



Annual Report 2023

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Letter to Shareholders

Dear fellow Shareholders,

We are pleased to present to you the first Annual Report of Brazilian Rare Earths (BRE) as an ASX-listed company.

In the short span of time since BRE's incorporation in March 2021, our dedicated team has made exceptional progress in identifying the exploration potential of the Rocha da Rocha rare earth province, moving quickly to secure a dominant control position across the region, and achieving remarkable exploration success with the discovery of ultra-high grade rare earth, niobium and scandium mineralisation.

Rare earth elements play a crucial role for the transition to a more sustainable, efficient and electrified economy. Rare earths and permanent magnets power essential technologies such as electric vehicles, wind turbines and robotics. As the world accelerates its shift toward electrification, these elements, especially the heavy rare earth elements Dysprosium-Terbium (DyTb) and the light rare earths Neodymium-Praseodymium (NdPr) are vital for the development of high-performance permanent magnets that enable these technologies to perform with higher durability, efficiency and performance.

The listing of BRE's shares on the ASX on 22 December 2023 is a testament to the dedicated efforts of our experienced team and the unmatched potential of our province-scale rare earth exploration assets.

Our aim is to build a leading rare earth and critical minerals company to deliver long term value for shareholders, and for our communities and stakeholders. Our talented and skilled exploration team have proven a real aptitude for world-class discovery, having recently discovered our fourth greenfield rare earth project across this world-class rare earth province in less than two years. The proven and successful BRE exploration model was developed and refined with the collective experience, ingenuity, and wisdom of our talented team.

To date we have explored less than 10% of the area of our extensive exploration landholdings and the current JORC Inferred Mineral Resource is contained in only ~1% of BRE's total tenement area. Airborne survey and ground geophysics highlight a massive trend of highly prospective intense geophysical anomalies across our landholdings.

The current JORC Mineral Resource Estimate of 510mt @ 1,513ppm TREO includes the shallow 'Monte Alto' monazite sand rare earth resource of 25.2mt @ 1% TREO and a high-grade core of 4.1mt @ 3.2% TREO. This shallow resource has a simple 'mineral sands' style monazite mineralogy that is amenable to low-cost gravity and magnetic separation processing and has the potential to produce high-grade, high-value monazite rare earth concentrate from a shallow free-dig resource.

The outstanding results from our maiden Monte Alto diamond drilling exploration program recorded ultra-high grade rare earth intercepts of up to 34.4% TREO, with grades of up to 59,100ppm NdPr, 3,229ppm DyTb, 1.5% Niobium and 352ppm scandium. These drilling results significantly extended the high-grade REE-Nb-Sc exploration corridor at Monte Alto, which remains open along strike and at depth. Importantly, BRE's reported grades for the higher value DyTb and NdPr elements are materially higher than those reported by many within the industry, further highlighting the exciting potential of the Rocha da Rocha rare earth province.

We believe that BRE has a unique opportunity to develop a rare earths company of global significance and the potential to disrupt global markets for rare earths elements and critical minerals.

None of what BRE has achieved so far would have been possible without the efforts of our talented employees and advisors. To BRE's employees, we thank you for your hard work and commitment through this transformational year.

On behalf of the Board and the management team at BRE, we would like to express our gratitude to shareholders for your unwavering support. We look forward to the future as we continue to unlock the full potential of our rare earth and critical mineral assets in Brazil.



Todd Hannigan
Executive Chair



Bernardo da Veiga
Managing Director/CEO

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Legend

- Brazilian Rare Earths
- 🚢 Select Deepwater Ports
- Select Major Cities

Rocha da Rocha Rare Earths Province



BRE’s focus is on the exploration and development of mineral exploration tenements in the Rocha da Rocha rare earths province in Bahia State, Brazil. The Rocha da Rocha province has a number of comparative advantages including:



Ready access to critical infrastructure

- Low-cost, hydroelectric power.
- Deep water export port <269 km away via sealed road.
- Ready access to cost-competitive local labour.
- Affordable land and lower risk permitting process.



Mature mining jurisdiction

- Brazil is an advanced mining jurisdiction with a stable regulatory regime.
- Leading global mining companies have successfully operated in Brazil for decades including BHP, Vale, Anglo American, Rio Tinto and South32.
- Brazil has well-developed rare earth testing and engineering capabilities.



