance Rights
Number of Performance Rights	1,500,000	1,500,000
Underlying share price	$0.20	$0.20
Exercise price	-	-
Expected volatility	100%	100%
Isue Date	17 April 2024	17 April 2024
Life of Performance Right (years)	2	2
Expected dividend	Nil	Nil
Risk free rate	3.7%	3.7%
Fair Value per Performance Right	$0.147	$0.108

Performance Rights Classes A, D & E comprise non-market based vesting conditions (ASX approval, drill meters, inferred resource grade) and fair values were deemed based on the following:

(a) Class A Performance Rights were deemed a fair value of the IPO price ($0.20) following an assessment of the likelihood of success.

(b) Class D and Class E Performance Rights were each deemed a fair value of $0.04 based on the achievability of the performance milestones being contingent on exploration activities post successful listing.

The Performance Rights milestones are set out below.

Class	Paul Dickson	Fernando Tallarico	Ian Kiers	Performance Milestones
A	250,000	250,000	250,000	The satisfaction of each of the following: a. receipt of conditional listing approval from ASX, on terms satisfactory to the Company; and b. the holder remaining a director of the Company for a period of 12 months post-Listing.
B	500,000	500,000	500,000	The satisfaction of each of the following a. the Company's 20-day volume weighted average share price (calculated across 20 consecutive trading days on which the Company's shares actually traded) (**20-day VWAP**) reaching 100% higher than the Offer price; and b. the holder remaining a director of the Company for a period of 24 months post-Listing.
C	500,000	500,000	500,000	The satisfaction of each of the following: a. the Company's 20-day VWAP reaching 250% higher than the Offer share price; and b. the holder remaining a director of the Company for a period of 24 months post-Listing.
D	300,000	300,000	300,000	On the Company completing 20,000m of auger drilling on a project area prospective for REE, of which drill holes return at least 1,000 metres of cumulative intersections with an average grade of 1,200ppm TREO (as verified by a Competent Person)
E	500,000	500,000	500,000	On the Company announcing to ASX a 10Mt Inferred Resource at a minimum grade of 1,000ppm TREO for a REE Project (as verified by a Competent Person)

(c) Foreign exchange translation reserve

The foreign exchange translation reserve records exchange differences arising on translation of foreign subsidiaries. Movements in the foreign exchange translation reserve during the 2024 and 2023 financial years were:

	2024 $	2023 $
Balance at beginning of year	-	-
Movement during the period	(2,366)	-
Balance at end of period	**(2,366)**	**-**

12. Capital Management

Capital consists of the Group's shareholders' equity and any potential debt issuance. The Group's primary objectives in managing capital are to maintain financial stability, safeguard its capacity to meet ongoing liabilities, ensure its continued operation as a going concern, preserve creditworthiness, and maximize long-term shareholder returns.

The Group's assets are currently in the exploration and evaluation stage and do not yet generate revenue. Consequently, the Board and management place significant emphasis on cash flow forecasting and management to ensure the Group has adequate funds to support its planned activities and fulfill any ongoing obligations.

13. Commitments for expenditures

Commitments for minimum exploration expenditure required to retain tenure on the Group's exploration tenements are:

	2024 $	2023 $
Less than one year	129,829	150,306
Greater than one year and less than five years	129,829	300,614
	259,658	**450,920**

14. Contingent Liabilities

The directors are not aware of any other contingent assets or any contingent liabilities that are likely to have a material effect on the results of the Group as disclosed in these financial statements other than the following:

- Under the amended and restated asset sale agreement, Axel Brazil agreed to assume the existing royalties applicable to the REE Projects, being a 3% gross revenue royalty in respect of any minerals from the area within the boundaries of the REE Licences, a 2% gross revenue royalty in respect of lithium and a 3% gross revenue royalty in respect of all other minerals from the area within the boundaries of the licences over which the REE Rights are granted. The asset sale agreement superseded an asset sale and joint venture agreement that was executed by the parties on 2 November 2023.

  In accordance with the asset sale agreement, the Group entered into a Royalty Agreement with Pat Volpe (non-executive director) and Carlos Alberto Teles granting Pat Volpe and Carlos Teles the right to receive the royalty revenues stated above over all of the present and future tenements held by the Company or its wholly owned subsidiaries. Refer to Note15 (d)(i) Transactions with Related Parties for further information on the asset sale agreement and royalty.

