



AXEL REE LIMITED

ACN 665 921 273

Interim Consolidated Financial Report

For the Half-Year Ended

31 December 2024

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Directors' Report

The Directors present their interim consolidated report of Axel REE Limited (**Axel** or **the Company**) and the entities it controlled (**the Group**) for the half-year ended 31 December 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, *Non-Executive Chairman*
- Dr. Fernando Tallarico, *Managing Director*
- Patrick John Volpe, *Non-Executive Director*
- Ian Kiers, *Non-Executive Director*

Company Secretary

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

Principal Activities

The principal activities of the Company during the half-year included the 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 Caladão, 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**).

Exploration activities

During the period, Axel continued its aggressive exploration strategy, focussing on advancing its flagship Caladão Rare Earth Element (**REE**) + Gallium Project located in the Lithium Valley of Minas Gerais, Brazil and the Caldas REE Project in the Poços de Caldas Alkaline Complex in southern Minas Gerais.

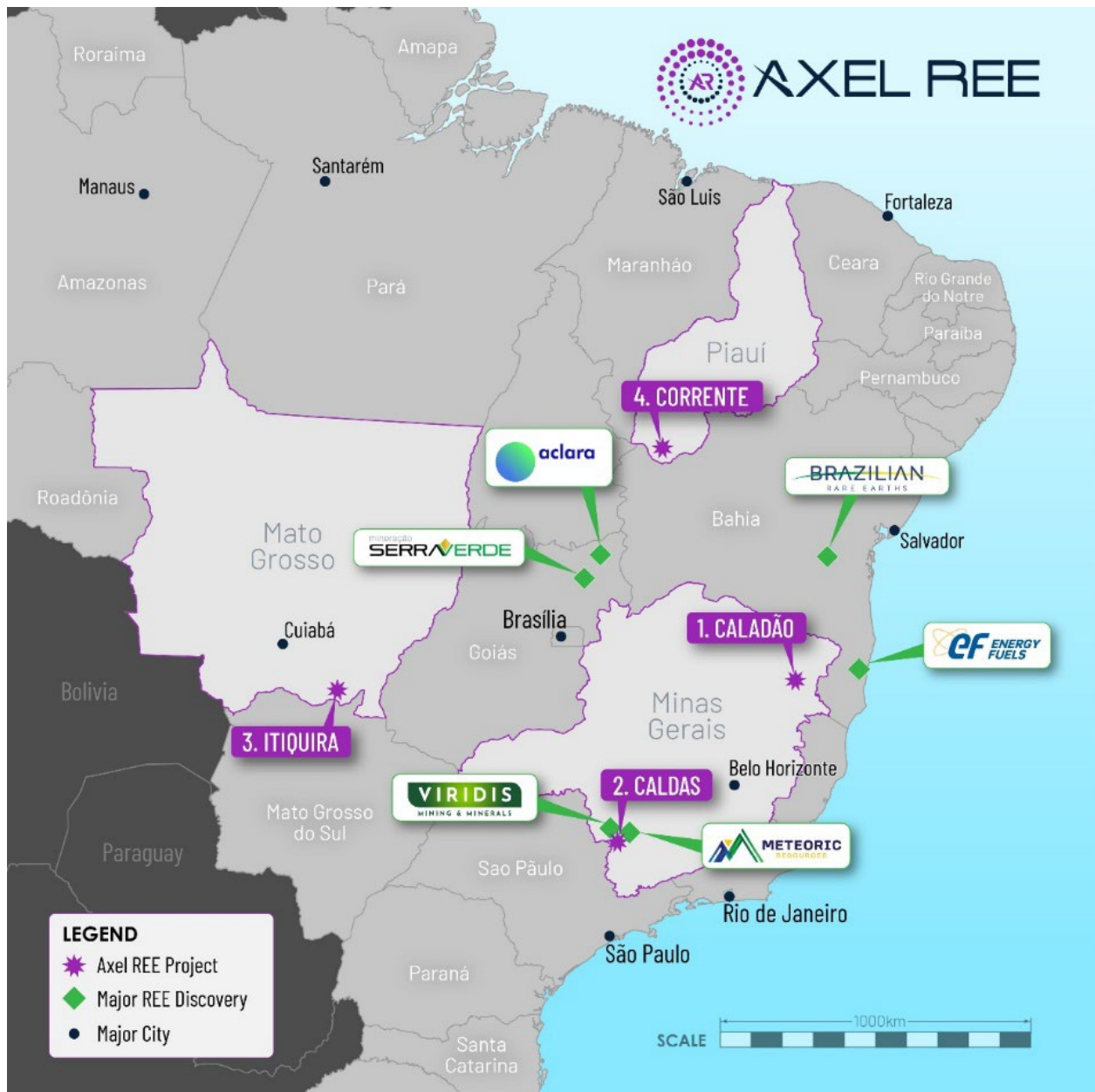


Figure 1 – Map of the Axel REE's 100% owned projects in Brazil.

Caladão REE Project

The Company's diamond and auger drilling program initially focused on Area A (Figure 2), where high grade mineralised REE intercepts occurred over a drilled area of ~30km², representing ~10% of the total Caladão Project area. Drilling at Area A has been highly successful, where lateral persistence of the mineralisation is occurring and open in all directions (Figure 3).