Well established permitting process

- Bahia State permitting process is highly favourable compared to many other Brazilian States.
- Environmental licence to develop the site, granted after baseline monitoring, stakeholder engagement.
- Installation licence to build site infrastructure, granted subsequent to Environmental licence and after government reviews design.
- Operations licence to begin commercial operations, granted upon government review of site infrastructure.

High Grade, Provincial Scale Exploration Opportunity

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BRE has assembled a dominant tenement position in the highly prospective Rocha da Rocha rare earths province. In a short time BRE has achieved exceptional exploration success. With less than 10% of BRE's tenement area having been subject to exploration drilling and the current globally significant JORC inferred mineral estimate covering less than 1% of BRE's tenement area, there is significant exploration upside and resource growth potential.

Dominant position in the Rocha da Rocha province

At 31 December 2023 BRE controlled ~1,410km² of mineral properties in the Rocha da Rocha province.

Subsequent to 31 December 2023 BRE has entered into an option to acquire the Sulista Project and applied to the ANM for the grant of new exploration licences which together would triple BRE's exploration licence area to approximately 4,158km².

Highly prospective for rare earths mineralisation on a provincial scale

Airborne survey and ground geophysics indicate a massive trend of highly prospective geophysical anomalies.

Exceptionally consistent grades of rare earths, niobium, scandium and uranium suggest 'source rock' is potentially a large mafic cumulate deposit.

Exceptional exploration success

Approximately 17,000 metres of exploration drilling completed to 31 December 2023 primarily focused on the Monte Alto deposit.

BRE's geophysical exploration model has been highly successful with nearly every drill hole intercepting rare earth mineralization.

32 high-grade REE-Nb-Sc outcrops and large corestones returning average rare earth grades of 32.7% TREO containing very high grades of Niobium, Scandium and Uranium discovered at surface/shallow depths across the Monte Alto deposit and surrounding areas¹.

Highest grade REE-Nb-Sc mineralisation, 40.5% TREO, recently discovered <7km to the south of the Monte Alto Project, and further outcrops of high-grade mineralisation over 70km to the south¹.

Assay results from the maiden drilling program at Monte Alto¹ published by BRE in February 2024 returned exceptional mineralized intercepts of up to 34.4% TREO, significantly expanding the Monte Alto high-grade REE-Nb-Sc exploration corridor which remains open along strike and at depth.

1. Refer Prospectus dated 13 November 2023 and ASX Announcement dated 1 February 2024 ("Original ASX Announcements") for reported exploration results. The Company is not aware of any information or data that affects the information contained in the original ASX Announcements.

Scale

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Significant exploration upside

Resource open at depth and in all directions.

Highly prospective exploration corridor identified by magnetic survey and geophysics.

Exceptional high-grade REE-Nb-Sc mineralisation underpins near term, high impact, exploration opportunity at depth.

Rio Tinto tenement acquisition provides BRE access to ~57,000 meters of drill core to be reassayed for rare earth elements.

BRE exploration drilling and Rio Tinto drill core cover less than 10% of BRE's tenement area.

Globally significant JORC inferred mineral resource with near term upgrade potential

JORC compliant mineral resource estimate of 510 Mt at 1,513ppm TREO includes the shallow 'Monte Alto' monazite sand rare earth resource of 25.2 Mt @ 1% TREO and a high-grade core of 4.1 Mt @ 3.2% TREO².

NdPr is ~19% of TREO and magnet rare earths oxides ~27% of TREO.

JORC Resource covers ~1% of licence area and incorporates results of ~10,000 metres drilling completed to 23 May 2023.

Near-term opportunity with +10,000 metres of new drilling results and +35,000 metres of new Rio Tinto REE assays expected in H1 2024.

Target to update JORC resource in Q2 2024.

Superior combination of mineralisation styles

BRE has discovered three compelling styles of rare earth mineralisation across the province:

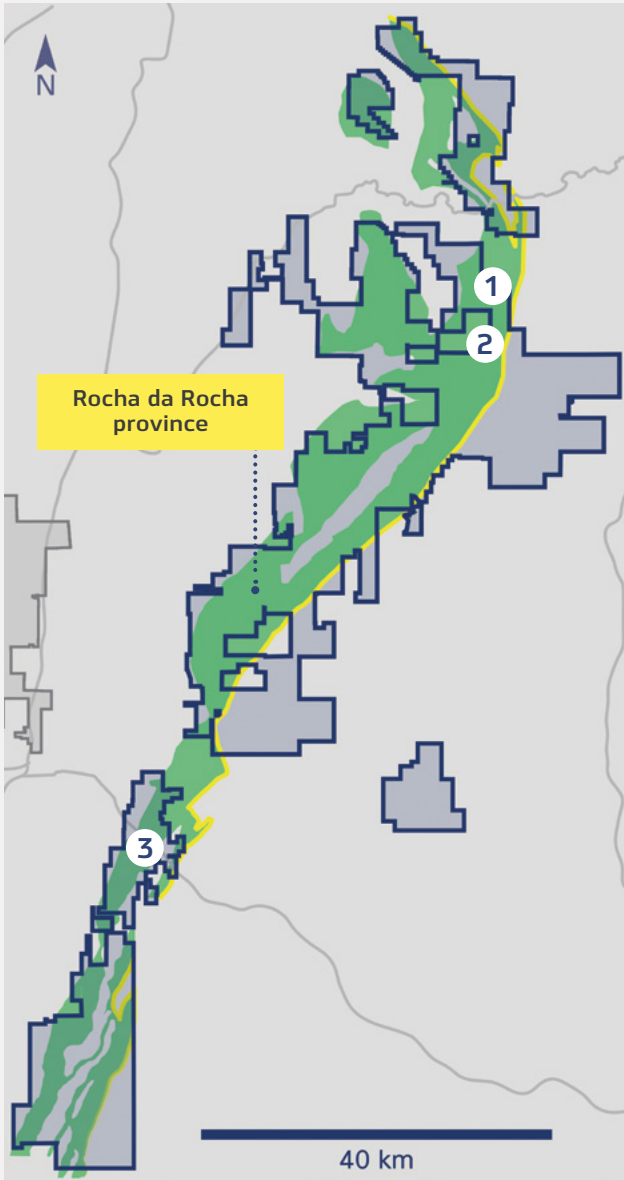
- High-grade REE-Nb-Sc hard rock cumulate mineralisation
- Saprolite-monazite sand enriched REE mineralisation
- Ionic Adsorption Clay mineralisation

The current Monte Alto resource is free dig, shallow with a simple 'mineral sands' style monazite mineralogy and overlays the primary hard rock mineralisation potentially resulting in lower mining costs.

Monazite grains are amenable to low-cost gravity and magnetic separation processing, potentially resulting in lower capital expenditure and processing costs.

2. Refer Prospectus dated 13 November 2023 for details of Mineral Resource Estimate. All material assumptions and technical parameters underpinning the estimates in the Prospectus continue to apply and have not materially changed.

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1

Monte Alto Project – Confirmed Discovery

3,104m of diamond drilling
Mineralized intercepts up to 34.4% TREO
Up to 5.9% NdPr, 3,229ppm DyTb,
1.5% niobium and 352ppm scandium

2

Velhinas Target – Highest TREO grade

7km south of Monte Alto
Highest grade boulder at 40.5% TREO
Drilling underway

3

Sulista Project – Discovery

~1,000 metres historical diamond drilling
Grades of ~21% TREO reported³
Reconnaissance continues to discover
mineralized outcrops and boulders



3. Refer ASX Announcement dated 22 January 2024 for exploration results. BRE confirms it is not aware of any new information or data that materially affects the information included in that ASX Announcement.

Sustainability

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BRE is highly committed to upholding the highest standards of operational excellence, environmental stewardship and social responsibility. We are equally committed to forging strong partnerships with local communities, ensuring their support and involvement in our project.

BRE's approach to sustainability is summarised below:



Environment and Climate Change

Our goal is to understand and manage the impact we have on the environment and to utilise our resources efficiently.

As the Company grows and its projects progress from exploration to development, BRE will identify initiatives to decarbonise its operations and report on climate related financial disclosures (including the Task Force on Climate-related Financial Disclosures (TCFD)).



People and Culture

BRE places an emphasis on establishing a workplace environment where everyone is welcomed to bring their technical expertise, and diverse backgrounds and thoughts to work. This principle instils a positive and productive culture for business efficiency and success.



Health and Safety

BRE is committed to the health, safety and wellbeing of our team members and members of the public who interact with our operations. This is demonstrated by the exemplary OHS performance for FY23 with zero reportable incidents or injuries.



Community and Social Responsibility

Legitimacy, credibility and trust are the guiding principles at the core of BRE's operations.

- BRE is a significant employer in the city of Ubaira supporting the region's economic development.
- Community initiatives include scholarships, donations to community organisations and specific needs based assistance.