15. Related Parties

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in Note 2(d).

(a) Subsidiaries

		Equity holding (%)	
	Country of incorporation	2024	2023
Axel REE Ltda	**Brazil**	**100%**	**Nil**

(b) Ultimate parent

Axel REE Limited is the ultimate parent entity of the Group

(c) Key management personnel

The aggregate compensation paid and accrued to Key Management Personnel of the Group is set out below:

	2024 $	2023 $
Short-term employment benefits[1]	280,543	-
Consulting fees[2]	100,924	-
Company Secretary fees[3]	66,000	-
Share-based payments[4]	341,961	-
Total compensation	**789,428**	**-**

[1]Short-term employment benefits comprises accrued directors' fees for the period

[2]Consulting fees comprises geological consulting services provided by Fernando Talarico, Managing Director

[3]Company Secretary fees provided by Patrick A Volpe, Company Secretary

[4]Refer Note 3 and Note 11 for share-based payments provided to directors.

(d) Other transactions with related parties

(i) *Transactions with Foxfire Metals Pty Ltd and its related entities*

Pat Volpe, Paul Woolrich (resigned 8 March 2024) and Patrick Volpe (resigned 18 December 2023) are directors of the Company and are also directors of Foxfire Metals Pty Ltd (Foxfire Metals). The Company and Foxfire Metals also have a number of common shareholders. The Company and Foxfire Metals have engaged in the following transactions:

1. On 2 November 2023, the Company and Axel Brazil, on an arm's length basis, entered into an asset sale agreement. The asset sale agreement was superseded by an amended and restated asset sale agreement (refer 11(b)ii. below).
2. On 6 February 2024, the Company and Axel Brazil, on an arm's length basis, entered into an amended and restated asset sale agreement with Foxfire Metals and Foxfire Metals Ltda pursuant to which Axel Brazil agreed to acquire:
   (a) a 100% interest in 49 granted exploration licences and 13 applications which are prospective for lithium and rare earth elements (REE Licences); and
   (b) a 100% beneficial joint venture interest in the rights to conduct exploration for and mining operations in respect of rare earth elements and any other minerals (excluding lithium) on two granted exploration licences and one exploration licence application (with the exception of the rights to conduct exploration for and mining operations in respect of lithium) (REE Rights).

   In consideration for the acquisition of an interest in the REE Licences and the REE Rights (together, the REE Projects), the Company agreed to pay the following consideration:

   (a) an amount of $319,168.50, of which:
      (i) $309,736.09 was paid on execution of the asset sale and joint venture agreement; and
      (ii) $9,432.41 will be payable following execution of the agreement; and
   (b) $420,192.38 which has been satisfied by the issue of 7,003,206 Shares as part of an issue of up to 10,073,945 Shares to the Convertible Noteholders for a total sum of $604,440 in accordance with the terms and conditions of the Convertible Note Deeds; and
   (c) $133,129.38 will be satisfied through the issue of 832,059 Shares at a deemed issue price of $0.16 per Share which will be issued to Foxfire Metals approximately 6 months after the date of admission of the Company to the Official List.

Under the amended and restated asset sale agreement, Axel Brazil also agreed to assume the existing royalties applicable to the REE Projects, being a 3% gross revenue royalty in respect of any minerals from the area within the boundaries of the REE Licences, a 2% gross revenue royalty in respect of lithium and a 3% gross revenue royalty in respect of all other minerals from the area within the boundaries of the licences over which the REE Rights are granted.

The asset sale agreement superseded an asset sale and joint venture agreement that was executed by the parties on 2 November 2023.

3. During the period, Foxfire Metals provided $60,000 as working capital loans to the Company, which was repaid on 30 November 2023.
4. During the period, Foxfire Metals was reimbursed a total of $23,354 for exploration expenses incurred in Brazil on behalf of the Company.

(e) Financial risk management

Financial risk management objectives

The overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimizing potential adverse effects on financial performance. Its functions include the review of liquidity, foreign exchange and interest rate risk policies and future cash flow requirements.

Market risk

Foreign currency risk

The Group has foreign operations and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the Brazilian Real (BRL).