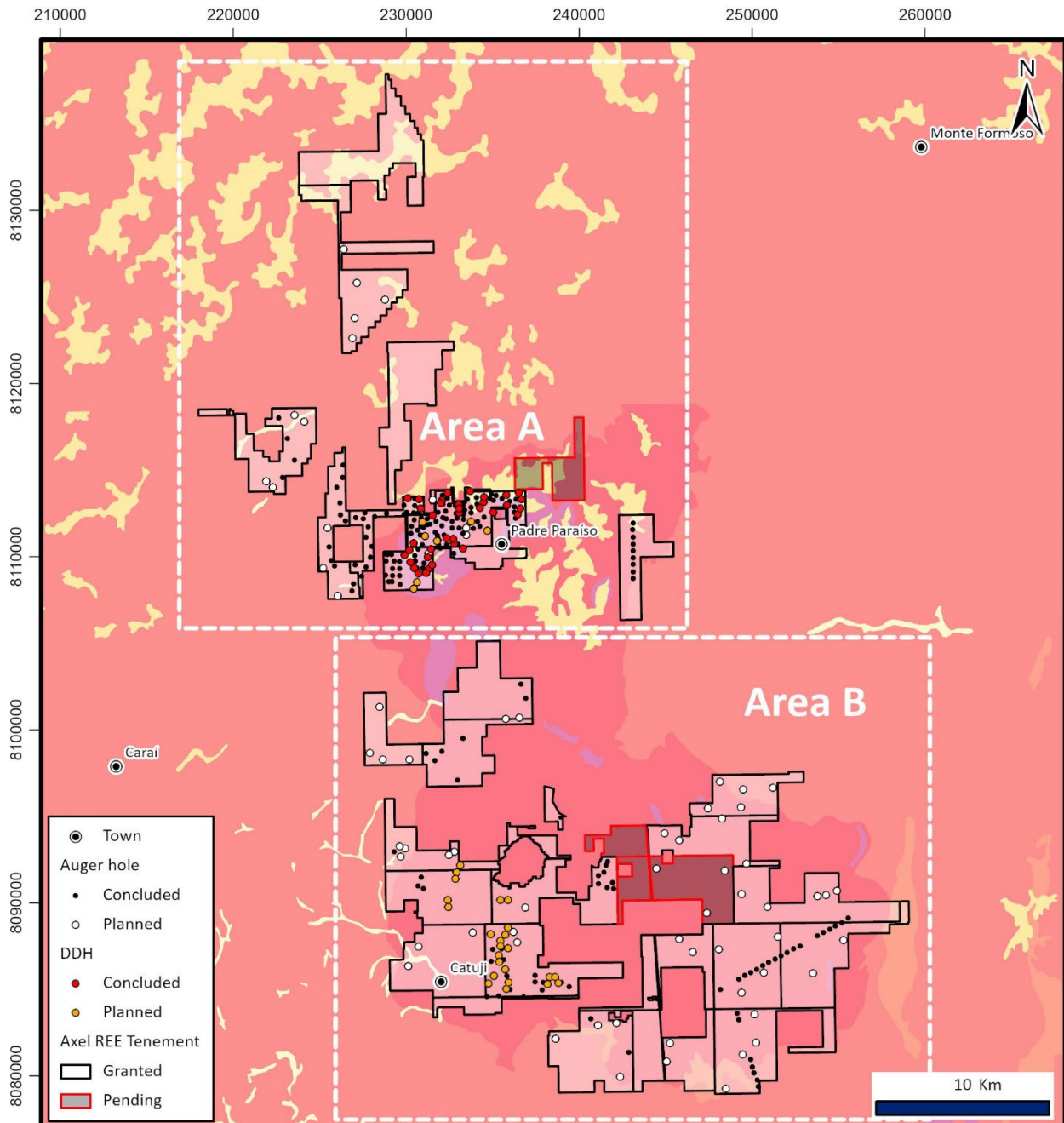


Figure 2 – Map of the Caladão Project showing the distribution of Axel's tenements and the priority drill targets A and B

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

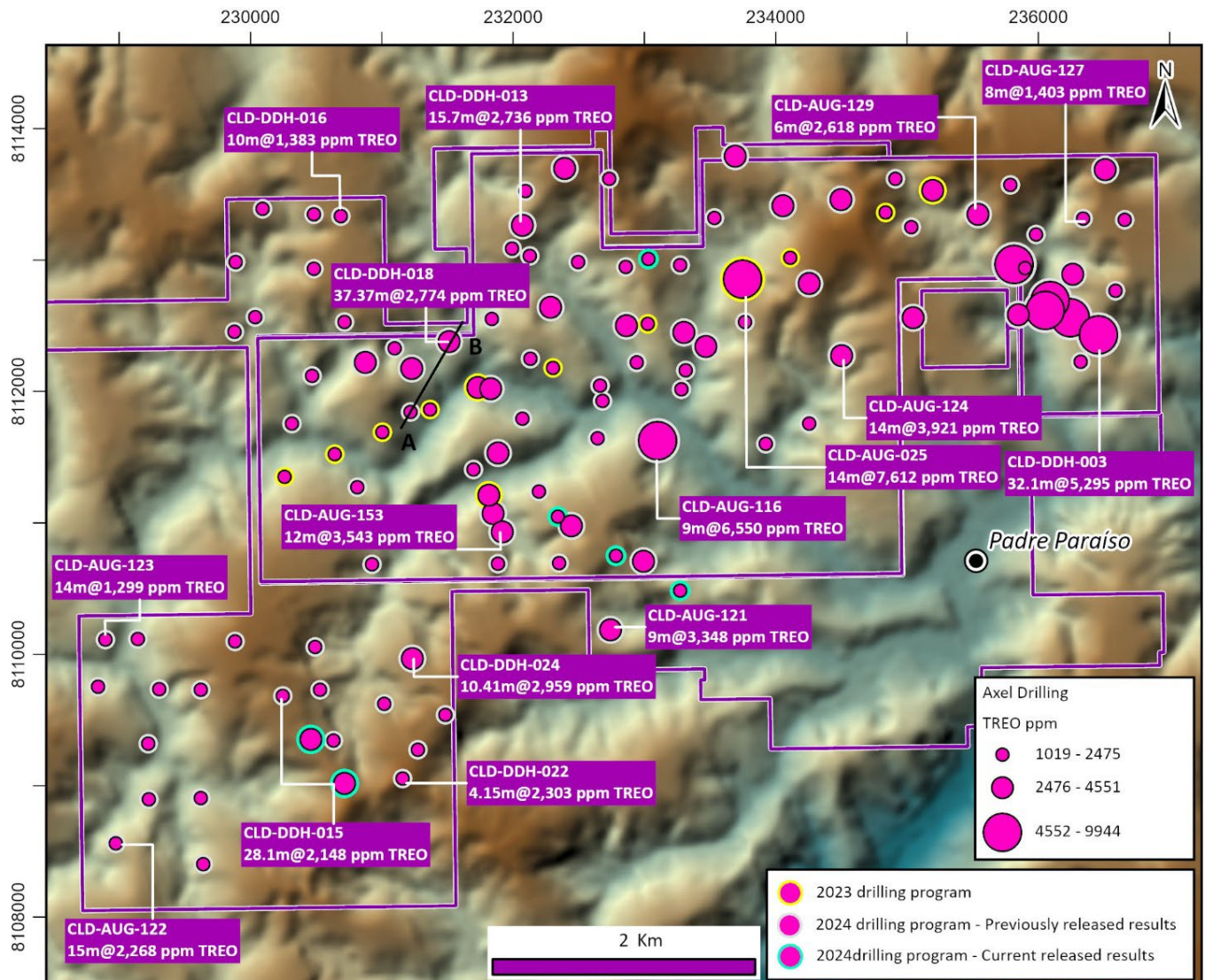


Figure 3 – Distribution of the Total Rare Earth Oxide (TREO) intercepts at Area A, over the Digital Elevation Model.

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

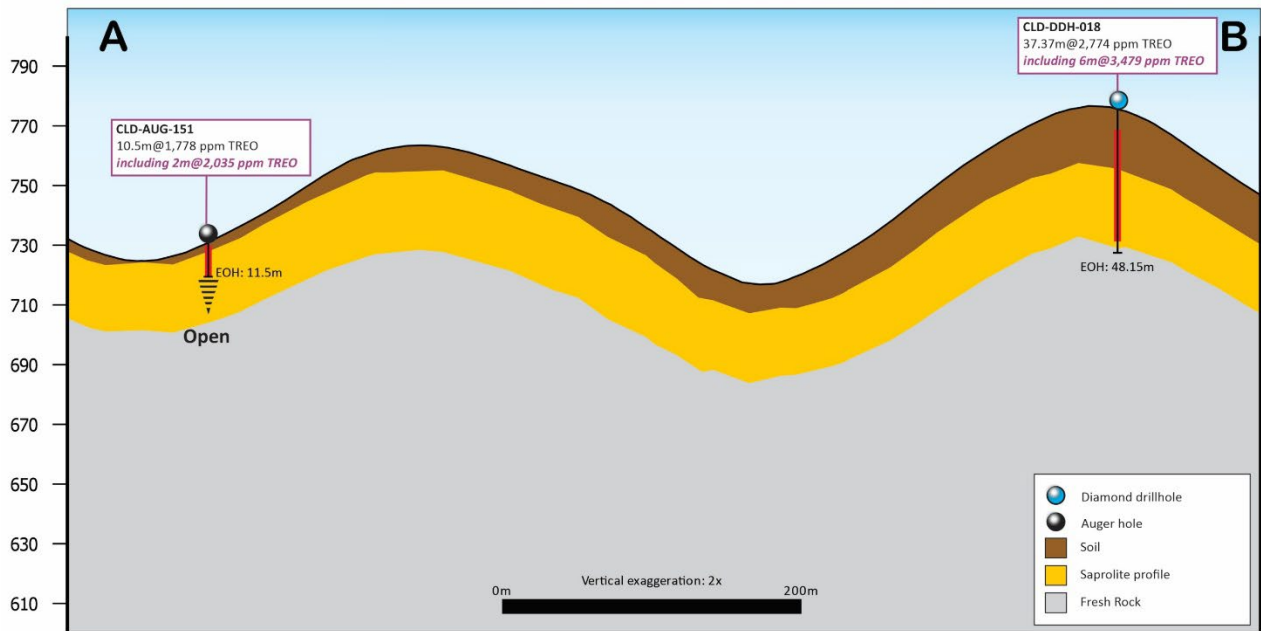


Figure 4 – Sample Cross section A-B highlighting auger hole CLD-AUG-151 and diamond hole CLD-DDH-018. Note that REE mineralisation remains open at depth in auger hole CLD-AUG-151 .