Local Government Engagement

BRE is committed to working cooperatively and collaboratively with the relevant Local Government Councils to identify and progress opportunities that will deliver social and economic development benefits to the Bahia region.

Directors' Report

The directors of Brazilian Rare Earths Limited ("BRE") submit herewith the financial report of BRE and the entities it controlled for the year ended 31 December 2023 (collectively "BRE Group"). To comply with the provisions of the *Corporations Act 2001*, the directors report as follows.

Directors

The directors of BRE at any time during the year under review and up to the date of this report, unless otherwise stated were:

- Bernardo Sanchez Agapito Da Veiga
- Todd Hannigan (appointed 16 January 2023)
- Kristie Young (appointed 1 March 2023)
- Camila Ramos (appointed 28 August 2023)
- Dominic Allen (resigned 28 August 2023)

Company Secretary

Mr Stephen Kelly was Company Secretary during the whole of the year under review and up to the date of this report.

Mr Todd Hannigan (Executive Chairman, appointed 16 January 2023)

Mr Hannigan has over 30 years of global experience in natural resources as company founder, chief executive officer, private capital investor, chairman and non-executive director. Mr. Hannigan has worked internationally in the resources sector across a range of companies including IperionX, Piedmont Lithium, Aston Resources, Xstrata Coal, Hanson PLC and BHP Billiton.

Mr Hannigan holds a Bachelor of Engineering (Mining) with Honours from The University of Queensland and an MBA from INSEAD.

Mr Hannigan is currently Executive Chairman of IperionX Limited.

Former directorships in last 3 years: Piedmont Lithium Limited.

Dr Bernardo da Veiga (Chief Executive Officer and Managing Director, appointed 31 March 2021)

Dr da Veiga started his career as an Investment Banker with UBS and Azure Capital in Australia, where he worked in a team that advised many leading companies in mergers and acquisitions, capital raising, hybrid instruments and debt advisory.

Prior to founding BRE, Dr da Veiga spent the last decade in senior leadership roles in a number of mining companies in Brazil, including as CEO of a producing tungsten mine, Managing Director of a gold exploration company and from 2015 to 2021 CEO of South American Ferro Metals Limited, a privately owned iron ore producer that grew from a bankrupt business in 2015 producing c.700ktpa when Bernardo took over as CEO to a highly profitable company producing c.2.05Mtpa in 2021.

Dr da Veiga holds a Bachelor of Commerce degree with First Class Honours, a PhD in Economics from the University of Western Australia and a Diploma in Financial Strategy from Oxford University. He graduated top of his class at both the UWA Honours program and Oxford. He is also a graduate of the Australian Institute of Company Directors.

Former directorships in last 3 years: Nil.

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Directors' Report continued

Ms Kristie Young (Non-Executive Director)

Ms Young has over 25 years' experience across mining engineering, business development, project evaluation, marketing, strategy, growth, and corporate governance. She has held senior growth and Business Development Director roles with both EY and PwC. As a mining engineer she worked with Mt Isa Mines, Plutonic Gold, Hammersley Iron, Gunpowder Copper, New Hampton Goldfields and Surpac.

Ms Young has over 15 years' experience on boards and committees including current Non-Executive directorships with Lithium Australia Ltd, Corazon Mining Ltd, Tasma Ltd and MinEx CRC.

Ms Young holds a Bachelor of Engineering (Mining) with Honours from The University of Queensland, is a Graduate of the Australian Institute of Company Directors and a Fellow of the AusIMM.

Former directorships in last 3 years: Tesoro Gold Limited, ChemX Materials Limited, Primero Group Limited.

Ms Camila Ramos (Non-Executive Director)

Ms Ramos is a renewable energy expert with over 20 years of experience in Latin America in the solar PV, wind, energy storage, green hydrogen and bioenergy sectors.

Ms Ramos currently serves as Managing Director for CELA (Clean Energy Latin America), she is also a Board of Directors Member and Vice-President of Finance at the Brazilian PV Association (ABSOLAR) and Board Member the Superior Board of Infrastructure at the Federation of Industry of the State of São Paulo (COINFRA - FIESP).

Ms Ramos has extensive experience in equity fundraising, project financing, mergers & acquisitions and financial analysis.

Ms Ramos holds a Bachelor of Science and a MSc from the London School of Economics.

Former directorships in last 3 years: Nil.