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in the

currency that is not the entity's functional currency. The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
30 June 2024	**+10% A$**	**-10% A$**	**+10% A$**	**-10% A$**
BRL	**(38,795)**	**38,795**	**(2,283)**	**2,283**

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is exposed to interest rate risk from funds held on deposit. The effect of a +/- 2% change in interest rates would not be material.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. At 30 June 2024, the Group had sufficient liquid assets to meet its financial obligations.

The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities.
- monitoring undrawn credit facilities.
- obtaining funding from a variety of sources; and

- managing credit risk related to financial assets.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

30 June 2024	<1 year $	1-5 years $	>5 years $	Total contractual cash flows $	Carrying amount of liabilities $
Trade, other payables and accruals	601,402	-	-	601,402	601,402
	601,402	**-**	**-**	**601,402**	**601,402**

30 June 2023	<1 year $	1-5 years $	>5 years $	Total contractual cash flows $	Carrying amount of liabilities $
Trade, other payables and accruals	18,200	-	-	18,200	18,200
	18,200	**-**	**-**	**18,200**	**18,200**

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Company obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Company does not hold any collateral.

The Company has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Company based on recent sales experience, historical collection rates and forward-looking information that is available.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value

16. Operating segments

The Group has identified its operating segments based on internal reports that are reviewed by the Board and management. The Group operated in one business segment during the year, being mineral exploration and in two geographical areas, being Australia and Brazil.

Operating segment information

30 June 2024	Australia A$	Brazil A$	Total A$
Segment revenue	9,170	2	9,172
Other expenses	(1,374,388)	(897,300)	(2,271,688)
Loss before income tax expense	**(1,365,218)**	**(897,298)**	**(2,262,516)**
Income tax expense	-	-	-
Loss after income tax expense	**(1,365,218)**	**(897,298)**	**(2,262,516)**
Assets			
Segment assets	9,999,859	23,620	10,023,479
Total Assets	**9,999,859**	**23,620**	**10,023,479**
Liabilities			
Segment liabilities	10,269,638	764	10,270,402
Total Liabilities	**10,269,638**	**764**	**10,270,402**

30 June 2023	Australia A$	Brazil A$	Total A$
Segment revenue	-	-	-
Other expenses	(17,000)	-	(17,000)
Loss before income tax expense	**(17,000)**	**-**	**(17,000)**
Income tax expense	-	-	-
Loss after income tax expense	**(17,000)**	**-**	**(17,000)**
Assets			
Segment assets	1,201	-	1,201
Total Assets	**1,201**	**-**	**1,201**
Liabilities			
Segment liabilities	18,200	-	18,200
Total Liabilities	**18,200**	**-**	**18,200**

17. Cash flow information

	2024 $	2023 $
(a) Reconciliation of cash Cash at end of the year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash and cash equivalents	**9,806,647**	**1**
(b) Reconciliation of cash flow from operations with loss after income tax		
Profit/(loss) before income tax expense	(2,262,516)	(17,000)
Non-cash flows in loss from ordinary activities		
Accruals	301,528	
Non-cash share based payments expense	341,961	
Changes in operating assets and liabilities		
(increase)/decrease in receivables and payments	(31,387)	(1,200)
Increase/(decrease) in payables	1,021,035	18,200
Transfer from operating to investing activities (exploration expenditure)	63,204	-
Net cash (outflow)/inflow from operating activities	**(566,175)**	**-**

18. Earnings per share

	2024 $	2023 $
Loss after income taxe benefit attributable to the Group	(2,262,516)	(17,000)

	2024 $	2023 $
Weighted average number of ordinary shares outstanding during the year used in calculation of Basic EPS	74,320,775	1
Weighted average number of options outstanding which are considered potentially dilutive	-	-
Weighted average number of potential ordinary shares outstanding during the year used in calculation of Diluted EPS	**74,320,775**	**1**

Options on issue at the end of the period have not been included in the determination of diluted earnings per share as the Group has incurred a loss for the period and they are therefore not dilutive in nature.

	2024 $	2023 $
Basic earning per share	(0.03)	(17,000)
Diluted earnings per share	(0.03)	(17,000)

19. Remuneration of Auditors

	2024 $	2023 $
Audit services	25,000	5,000
Non-audit services – PKF Corporate	52,800	-
Weighted average number of potential ordinary shares outstanding during the year used in calculation of Diluted EPS	**77,800**	**5,000**

Non-audit services comprises independent investigating accountants report for the initial public offer prospectus lodged with ASIC on 7 June 2024.