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

HoleID	From (m)	To (m)	Length (m)	TREO (ppm)	MREO (ppm)	MREO (%)	NdPr (ppm)	DyTb (ppm)
CLD-DDH-001	14	26.4	12.4	5,478	1,188	22	1,142	46
including	18	20	2	12,454	2,795	22	2,678	117
CLD-DDH-003	13	45.1	32.1	2,342	383	16	17	366
including	18	30	12	2,784	757	27	34	723
CLD-DDH-005	54	57.85	3.85	5,295	880	20	41	840
including	55	56	1	9,219	1,125	15	49	1,075
CLD-DDH-007	9	17	8	2,566	732	24	38	694
ending with	16	17	1	7,287	2,793	38	160	2,632
CLD-DDH-008	7	21.1	14.1	3,104	710	23	674	36
ending with	18	21.1	3.1	4,599	1,163	26	1,094	69
CLD-DDH-010	21	23.62	2.62	4,067	1,048	26	985	62
including	22	23	1	5,155	1,269	25	1,190	79
CLD-DDH-011	36.55	45.15	8.6	3,432	884	24	847	37
ending with	44	45.15	1.15	6,500	1,923	30	1,850	73
CLD-DDH-012	28	34.95	6.95	3,922	289	8	280	9
including	32	34	2	6,548	342	6	332	11
CLD-AUG-058	0	12	12	2,891	850	29	802	49
including	0	6	6	3,281	1,046	32	995	51
CLD-AUG-060	0	13	13	3,722	745	21	721	24
including	10	11	1	5,958	2,320	39	2,249	71
CLD-AUG-065	0	11	11	4,014	1,374	31	1,266	108
including	1	7	6	5,272	2,041	37	1,889	152
CLD-AUG-069	0	14	14	4,032	1,203	29	1,154	49
including	1	8	7	4,875	1,603	33	1,549	53
CLD-AUG-073	0	12	12	2,838	839	29	801	38
including	2	7	5	3,412	1,136	33	1,088	48
CLD-AUG-092	0	15	15	2,209	538	22	510	27
ending with	6	15	9	2,611	757	29	717	39
CLD-AUG-093	1	15	14	9,944	2,000	16	1,914	86
including	9	15	6	13,869	4,360	33	4,201	159
with	9	10	1	28,321	7,606	27	7,349	257
CLD-AUG-094	6	16	10	3403	727	15	708	18
ending with	13	16	3	5,252	2,043	39	1,999	44
CLD-AUG-102	6	15	9	1,760	355	18	338	17
ending with	12	15	3	2,263	622	27	593	29
CLD-AUG-104	0	14	14	2,119	148	7	137	12
ending with	10	14	4	2,542	270	11	249	21
CLD-AUG-105	3	15	12	2,098	381	18	362	20

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

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

The Company also received auger drilling results from Area B, which confirmed a 68% increase in drilled mineralised area at the Caladão Project from 35km² to 60km². REE mineralisation at Area B was identified in a widespread area, with thick intercepts and best intercept **14m @ 3,921 ppm TREO** (CLD-AUG-124). Auger drilling will continue in Area B and is planned to be followed up with diamond drilling that will allow the sampling of the entire weathering profile down to the bedrock.

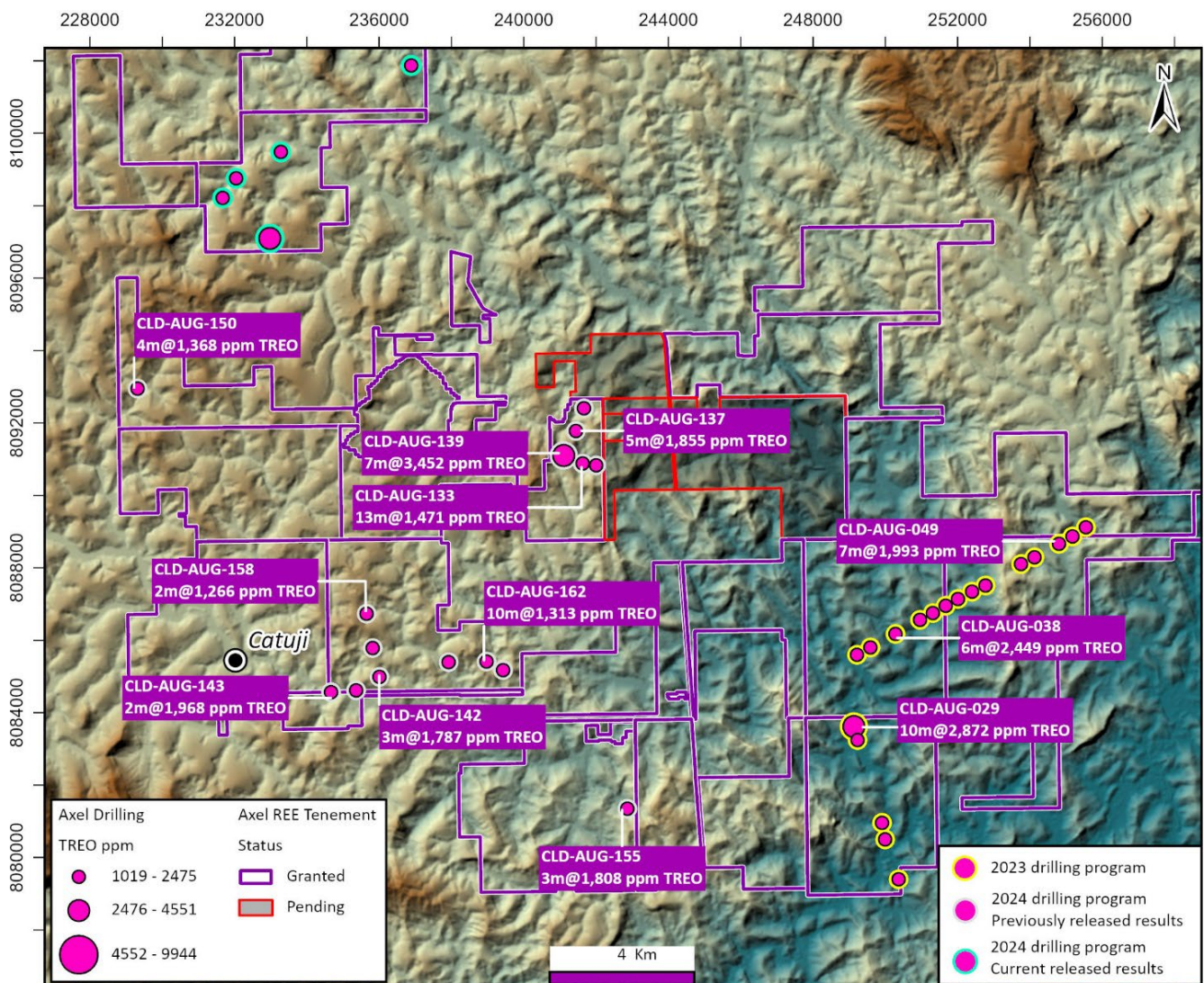


Figure 5 - Distribution of the Total Rare Earth Oxide (TREO) intercepts at Area B, over the Digital Elevation Model (DEM) in the background.