Company Secretary

Mr Stephen Kelly, B.Bus, ACA (Company Secretary and Chief Financial Officer (Australia))

Mr Kelly is a highly experienced director, Chief Financial Officer, and Company Secretary.

Mr Kelly is a qualified Australian Chartered Accountant, with more than 30 years of international experience in the areas of external and internal audit, risk management and compliance, treasury, and corporate finance across a range of industry sectors including agribusiness, mining, infrastructure, property development and banking and finance. Stephen holds a Bachelor of Business (Accountancy) from the Queensland Institute of Technology and is an Australian Chartered Accountant.

Mr Kelly has acted as CFO and Company Secretary of a range of ASX, TSX, AIM and LSE listed companies.

Former directorships in last 3 years: Nil.

Directors' Report continued

Principal activities⁴

BRE's principal activity during the year was focused on exploring for rare earth elements and other critical minerals in the Rocha da Rocha rare earth minerals province located in the state of Bahia in Brazil.

REE are critical for the transition to a more sustainable and efficient economy that is underpinned by electrification and advanced clean technologies. These elements, especially the heavy rare earth elements Dysprosium-Terbium (DyTb) and the light rare earths Neodymium-Praseodymium (NdPr) play a pivotal role in the development of high-performance permanent magnets that can power an array of essential technologies such as electric vehicles, wind turbines, robotics, medical equipment, and many other important technologies. From 2022 to 2035, Adamas Intelligence forecasts that global demand for permanent magnets may rise at a compound annual growth rate (CAGR) of 8.3%, Adamas also forecasts material supply deficits for the valuable heavy rare earth elements dysprosium and terbium.

Rocha da Rocha Rare Earth Minerals Province

BRE has rapidly consolidated its tenement position in the Rocha da Rocha Rare Earths Minerals Province through a series of transactions and as at 31 December 2023 controlled or had agreements to control a combined area of ~141,000 ha (~1,410 km²) of exploration permits within the Rocha da Rocha Rare Earths Province.

BRE has reported a JORC estimated resource of 510 Mt at a grade of 1,513ppm TREO with an effective date of 23 May 2023. This resource includes the 'Monte Alto' project (Monte Alto or Monte Alto Project) a shallow, free dig monazite sand rare earth deposit of 25.2 Mt at 1.0% TREO in saprolite. The Monte Alto Project features, as part of that Mineral Resource, a higher-grade mineralised core amounting to 4.1 Mt at 3.2% TREO.

Mineral Resources extend from surface to a maximum depth of 69m where mineralisation remains open. Mineral Resources have a shallow depth and flat-lying geometry that makes them amenable to exploitation by open pit mining with negligible stripping.

BRE has identified a broad range of mineralisation styles from the exploration programs conducted to date, with these classified into three distinct categories to underpin a working geological exploration model.

- **Ionic Adsorption Clay (IAC) mineralisation.** IAC style mineralisation is evident over a significant portion of drilled areas across BRE's exploration permits. This IAC style mineralisation currently represents a significant portion of the JORC resource estimate of 510 Mt at 1,513ppm TREO.
- **Saprolite-monzite enriched REE mineralisation.** This style of mineralisation is evident at the Monte Alto Project that has a JORC Resource estimate of 25.2 Mt at 1% (10,022ppm) TREO, as well as several other regional targets. Monte Alto is characterised by a near surface, highly weathered saprolite zone that is enriched with residual coarse-grained monazite sand held within a fine grained, friable and 'free-dig' host lithology. Monazite is a phosphate mineral that contains approximately 55-60% REE oxides.
- **High-grade REE-Nb-Sc mineralisation.** This exceptionally high-grade REE-Nb-Sc mineralisation style is prominent from thirty-two large hard rock outcrops and 'corestones' discovered at surface, and at shallow depths, across the Monte Alto Project and surrounding tenements.

These hard rock REE-Nb-Sc outcrops and corestones have recorded exceptionally high and consistent grades of rare earth and critical elements with average grades of 32.7% TREO, niobium 1.1% Nb₂O₅, uranium at 4,025ppm U₃O₈ and scandium at 219ppm Sc₂O₃.

4. Information in this Directors' Report relating to explorations results is extracted from the Prospectus dated 13 November 2023. The Company is not aware of any new information or data that materially affects the information contained in the Prospectus.