20. Parent entity disclosures

The individual financial statements for the parent entity show the following aggregations.

	2024 $	2023 $
Results		
(Loss)/profit for the year	(1,365,218)	(17,000)
Other comprehensive loss	-	-
Total comprehensive (loss)/profit for the year	**(1,365,218)**	**(17,000)**
Financial Position		
Current assets	9,815,614	1,201
Non-current assets	184,245	-
	9,999,859	**1,201**
Current Liabilities	10,269,638	18,200
Non-current liabilities	-	-
	10,269,638	18,200
Net assets	**(269,779)**	**(16,999)**

	2024 $	2023 $
Issued capital	770,478	1
Share based payments reserve	341,961	-
Accumulated losses	(1,382,218)	(17,000)
	(269,779)	**(16,999)**

21. Events subsequent to the reporting date

Other than the matters noted below, there have been no subsequent events that required adjustment to or disclosure in the or the Financial Statements of the Group for the year ended 30 June 2024:

(a) On 8 July 2024, 5,000,000 free unlisted Advisor Options were issued to Bell Potter Securities (or their nominee) as Lead Manager to the Axel REE initial public offer, exercisable at $0.37 and expiring 3 years from the date of the Company's Admission to the Official List of the ASX;

(b) On 8 July 2024, 5,000,000 free unlisted Advisor Options were issued to Pamplona Capital Pty Ltd for corporate advisory services provided to the Company, exercisable at $0.30 and expiring 3 years from the date of issue; and

(c) On 23 July 2024, Axel REE successfully listed on the ASX and raised $13.3 million before costs through the issue of 66,418,875 ordinary shares.

(d) On 5 August 2024, Mr Ian David Kiers acquired additional 200,000 ordinary shares in the Company

(e) On 6 August 2024, Mr Patrick John Volpe acquired additional 500,000 shares in the Company

(f) On 22 Auguat 2024, Mr Paul Andrew George Dickson acquired additional 175,000 shares in the Company.

Consolidated Entity Disclosure Statement

As at 30 June 2024

Entity name	Entity type	Place formed/country of incorporation	Ownership interest %	Tax residency	Foreign tax jurisdiction(s) of foreign residents
Axel REE Limited	Body corporate	Australia	N/A	Australian	N/A
Axel REE Ltda	Body corporate	Brazil	100	Foreign	Brazil

Basis of preparation

The consolidated entity disclosure statement (CEDS) has been prepared in accordance with subsection Section 295 (3A) of the Corporations Act 2001. The entities listed in the statement are Axel Ree Limited and all the entities it controls in accordance with AASB 10 Consolidated Financial Statements.

Key assumptions and judgements

Determination of tax residency

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

In determining tax residency, the Group has applied the following interpretations:

Australian tax residency

The Group has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

The Group has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Directors' Declaration

In the opinion of the Directors:

- the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of Axel's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
  - complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- the financial statements and notes also comply with International Financial Reporting Standards; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* and as recommended under ASX Corporate Governance Council's Corporate Governance Principles for the financial year ended 30 June 2024.

Paul Dickson
Chairman
Melbourne,
26 September 2024

PKF Perth
ABN 64 591 268 274
Dynons Plaza,
Level 8, 905 Hay Street,
Perth WA 6000
PO Box 7206,
Cloisters Square WA 6850
Australia

+61 8 9426 8999
perth@pkfperth.com.au
pkf.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AXEL REE LIMITED

Report on the Financial Report

Opinion

We have audited the financial report of Axel REE Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement, and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the accompanying financial report of Axel REE Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of:-

a) the financial report (other than the Group disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and
b) the Group disclosure statement that is true and correct in accordance with the Corporations Act2001; and

for such internal control as the Directors determine is necessary to enable the preparation of:-

i) the financial report (other than the Group disclosure statements) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
ii) the Group disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PKF Perth

PKF PERTH

SIMON FERMANIS
PARTNER

26 September 2024
WEST PERTH,
WESTERN AUSTRALIA

Supplementary Information

The information set out below was applicable as at 16 September 2024.