Gallium Discovery at Caladão

Following a review of drilling data during the reporting period, the Company was pleased to identify widespread gallium mineralisation **at surface**, with assays returning **up to 124 g/t Ga₂O₃** (CLD-AUG-109). While gallium tends to concentrate in the upper regolith, deeper drilling has also intercepted significantly thick intervals, including **45m @ 50g/t Ga₂O₃** (CLD-DDH-006), indicating potential for significant gallium mineralisation throughout the entire profile. The concentration of gallium in the upper and more oxidized portions of the weathering profile opens the possibility of adding value to the overburden of the REE mineralisation.

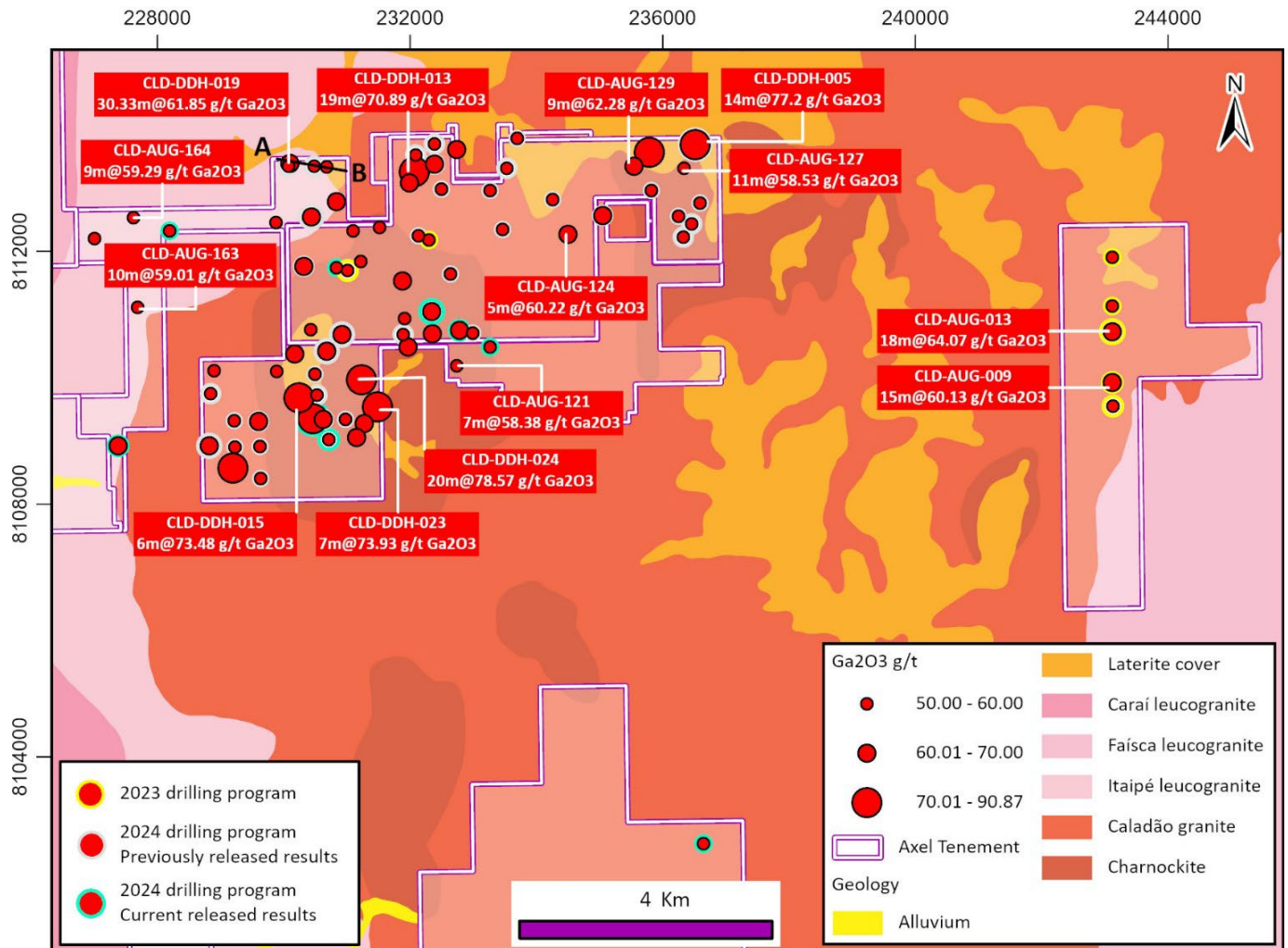


Figure 6 – Geological map of Caladão Area A, highlighting the distribution of Gallium intersections, using a 50 g/t Ga₂O₃ cutoff.

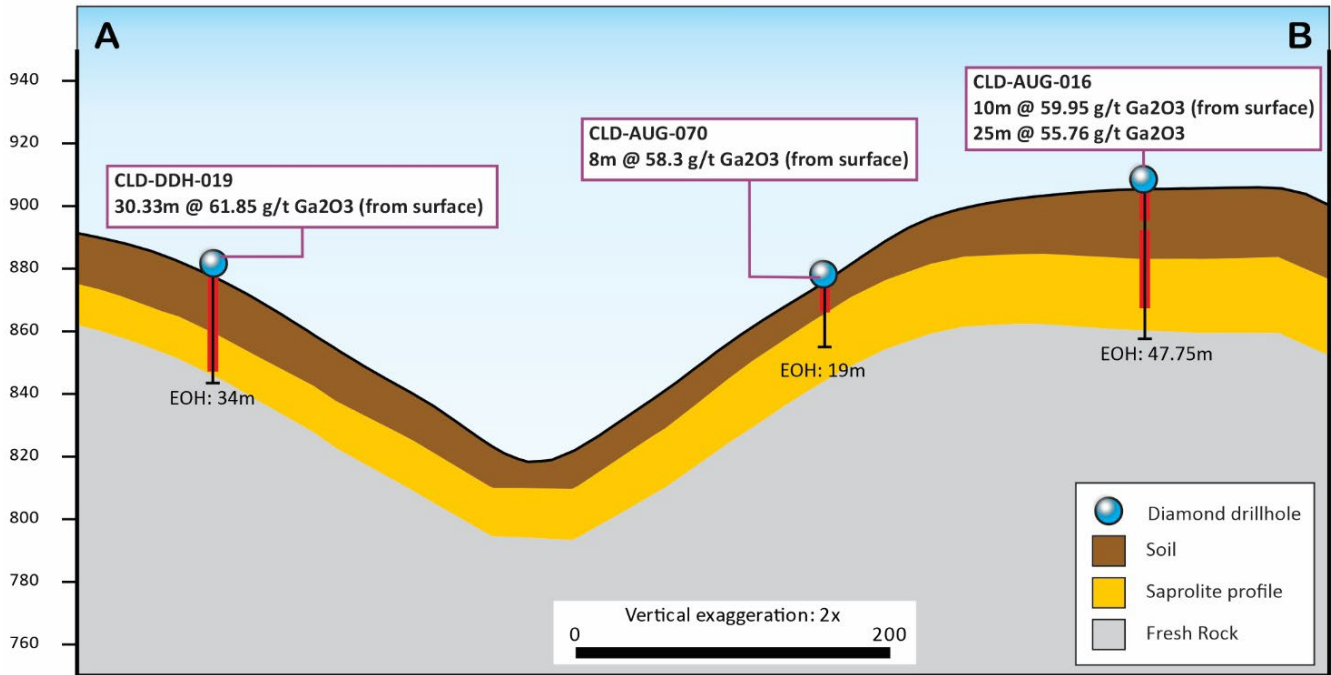


Figure 7 –Caladão Area A cross section showing Gallium predominately mineralised in the lateritic soil profile.