Directors' Report continued

The ultra-high grade REE-Nb-Sc mineralisation discovered at the Monte Alto and Velinhas projects is interpreted to be magmatic cumulates which are coeval with the leucogranites of the Rocha da Rocha Province. Initial petrographic studies reveal that this high-grade mineralisation is primarily coarse-grained monazite occurring as mega-enclaves within the felsic gneiss host rock. These ultra-high grade concentrations of monazite are considered to be analogous to cumulate deposits of minerals, such as magnetite and apatite, which typically form large, extensive tabular orebodies that can be tens of meters in thickness and kilometres in strike length.

Exploration activities

BRE's key exploration focus during FY23 was at the Monte Alto project. Highlights included:

- During the year BRE completed approximately 17,000 metres of exploration drilling.
- A 302% increase in BRE's JORC Mineral Resource Estimate to an inferred mineral resource of 510 Mt at 1,513ppm TREO with an effective date of 23 May 2023. This included the maiden inferred JORC Mineral Resource Estimate of 25.2 Mt at 10,022ppm TREO at the high-grade monazite hosted Monte Alto project. This Mineral Resource Estimate includes drilling completed up to March 2023. Since then BRE has completed more than 15,000 metres of sonic and auger drilling and acquired a further 57,000 metres of drilling data as part of the acquisition of the Amargosa Tenements from Rio Tinto Brazil.
- Discovery of thirty two ultra-high grade rare earth boulders grading up 40.3% TREO (average 32.7% TREO). These boulders also returned very high grades of niobium and scandium.
- Estimation of a shallow regolith hosted JORC Exploration Target of between approximately 8 – 12Bt at an approximate grade of 1,000 – 1,500ppm TREO. The Exploration Target has an effective date of July 1, 2023 and is based on the actual results of BRE's previous drill programs. The Exploration Target for shallow mineralization is exclusive of high-grade REE-Nb-Sc mineralization. The potential quantity and grade of this Exploration Target is conceptual in nature, and there has been insufficient exploration to estimate a Mineral Resource. At this stage it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Metallurgy

- Petrographic and XRD analysis conducted on primary mineralisation collected from high-grade corestones identified monazite as the primary REE bearing mineral with minor bastnäsite and chevkinite. Mineral grains had a polygonal texture typical of ultramafic cumulates indicating magmatic origin.
- Mineralogy work has been undertaken by SGS Lakefield in March 2023 on four composite regolith samples collected from the central part of the Monte Alto target, and single composites of regolith from the Riacho de Areia North and Tres Bracos targets. Positive results show that the primary REE bearing mineral at the project is monazite (over 90% on average) with small amounts of REE-Al-phosphate minerals of the crandallite group.
- At Monte Alto, REE appear to be predominantly hosted in coarse monazite grains (62% to 87% >75m). The BRE exploration team believes this simple coarse grained mineralogy offers the potential for a low capital expenditure and low operational expenditure de-slime, gravity and magnetic separation process to produce a potentially valuable, high-grade export REE concentrate.
- At most exploration targets, extensive REE enriched horizons are present in the regolith as ionic clays, and as dispersed particles of residual monazite. Initial leaching testwork conducted at the Nuclear Technology Development Center in Belo Horizonte, demonstrated an average TREO-CeO₂ extraction in a range from 7% to 75%. Leach testwork used ammonium sulfate and sodium chloride at ambient temperature and pressures.

Directors' Report continued

Tenement acquisitions

In FY23 BRE consolidated its dominant control of the Rocha da Rocha rare earths minerals province with a threefold increase in the area of tenements controlled by BRE to 140,988 hectares through the following tenement acquisition agreements:

- On 20 October 2023, BRE and its wholly owned subsidiary Borborema Mineracao Ltda (Borborema) executed an agreement to purchase the mineral exploration tenements referred to as the Amargosa Tenements from Rio de Contas Desenvolvimentos Minerais Ltda (Rio Tinto Brazil), a wholly owned subsidiary of Rio Tinto for cash consideration of US\$9.328 million.
- BRE and its wholly owned subsidiary Borborema entered into transactions with Rare Earths Americas Pty Ltd and its wholly owned subsidiary Alpha Minerals Brazil Participacoes Ltda (Alpha Brazil) (together comprising the Alpha Tenement Acquisition Agreement), the effect of which was that Borborema acquired a 100% interest in 16 mineral exploration permits (being the Alpha Tenements) from Alpha Minerals Brazil in consideration for 5,024,600 Shares (on a post-Share split basis) which were issued to Rare Earths Americas Pty Ltd as the nominee of Alpha Brazil on 20 October 2023.