Distribution of equity securities – ordinary shares

Analysis of number of equitable security holders by size of holding:

	No. of holders	No. of shares	Percentage
1 to 1,000	9	2,233	0.00%
1,001 to 5,000	20	77,688	0.04%
5,001 to 10,000	69	613,092	0.35%
10,001 to 100,000	296	16,802,617	9.63%
101,000 and over	241	156,958,857	89.97%
Total	**635**	**174,454,487**	**100.00%**
Unmarketable parcels	34	105,485	0.06%

Voting rights

Shareholders in Axel REE Limited have a right to attend and vote at General Meetings. At a General Meeting, individual shareholder may vote in person or by proxy. On a show of hands every member present in person or by proxy shall have one vote. Upon a poll each share shall have one vote.

All unquoted share options and performance rights have no voting rights.

Share buy-back

There is no current or planned buy-back of the Company's shares.

Twenty largest shareholders – quoted ordinary shares (not subject to escrow)

Rank	Name	No. of shares	%
1	EVOLUTION CAPITAL PTY LTD	2,737,500	3.68%
2	UBS NOMINEES PTY LTD	2,000,000	2.69%
2	MR ANTANAS GUOGA	2,000,000	2.69%
2	HARSHELL INVESTMENTS PTY LTD <KAPLAN FAMILY A/C>	2,000,000	2.69%
3	1215 CAPITAL PTY LTD	1,737,069	2.33%
4	CITICORP NOMINEES PTY LIMITED	1,702,750	2.29%
5	DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	1,500,000	2.02%
5	M T & G K INVESTMENTS PTY LTD	1,500,000	2.02%
5	COLBERN FIDUCIARY NOMINEES PTY LTD	1,500,000	2.02%
6	MR PETER ROBERT JUSTIN CLARKE	1,400,000	1.88%
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,394,048	1.87%
8	ROSEPRIM SUPER PTY LTD <ROSEPRIM SUPER FUND A/C>	900,000	1.21%
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	797,250	1.07%
10	MR ROB PEEBLES <ROB PEEBLES FAMILY A/C>	778,000	1.05%
11	GAZBAR INVESTMENTS PTY LTD <GARRY AUSTIN FAMILY A/C>	750,000	1.01%
11	MR COLIN MACKAY	750,000	1.01%
12	INYATI FUND PTY LTD	700,000	0.94%

Rank	Name	No. of shares	%
13	BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	678,600	0.91%
14	YELO RESOURCES PTY LTD	625,000	0.84%
15	KEMBLA NO 20 PTY LTD <CAA A/C>	600,000	0.81%
15	HIRSCH FINANCIAL PTY LTD	600,000	0.81%
16	JAF CAPITAL PTY LTD	598,973	0.80%
17	EVERGEM PTY LTD <THE EVERGEM UNIT A/C>	523,500	0.70%
18	MR ANDREW GERARD CARRUTHERS	517,000	0.69%
19	SYRACUSE CAPITAL PTY LTD <TENACITY A/C>	500,000	0.67%
19	MURDOCH CAPITAL PTY LTD <THE GLOVAC SUPERFUND A/C>	500,000	0.67%
19	CONDOR ENERGY INVESTMENTS LLP	500,000	0.67%
19	THUNDERING HERD FUNDS MANAGEMENT PTY LTD <THUNDERING HERD FND NO4 A/C>	500,000	0.67%
19	VERMAR PTY LTD <P&T SUPERANNUATION FUND A/C>	500,000	0.67%
19	MOUNTS BAY INVESTMENTS PTY LTD <CT SUPERANNUATION FUND A/C>	500,000	0.67%
19	R & M MARUFF INVESTMENTS PTY LTD	500,000	0.67%
20	FUM INVESTMENT HOLDINGS PTY LTD	487,550	0.66%
	TOTAL	**32,277,240**	**43.37%**
	OTHER QUOTED SHARES	42,141,635	56.63%
	TOTAL QUOTED SHARES	**74,418,875**	**100.00%**
	RESTRICTED SHARES (UNQUOTED)	100,035,612	
	TOTAL SHARES	**174,454,487**	

Substantial shareholders

The Company has received the following substantial shareholder notices as at 16 September 2024:

	Interest	% of total shares
Patrick John Volpe	61,900,001	35.48%
Carlos alberto Ferreira Teles	10,000,000	5.73%

Twenty largest shareholders – quoted share options

No share options are quoted

Unquoted options

As at 16 September 2024, the Company had the following unquoted options on issue:

	No. of options	No. of holders
Unlisted Options ex. $0.30 expiring 17 April 2027	1,750,000	2
Unlisted Options ex. $0.37 expiring 17 April 2027	1,750,000	2
Unlisted Options ex. $0.30 expiring 8 July 2027	5,000,000	1
Unlisted Options ex. $0.37 expiring 19 July 2027	5,000,000	1

Restricted securities

The following tables provide the current capital structure of the Company and specify which securities in the Company are subject to ASX restrictions and the restriction periods applied to them.