HoleID	From (m)	To (m)	Length (m)	Ga ₂ O ₃ (g/t)
CLD-AUG-166	0	5	5	90.87
CLD-DDH-024	0	20	20	78.57
CLD-AUG-160	0	12	12	77.96
CLD-AUG-158	0	15	15	77.51
CLD-DDH-005	0	14	14	77.2
CLD-AUG-134	0	7	7	75.47
CLD-AUG-145	0	16	16	74.6
CLD-AUG-142	0	14	14	74.51
CLD-AUG-136	0	13	13	74.45
CLD-AUG-166	7	15	8	74.27
CLD-AUG-137	0	15	15	74.02
CLD-DDH-023	0	7	7	73.93
CLD-DDH-015	0	6	6	73.48
CLD-AUG-157	0	15	15	72.5
CLD-AUG-138	0	15	15	71.42
CLD-DDH-013	0	19	19	70.89
CLD-AUG-109	4	10	6	70.79
CLD-DDH-006	0	6	6	70.57
CLD-AUG-143	0	16	16	70.06
CLD-DDH-023	9	26	17	70.06
CLD-AUG-156	0	10	10	69.22
CLD-AUG-101	0	6	6	68.78
CLD-AUG-132	0	8	8	68.55
CLD-AUG-131	0	13	13	68.45
CLD-AUG-149	0	15	15	68.38
CLD-AUG-078	0	6	6	67.43
CLD-AUG-139	0	7	7	67.21
CLD-AUG-159	0	13	13	65.14

HoleID	From (m)	To (m)	Length (m)	Ga ₂ O ₃ (g/t)
CLD-AUG-115	0	5	5	65.06
CLD-AUG-084	0	13	13	64.31
CLD-AUG-148	0	13	13	64.31
CLD-AUG-133	0	15	15	64.16
CLD-AUG-013	0	18	18	64.07
CLD-AUG-126	0	5	5	63.72
CLD-AUG-135	0	14	14	63.47
CLD-DDH-017	0	6	6	63.18
CLD-AUG-086	5	15	10	63.04
CLD-AUG-152	0	5	5	62.91
CLD-DDH-011	0	7	7	62.79
CLD-AUG-129	0	9	9	62.28
CLD-DDH-019	0	30.33	30.33	61.85
CLD-AUG-054	0	8	8	61.83
CLD-DDH-014	4	24	20	61.7
CLD-DDH-020	7	17	10	61.7
CLD-DDH-022	0	7	7	61.06
CLD-DDH-015	9	19	10	60.89
CLD-DDH-025	0	8	8	60.82
CLD-AUG-162	0	13	13	60.59
CLD-AUG-099	1	17	16	60.57
CLD-AUG-105	0	7	7	60.49
CLD-AUG-150	0	7	7	60.3
CLD-AUG-124	0	5	5	60.22
CLD-AUG-009	0	15	15	60.13

Table 2 - Summary of high grade Gallium intercepts from diamond (DDH) and auger drilling (AUG) samples received to date (minimum 5m composite intercepts with 50g/t Ga₂O₃ cutoff).

Caldas REE Project

The Caldas Project is located in the Poços de Caldas Alkaline Complex in southern Minas Gerais, Brazil. This unique Alkaline Complex has a diameter of over 30km and hosts globally significant ionic adsorption clay (IAC) REE discoveries including Meteoric Resources' Caldeira Mineral Resource Estimate (MRE) of 740Mt @ 2,572ppm TREO (Measured + Inferred + Indicated)¹ and Viridis Mining & Minerals Limited's (ASX:VMM) Colossus MRE of 493Mt @ 2,508ppm TREO (Measured + Indicated + Inferred)². Mineralisation is associated with the weathering profile that produces abundant clay minerals such as kaolinite, that are typically rich in rare earth elements.

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

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

The assays to date have returned excellent results with assays from all 20 auger holes mineralised averaging 3,229ppm TREO and 100% of assays returning above the cutoff 1,000ppm TREO (1m interval assays). The intercepts show that the clay-hosted mineralisation at Caldas is thick over 20m, high-grade and open at depth. The chemical

¹ Meteoric Resources NL (ASX:MEI) ASX release 5 August 2024 "Updated Figueira Mineral Resources Estimate"

² Viridis Mining and Minerals Limited (ASX: VMM) ASX release 22 January 2025 "Colossus Delivers Largest Measured & Indicated Resource and Highest MREO Grade IAC Project Globally"

assays confirm the presence of an extraordinary concentration of Total Rare Earth Element Oxides (**TREO**), including an impressive concentration of magnetic rare earth oxides (**MREO**), particularly high value Neodymium (**Nd**) and Praseodymium (**Pr**).