Corporate activities

During the year the following significant corporate events occurred:

- On 28 August 2023, BRE disposed of its fifty per cent ownership interest in each of Alpha Consulting Oz Pty Ltd and Alpha Minerals UK Limited to Alpha Minerals Pty Ltd for a total cash consideration of approximately A\$3.
- On 19 October 2023 BRE issued 9,562,350 zero exercise price options (on a post share split basis), with an expiry of 5 years from the date of issue to Executive Directors, officers, employees and contractors to the Group (being the Management Performance Options) under the Employee Incentive Plan.
- On 19 October 2023 BRE issued 533,050 zero exercise price options (on a post share split basis) with an expiry of 5 years from the date of issue to Non-Executive Directors of the Group (being the Director Options) under the Employee Incentive Plan.
- On 23 October 2023, BRE completed a share split pursuant to which each fully paid ordinary share, Management Performance Option and Director Option on issue was converted into 175 fully paid ordinary shares, Management Performance Options and Director Options as applicable.
- On 15 December 2023, BRE issued 33,621,814 Shares on the conversion of Convertible Notes (including accrued interest on the Founder Convertible Notes).
- On 15 December 2023, BRE issued 34,013,606 Shares at an issue price of A\$1.47 per Share pursuant to the Initial Public Offering which raised A\$50 million (before costs).
- On 19 December 2023 BRE's Shares were admitted to the Official List of the Australian Stock Exchange and on 21 December BRE's Shares commenced trading on the Australian Stock Exchange.

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Directors' Report continued

Upcoming work programs in FY24

- Monte Alto diamond drilling program targeting strike/depth extensions and systematic infill drilling with a view to defining a mineral resource.
- BRE will expedite re-assays of the approximately 57,000 metres of Rio Tinto drilling core/samples, at low cost, to test for REE mineralisation. The re-assay testwork program, in conjunction with geophysical survey data acquired from Rio Tinto, will assist in exploration target generation for high-grade REE-Nb-Sc mafic cumulate mineralisation.
- Undertaking drilling at Velhinas (located 7km south of Monte Alto) and Sulista (located 80km south of Monte Alto and acquired subsequent to 31 December 2023) where boulders/outcrops have been identified.
- Continue to explore and potentially increase the resource of shallow regolith hosted IAC mineralisation and identify additional high-grade monazite sand and high grade hard rock mineralisation targets.
- Ongoing metallurgical test work programs.
- Undertake environmental baseline studies.
- Update the current Mineral Resource Estimate.

Operating result

BRE recorded revenue of A\$278,312 (2022: A\$56,395) and reported a net loss after tax of A\$69,081,284 (2022: A\$7,901,083) for the year. The significant items affecting the loss after tax were:

- An increase in exploration and evaluation costs to A\$33,502,654 (2022: A\$4,384,104) primarily due to the consideration paid to purchase the Amargosa Tenements (A\$14,250,013) from Rio Tinto Brazil and the Alpha Tenements (A\$7,386,162) from Rare Earths Americas Pty Ltd. Exploration and evaluation costs, including the costs of acquiring licences, are expensed when incurred.
- An increase in finance costs to A\$30,937,734 (2022: A\$232,444) due to an increase in the change in fair value of the derivative instrument of A\$28,242,132 (2022: gain A\$3,240) prior to the conversion of the convertible notes to shares and an increase in interest expense on the convertible notes to A\$2,044,033, (2022: A\$154,794).
- A decrease in share based payments expense to A\$969,022 (2022: A\$1,757,934). The 2023 expense is due to the amortisation over the vesting period of Management Performance Options issued to Executive Directors, officers, employees and contractors and Director Options issued to Non-Executive Directors under the Employee Incentive Plan as disclosed in the Remuneration Report that forms part of this Directors' Report. The 2022 share based payments expense included A\$1,667,809 of expense relating to Founder shares issued to certain individuals for services provided in relation to the identification and acquisition of the Group's Brazilian exploration tenements.

Significant changes in the state of affairs

Other than the matters noted in this Directors' Report there were no significant changes in BRE's operations during the year.