Fully paid ordinary shares

Description of securities	No. of securities
Shares – restricted until 9 October 2024	16,483,003
Shares – restricted until 15 December 2024	9,718,720
Shares – restricted until 21 March 2025	200,000
Shares – restricted until 23 July 2026	73,633,889

Unlisted options

Description of securities	No. of securities
Unlisted Options ex. $0.30 expiring 17 April 2027 – restricted until 23 July 2026	1,750,000
Unlisted Options ex. $0.37 expiring 17 April 2027 - restricted until 23 July 2026	1,750,000
Unlisted Options ex. $0.30 expiring 8 July 2027 – restricted until 23 July 2026	5,000,000
Unlisted Options ex. $0.37 expiring 19 July 2027 – restricted until 23 July 2026	5,000,000

Schedule of exploration tenements at 30 June 2024

Tenement Number	Area (ha)	Holder	Location	Interest	Expry Date
830500/2023	1460.5	Axel REE Ltda	Piauí	100%	28-Jul-2026
830882/2023	8.12	Axel REE Ltda	Piauí	100%	28-Jul-2026
830883/2023	57.57	Axel REE Ltda	Piauí	100%	Application pending
830886/2023	47.58	Axel REE Ltda	São Paulo	100%	28-Jul-2026
830888/2023	7.77	Axel REE Ltda	São Paulo	100%	28-Jul-2026
830889/2023	442.8	Axel REE Ltda	São Paulo	100%	Application pending
830890/2023	363.73	Axel REE Ltda	Minas Gerais	100%	28-Jul-2026
830891/2023	5.63	Axel REE Ltda	Minas Gerais	100%	28-Jul-2026
830893/2023	24.65	Axel REE Ltda	Minas Gerais	100%	28-Jul-2026
803030/2023	1997.87	Axel REE Ltda	Minas Gerais	100%	23-Mar-2026
803031/2023	1977.23	Axel REE Ltda	Minas Gerais	100%	30-Mar-2026
803032/2023	1957.15	Axel REE Ltda	Minas Gerais	100%	30-Mar-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	1603.14	Axel REE Ltda	Minas Gerais	100%	26-Sep-2026
830082/2023	1549.63	Axel REE Ltda	Minas Gerais	100%	27-Feb-2026
830083/2023	1995.5	Axel REE Ltda	Minas Gerais	100%	7-Feb-2026
830084/2023	1327.5	Axel REE Ltda	Minas Gerais	100%	7-Mar-2026
830085/2023	1454.03	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026
830451/2023	1919.96	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026
830452/2023	148.72	Axel REE Ltda	Minas Gerais	100%	28-Mar-2026
830453/2023	1502.79	Axel REE Ltda	Minas Gerais	100%	19-Jun-2026
830454/2023	1299.51	Axel REE Ltda	Minas Gerais	100%	23-Mar-2026
830455/2023	1227.51	Axel REE Ltda	Minas Gerais	100%	23-May-2026
830456/2023	1080.58	Axel REE Ltda	Minas Gerais	100%	28-Mar-2026
830457/2023	1317.8	Axel REE Ltda	Minas Gerais	100%	Application pending
830458/2023	1714	Axel REE Ltda	Minas Gerais	100%	23-Mar-2026