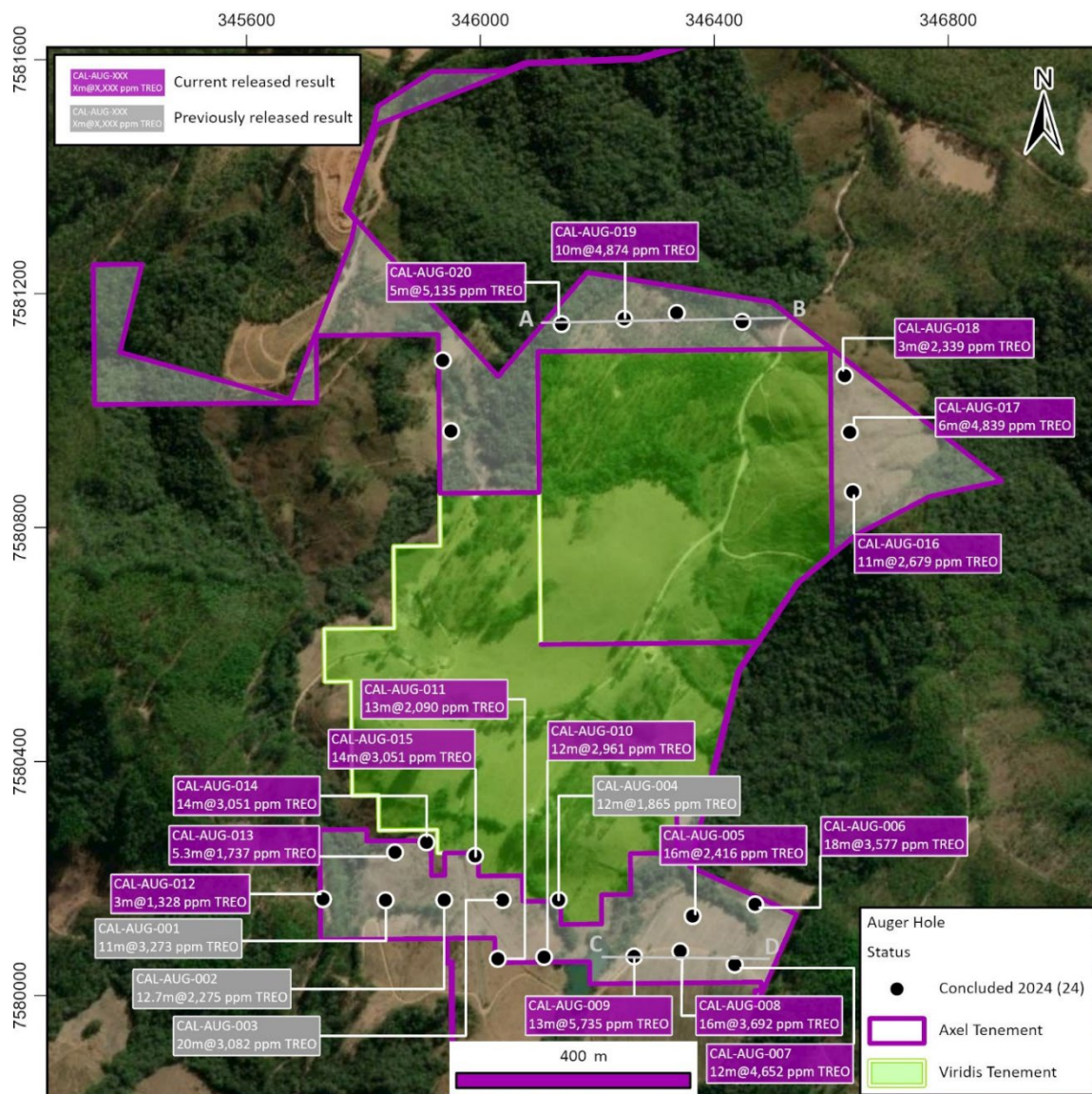


Figure 8 – Assay status map of Caldas REE prospect adjacent to Viridis (ASX:VMM)

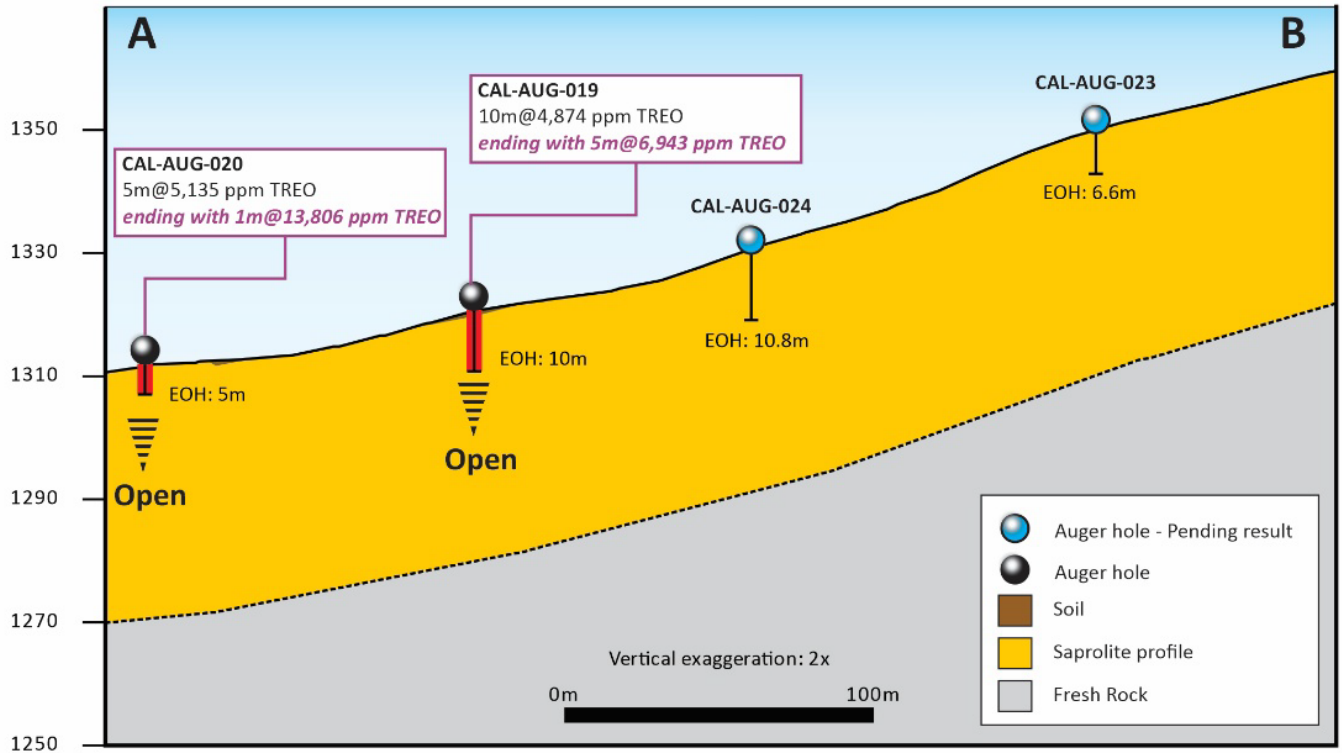


Figure 9 – Cross section of auger holes (potential fresh rock zone interpreted)

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

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

SRK and ANSTO to commence MRE and metallurgy testing

After the reporting period, the Company engaged globally recognised SRK Consulting (**SRK**) and ANSTO to commence its maiden Mineral Resource Estimate and metallurgical testing respectively, for both rare earth elements and gallium, at the high grade Caladão REE + Gallium Project in the State of Minas Gerais.

SRK will develop supporting documentation that will allow the Company to define its Maiden Mineral Resource Estimate (**MRE**) in accordance with the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserve, The JORC Code 2012 Edition (**JORC**).

The strategy is designed to guide the next stages in the Caladão Project's development and will outline the path for infill drilling to increase resource confidence or step-out drilling to explore adjacent areas for potential extensions.

The initial MRE will focus on Area A, with an area of over 35km² of high grade mineralised REE and gallium zones, with the option to extend the MRE into Area B to cover an additional 25km² of mineralised zones.

ANSTO has also been engaged to conduct comprehensive testing aimed at evaluating the extraction potential of ionically adsorbed REEs and gallium from our samples.

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. Dr. Tallarico is a full-time employee of the Company. Dr. Tallarico has 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 consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Compliance Statement

The Company confirms that it is not aware of any new information or data that materially affects the information contained in this report, in the case of estimates of mineral resources, that all material assumptions and technical parameters underpinning the estimates in the report continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcements.

Corporate activities

On 23 July 2024, the Company successfully completed the initial public offer (**IPO**) and listed on the Australian Stock Exchange (**ASX**) at an issue price of \$0.20 per Share.

At the end of the half year the Group had \$10,683,073 (2023: \$656,037) in cash on hand.

Operating result

The consolidated net loss after income tax for the half year was \$1,354,960 (2023: \$975,204).

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.

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 half-year ended 31 December 2024.

- On 7 February 2025, the Company completed a Bonus Options entitlement issue of 79,400,590 quoted options (AXS:AXLO) exercisable at \$0.20 expiring 7 February 2028. Directors received the following Bonus Options from their entitlements from the issue:
 - Paul Dickson: 190,000 Bonus Options
 - Pat Volpe: 31,200,001 Bonus Options
 - Ian Kiers: 794,445 Bonus Options

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.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors.



Paul Dickson

Chairman

Melbourne

Dated this 13th day of March 2025



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AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF AXEL REE LIMITED

In relation to our review of the financial report of Axel Ree Limited for the half year ended 31 December 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.

A handwritten signature in black ink that reads 'PKF Perth'.

PKF PERTH

A handwritten signature in black ink that reads 'Simon Fermanis'.