Tenement Number	Area (ha)	Holder	Location	Interest	Expry Date
830459/2023	1599.56	Axel REE Ltda	Minas Gerais	100%	9-May-2026
830460/2023	1435.97	Axel REE Ltda	Minas Gerais	100%	Application pending
830461/2023	1914.17	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026
830462/2023	1978.71	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026
830463/2023	1917.61	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026
830464/2023	1991.16	Axel REE Ltda	Minas Gerais	100%	23-Mar-2026
830465/2023	1912.78	Axel REE Ltda	Minas Gerais	100%	19-Jun-2026
830466/2023	1968.93	Axel REE Ltda	Minas Gerais	100%	18-Apr-2026
830467/2023	826.86	Axel REE Ltda	Minas Gerais	100%	Application pending
830468/2023	910.99	Axel REE Ltda	Minas Gerais	100%	Application pending
830469/2023	1972.5	Axel REE Ltda	Minas Gerais	100%	23-Mar-2026
830505/2023	1033.42	Axel REE Ltda	Minas Gerais	100%	4-May-2026
830506/2023	786.64	Axel REE Ltda	Minas Gerais	100%	4-May-2026
830515/2023	1963.87	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026
830516/2023	1947.1	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026
830527/2023	386.89	Axel REE Ltda	Minas Gerais	100%	23-Mar-2026
830880/2023	357.8	Axel REE Ltda	Minas Gerais	100%	Application pending
830881/2023	32.34	Axel REE Ltda	Minas Gerais	100%	Application pending
830884/2023	24.43	Axel REE Ltda	Minas Gerais	100%	28-Jul-2026
830885/2023	695.36	Axel REE Ltda	Minas Gerais	100%	Application pending
830887/2023	25.17	Axel REE Ltda	São Paulo	100%	Application pending
830895/2023	102.82	Axel REE Ltda	São Paulo	100%	Application pending
831084/2023	1950.77	Axel REE Ltda	São Paulo	100%	23-May-2026
831086/2023	1886.07	Axel REE Ltda	Minas Gerais	100%	31-May-2026
831087/2023	1998.07	Axel REE Ltda	Minas Gerais	100%	23-May-2026
831088/2023	1956.82	Axel REE Ltda	Minas Gerais	100%	23-May-2026
831089/2023	1983.83	Axel REE Ltda	Minas Gerais	100%	23-May-2026
831090/2023	1333.64	Axel REE Ltda	Minas Gerais	100%	23-May-2026
831092/2023	1085.01	Axel REE Ltda	Minas Gerais	100%	31-May-2026
833340/2023	936.03	Axel REE Ltda	Minas Gerais	100%	Application pending
833341/2023	1130.7	Axel REE Ltda	Minas Gerais	100%	Application pending
866051/2023	9892.33	Axel REE Ltda	Mato Grosso	100%	8-Mar-2026
866052/2023	9989.08	Axel REE Ltda	Mato Grosso	100%	6-Jun-2026
866054/2023	9944.86	Axel REE Ltda	Mato Grosso	100%	6-Jun-2026
866055/2023	9753.55	Axel REE Ltda	Mato Grosso	100%	6-Jun-2026
831458/2020	1574.47	Foxfire Metals Ltda[1]	Minas Gerais	100%	Application pending
831515/2020	884.39	Lobo Guara Mineracao e Representacao Eireli[1]	Minas Gerais	100%	Application pending
831524/2020	1023.9	Lobo Guara Mineracao e Representacao Eireli[1]	Minas Gerais	100%	Application pending

[1] 100% beneficial interest in the mineral rights (other than lithium) in the REE Tenements were assigned to the Group in accordance with the asset sale agreement with Foxfire Metals Pty Ltd.

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2024 is available on the Company's website at www.axelreelimited.com.au.

Corporate Directory

Directors
Mr Paul Dickson - Non-Executive Chairman
Dr Fernando Tallarico – Managing Director
Mr Pat Volpe – Non-Executive Director
Mr Ian Kiers – Non-Executive Director

Company Secretary

Mr Patrick Volpe

Registered Office & Principal Place of Business

832 High Street
Kew East VIC 3102
Ph: +61 3 9249 9589
Email: companysecretary@axelreelimited.com.au

Auditor
PKF Perth
Dynons Plaza
Level 8
905 Hay Street
Perth WA 6000

Share Registry
Automic Pty Ltd
Level 5
126 Phillip Street
Sydney NSW 2000
Ph: 1300 288 664 (Australia) or
+61 2 9698 5414 (Overseas)
Email: hello@automic.com.au

Stock Exchange
Australian Securities Exchange (**ASX**)

ASX Code: **AXL**

Company Website
www.axelreelimited.com.au

AXEL REE