SIMON FERMANIS
PARTNER

13 March 2025
PERTH, WESTERN AUSTRALIA

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2024

	Note	31 Dec 2024 \$	31 Dec 2023 \$
Revenue and other income			
Interest income		197,633	6,166
		197,633	6,166
Administration and other expenses		(181,554)	(60,903)
Travel, marketing and investor relations expenses		(71,415)	-
Directors remuneration and fees		(154,619)	(133,932)
Exploration and evaluation expenses	3(a)	(723,407)	(786,535)
Corporate expenses		(120,076)	-
Depreciation of plant and equipment		(5,039)	-
Compliance costs		(113,368)	-
Share based payments expenses	3(b)	(183,115)	-
Operating loss before tax		(1,354,960)	(975,204)
Income tax expense		-	-
Loss for the period		(1,354,960)	(975,204)
Other comprehensive income/(loss)			
Exchange differences on translation of foreign operations		(21,303)	-
Comprehensive loss for the period		(1,376,263)	(975,204)
Earnings per share for loss attributable to the ordinary equity holders of the Group			
	Note	Cents	Cents
Basic earnings per share	11	(0.80)	(2.06)
Diluted earnings per share	11	(0.80)	(2.06)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	31 Dec 2024 \$	30 Jun 2024 \$
CURRENT ASSETS			
Cash and cash equivalents	4	10,683,073	9,806,647
Trade and other receivables	5	189,592	32,587
Other assets	6	51,116	-
TOTAL CURRENT ASSETS		10,923,781	9,839,234
NON-CURRENT ASSETS			
Property, plant and equipment		146,255	-
Other assets	6	-	184,245
TOTAL NON-CURRENT ASSETS		146,255	184,245
TOTAL ASSETS		11,070,036	10,023,479
CURRENT LIABILITIES			
Trade, other payables and accruals	7	114,313	601,402
Funds received in advance of IPO	4	-	9,669,000
TOTAL CURRENT LIABILITIES		114,313	10,270,402
TOTAL LIABILITIES		114,313	10,270,402
NET ASSETS		10,955,723	(246,923)
EQUITY			
Issued Capital	8	13,293,762	1,692,968
Reserves	9	1,296,437	339,625
Accumulated losses		(3,634,476)	(2,279,516)
TOTAL EQUITY		10,955,723	(246,923)

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2024

	Share capital \$	Share based payment reserve \$	Foreign Exchange Translation Reserve \$	Accumulated losses \$	Total \$
31 December 2024					
Balance at 1 July 2024	1,692,968	341,961	(2,336)	(2,279,516)	(246,923)
Comprehensive income:					
- Loss for the period	-	-	-	(1,354,960)	(1,354,960)
- Foreign currency translation difference	-	-	(21,303)	-	(21,303)
Total comprehensive loss for the period	-	-	(21,303)	(1,354,960)	(1,376,263)
Transactions with owners in their capacity as owners:					
- Issue of ordinary fully paid shares	13,283,775	-	-	-	13,283,775
- Share issue costs	(1,682,981)	-	-	-	(1,682,981)
- Share based payments	-	978,115	-	-	978,115
Total transactions with owners	11,600,794	978,115	-	-	12,578,909
Balance at 31 December 2024	13,293,762	1,320,076	(23,639)	(3,634,476)	10,955,723

	Share capital \$	Share based payment reserve \$	Foreign Exchange Translation Reserve \$	Accumulated losses \$	Total \$
31 December 2023					
Balance at 1 July 2023	1	-	-	(17,000)	(16,999)
Comprehensive income:					
- Loss for the period	-	-	-	(975,204)	(975,204)
- Foreign currency translation difference	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(975,204)	(975,204)
Transactions with owners in their capacity as owners:					
- Issue of class B shares	1,280,000	-	-	-	1,280,000
- Issue of ordinary fully paid shares	592,439	-	-	-	592,439
- Costs of equity issues	(170,212)	-	-	-	(170,212)
Total transactions with owners	1,702,227	-	-	-	1,702,227
Balance at 31 December 2023	1,702,228	-	-	(992,204)	710,024

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2024

	31 Dec 2024 \$	31 Dec 2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	197,633	8,529
Payments to suppliers and employees	(1,151,997)	(548,012)
Payments for exploration and evaluation expenditure	(744,710)	(384,363)
Net cash used in operating activities	(1,699,074)	(923,846)
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of plant and equipment	(151,294)	-
Net cash used in investing activities	(151,294)	-
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from the issue of shares	3,614,775	1,280,000
Payments for share issue costs	(887,981)	(84,480)
Net cash provided by financing activities	2,726,794	1,195,520
Net increase in cash held	876,426	656,037
Cash and cash equivalents at beginning of year	9,806,647	-
Effects of exchange rate fluctuations on cash and cash equivalents	-	-
Cash and cash equivalents at end of year	10,683,073	656,037

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the half year ended 31 December 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 half-year ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors on 13 March 2025.

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 consolidated financial statements.

The nature of the operations and principal activities of the Group during the half-year were the exploration and development of critical minerals resource projects in Brazil.

2. Statement of material accounting policy information

(a) Basis of preparation

The interim consolidated financial statements for the six months ended 31 December 2024 have been prepared in accordance with AASB 134 Interim Financial Reporting. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 30 June 2024. 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.

(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 10(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 interim 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 half-year ended of \$1,354,960 (2023: \$975,204) and net operating cash outflow of \$1,699,074 (2023: \$923,846). As at 31 December 2024, the Group's cash and cash equivalents increased to \$10,683,073 (2023: \$656,037) and had a working capital surplus of \$10,809,468 (2023: \$709,022).

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.

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.

3. Expenses

	31 Dec 2024 \$	31 Dec 2023 \$
(a) Exploration and evaluation expense comprise:		
Operational exploration expenses	723,407	786,535
Total exploration and evaluation expense	723,407	786,535
(b) Share based payments expense comprise:		
Performance rights expensed to profit and loss	183,115	-
Total share based payments expense	183,115	-

4. Cash and cash equivalents

	31 Dec 2024 \$	30 Jun 2024 \$
Cash at bank	10,683,073	137,647
Cash received in advance of IPO ¹	-	9,669,000
Total cash and cash equivalents	10,683,073	9,806,647

¹ Cash received in advance of issuing IPO shares under the prospectus.

5. Trade and other receivables

	31 Dec 2024 \$	30 Jun 2024 \$
GST receivable	38,974	18,435
Other receivables	150,618	14,152
Total trade and other receivables	189,592	32,587

6. Other assets

	31 Dec 2024 \$	30 Jun 2024 \$
Other current assets	51,116	-
Other non-current assets	-	184,245
Total other assets	51,116	184,245

832,059 Consideration Shares agreed to be issued to Foxfire Metals Pty Ltd (**Foxfire Metals**) six months after Admission at an issue price of \$0.16 per Share. On 31 December 2024, the Company and Foxfire Metals agreed to offset the value of the Consideration Shares (\$133,129) against amounts owed by Foxfire Metals to the Company, in lieu of issuing the Consideration Shares. A balance of \$51,116 remains receivable from Foxfire expected to be settled in CY2025.

7. Trade and other payables

	31 Dec 2024 \$	30 Jun 2024 \$
Foxfire Metals Pty Ltd	-	133,129
Accrued directors' fees	14,800	166,745
Other trade payables	99,513	301,528
Total trade and other payables	114,313	601,402

8. Issued Capital

	31 Dec 2024 \$	30 Jun 2024 \$
Ordinary Shares fully paid	174,454,487	108,035,612

Movements in ordinary shares

Ordinary shares fully paid	\$ per share	30 June 2024	
		No.	\$
Opening balance		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

Ordinary shares fully paid	\$ per share	31 December 2024	
		No.	\$
Opening balance		108,035,612	1,692,968
Issue of shares – IPO ¹	\$0.20	66,418,875	13,283,775
Share issue costs – costs of IPO		-	(887,981)
Share issue costs – Lead Manager and Corporate Advisor Options ²			(795,000)
Closing balance		174,454,487	13,293,762

¹ On 23 July 2024, the Company listed on the ASX and raised \$13.3 million (before costs) through the issue of 66,418,875 ordinary shares at \$0.20 per share.

² On 8 July 2024, the Company issued 5,000,000 unlisted options exercisable at \$0.37 expiring three years from the Company's Admission to the Official List of the ASX to Bell Potter Nominees (**Lead Manager Options**), and 5,000,000 unlisted options exercisable at \$0.37 expiring three years from the date of issue to Pamplona Capital Pty Ltd (**Corporate Advisor Options**).

9. Reserves

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

	31 Dec 2024 \$	30 Jun 2024 \$
Share options reserve	1,073,250	278,250
Share rights reserve	246,826	63,711
Foreign currency translation reserve	(23,639)	(2,336)
	1,296,437	339,625

(a) Share options reserve

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

Movements in the share options reserve were:

	31 Dec 2024 \$	30 Jun 2024 \$
Movements in share options		
Balance at beginning of period	278,250	-
Options issued to Director and KMP ¹	-	278,250
5 million Corporate Advisor Options issued ²	410,000	
5 million Lead Manager Options issued ³	385,000	
Balance at end of period	1,073,250	278,250

	31 Dec 2024 No.	30 Jun 2024 No.
Movements in share options		
Balance at beginning of period	3,500,000	-
Options issued to Director and KMP ¹	-	3,500,000
5 million Corporate Advisor Options issued ²	5,000,000	
5 million Lead Manager Options issued ³	5,000,000	
Balance at end of period	13,500,000	3,500,000

¹ On 17 April 2024, 1,750,000 unlisted Options exercisable at \$0.30 per Option expiring three years from the date of issue and 1,750,000 unlisted Options exercisable at \$0.37 per Option expiring three years from the date of issue.

² On 8 July 2024, 5,000,000 unlisted Options exercisable at \$0.30 per Option expiring three years from the date of issue.

³ On 8 July 2024, 5,000,000 unlisted Options exercisable at \$0.37 and expiring 3 years from the date of the Company's Admission to the Official List of the ASX.

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:

	Options ex.\$0.30	Options ex.\$37
Number of Options	6,750,000	6,750,000
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

Share rights reserve

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

	31 Dec 2024	30 Jun 2024
Movements in performance rights		
Balance at beginning of year	6,150,000	-
Movement during the period	-	6,150,000
Number of performance rights on issue at 31 December 2024	6,150,000	6,150,000

	31 Dec 2024 \$	30 Jun 2024 \$
Movements in performance rights		
Balance at beginning of year	63,711	-
Movement expensed to profit and loss	183,115	63,711
Balance at end of period	246,826	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 performance rights at grant date has been estimated using a trinomial pricing model, considering the terms and conditions upon which the performance rights 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%
Issue 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 and completion of the IPO in July 2024.
- (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 in progress.

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)

(b) 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 period were:

	31 Dec 2024 \$	30 Jun 2024 \$
Balance at beginning of year	(2,336)	-
Movement during the period	(21,303)	(2,336)
Balance at end of period	(23,639)	(2,336)

10. Related Parties

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries

(a) Subsidiaries

	Country of incorporation	Equity holding (%)	
		31 Dec 2024	30 Jun 2024
Axel REE Ltda	Brazil	100%	100%

(b) Ultimate parent

Axel REE Limited is the ultimate parent entity of the Group.

(c) Other transactions with related parties

- On 6 February 2024, the Company agreed to issue 832,059 Ordinary Shares to Foxfire Metals Pty Ltd (**Consideration Shares**) six months after the date of admission of the Company to the Official List. The Consideration Shares are subject to an escrow period ending 24 months from the date the Company's securities were admitted to the Official List. On 31 December 2024, the Company and Foxfire Metals agreed to offset the value of the Consideration Shares (\$133,129) against amounts owed by Foxfire Metals to the Company, in lieu of issuing the Consideration Shares.
- During the period the Company completed an arms length purchase of a portable XRF device from a director-associated entity for \$58,000 (including GST).
- The Company paid a total of \$168,090 for geological consulting services to Cosenza Consultoria Em Mineração Ltda, an entity which is associated with Dr Fernando Tallarico.

11. Earnings per share

	31 Dec 2024 \$	31 Dec 2023 \$
Loss after income tax benefit attributable to the Group	(1,354,960)	(975,204)

	31 Dec 2024 \$	31 Dec 2023 \$
Weighted average number of ordinary shares outstanding during the year used in calculation of Basic EPS	167,956,988	47,359,867
Weighted average number of potential ordinary shares outstanding during the year used in calculation of Diluted EPS	167,956,988	47,359,867

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.

	31 Dec 2024 \$	31 Dec 2023 \$
Basic earning per share (cents)	(0.80)	(2.06)
Diluted earnings per share (cents)	(0.80)	(2.06)

12. Contingent assets and liabilities

There have been no changes to the Company's commitments or contingencies since the period ended 30 June 2024.

13. 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 half year, being mineral exploration and in two geographical areas, being Australia and Brazil.

Operating segment information

31 December 2024	Australia A\$	Brazil A\$	Total A\$
Segment revenue	197,540	93	197,633
Other expenses	(968,095)	(584,498)	(1,552,593)
Loss before income tax expense	(770,555)	(584,405)	(1,354,960)
Income tax expense	-	-	-

Loss after income tax expense	(770,555)	(584,405)	(1,354,960)
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Assets			
Segment assets	10,533,741	536,295	11,070,036
Total Assets	10,533,741	536,295	11,070,036

Liabilities			
Segment liabilities	75,164	39,149	114,313
Total Liabilities	75,164	39,149	114,313

31 December 2023	Australia A\$	Brazil A\$	Total A\$
Segment revenue	6,166	-	6,166
Other expenses	(981,370)	-	(981,370)
Loss before income tax expense	(975,204)	-	(975,204)
Income tax expense	-	-	-
Loss after income tax expense	(975,204)	-	(975,204)

Assets			
Segment assets	849,554	-	849,554
Total Assets	849,554	-	849,554

Liabilities			
Segment liabilities	140,532	-	140,532
Total Liabilities	140,532	-	140,532

14. 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 half year ended 31 December 2024:

- On 7 February 2025, the Company completed a Bonus Options entitlement issue of 79,400,590 quoted options exercisable at \$0.30 expiring 7 February 2028. Directors received the following Bonus Options under their entitlements from the issue:
 - Paul Dickson: 190,000 Bonus Options
 - Pat Volpe: 31,200,001 Bonus Options
 - Ian Kiers: 794,445 Bonus Options

Directors' Declaration

In the opinion of the Directors:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.



Paul Dickson
Chairman
Melbourne,
13 March 2025

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF AXEL REE LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Axel Ree Limited (the company) and controlled entities (consolidated entity) which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, and notes to the financial statements, including material accounting policy information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2024, or during the half year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Axel Ree Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report.

Independence

We are independent of the company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

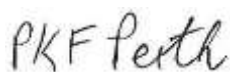
Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PKF PERTH



SIMON FERMANIS

PARTNER

13 MARCH 2025

PERTH, WESTERN AUSTRALIA

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

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Ph: +61 3 9249 9589
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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

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