Directors' Report continued

Material business risks

Mineral exploration and development, is considered by its nature to be high-risk and is affected by risks and uncertainties, some of which are beyond the Group's reasonable control. The uncertainties arise from a range of factors, including the nature of the mineral exploration industry and changing economic factors. The business risks assessed as having the potential to have a material impact on the business, operating and/or financial results and performance of the Group include:

- **Mineral exploration and development.** The business of mineral exploration, development and production is subject to a high level of risk. Mineral exploration and development requires significant amounts of expenditure over extended periods of time with no guarantee of revenue, and exploration and development activities may be impeded by circumstances and factors beyond the Company's control. There can be no assurances that exploration and development at the Project, or any other projects that may be acquired by the Company in the future, will result in the discovery of mineral deposits which are capable of being exploited economically. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited.
- **Operational risk.** The operations of the Company may be affected by various factors that are beyond the control of the Company, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages, delays in procuring, or increases in the costs of consumables, commodities, plant and equipment, fire and other incidents beyond the control of the Company. These risks and hazards could also result in damage to, or destruction of, facilities and equipment, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. These factors are substantially beyond the control of the Company and, if they eventuate, may have an adverse effect on the financial performance of the Company and the value of its assets.
- **Mineral Resource estimation risk.** Mineral Resource estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Determining Mineral Resource estimates is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate.
- **Future capital requirements.** The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Project is successfully developed and production commences. The future capital requirements of the Company will depend on many factors including its business development activities. Given the early stage of the Project, no forecast is made of whether the Project may be developed or may become feasible, however one of the requirements to successfully develop the Project and for production to commence, would involve the Company obtaining financing in addition to the amounts raised pursuant to the Offer. Any additional financing may be dilutive to Shareholders, may be undertaken at prices lower than the then market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve security over the Company's assets or restrictions on financing and operating activities.
- **Title risk.** The Group's exploration and development activities are dependent upon the grant, maintenance and renewal of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintenance, renewal and granting of these tenement rights depend on the Group being successful in obtaining required statutory approvals and complying with regulatory processes. A failure to obtain these statutory approvals or comply with these regulatory processes may adversely affect the Group's title to mineral tenements, may prevent or impede the grant, acquisition or advancement of, or the conduct of activities within, mineral tenements and may have a material adverse effect on the business, results of operations, financial condition and prospects of the Group.

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Directors' Report continued

- **Supply chain and logistics risks.** Supply chain disruptions and the general level of economic uncertainty experienced during events such as the COVID-19 pandemic and other global events such as the conflict in the Ukraine and the Middle East, continue to impact the cost and availability of commodities, freight, materials, equipment and other services required for the ongoing Company operations. While the direct impact of the COVID-19 pandemic on the Company and its operations has subsided, uncertainty remains regarding the potential for further disruptions and interruptions from similar such events, which may have an adverse impact on the Company and its plans.
- **Sovereign risk.** The Company's mineral tenements are located in Brazil. Brazil is a federal presidential democratic republic. The political conditions in Brazil are generally stable, however, changes may occur in the political, fiscal and legal systems which may affect the ownership or operations of the Company or its Group such as changes in exchange rates, control or fiscal regulations, regulatory regimes, political insurrection or labour unrest, inflation or economic recession.
- **Environmental risk.** The minerals and mining industry has become subject to increasing environmental regulations and liability. The operations and proposed activities of the Company are subject to State and Federal laws, regulations and permits concerning the environment. If such laws are breached or modified, the Company could be required to cease its operations and/or incur significant liabilities including penalties, due to past or future activities.
- **Limited operating history.** The Company has incurred operating losses since its inception and does not have a significant history of business operations. It is therefore not possible to evaluate the Company's prospects based on past performance. No assurance can be given that the Company will achieve commercial viability through the successful exploration and/or mining of the Project, or any tenements which are subsequently applied for or acquired by the Company. Unless and until the Company is able to realise value from its project interests, it is likely to incur ongoing operating losses.
- **Climate change risk.** The climate change risks particularly attributable to the Company include:
 - the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
 - climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.
- **Currency volatility.** Substantially all of the business and operations of the Company are, or will be, conducted in currencies other than Australian dollars. In addition, all or most of the supplies and inputs into the projects of the Company are priced in currencies other than Australian dollars. As a result, fluctuations in such foreign currencies against the Australian dollar could have a material adverse effect on the Company's financial results which will be denominated and reported in Australian dollars. From time to time, the Company may implement active hedging programs in order to offset the risk of losses if the Australian dollar decreases in value compared to foreign currencies. However, to the extent that the Company fails to adequately manage these risks, including if any such hedging arrangements do not effectively or completely hedge against changes in foreign currency rates, the Company's financial results may be negatively impacted.

Directors' Report continued

- **Commodity prices.** Commodity prices are influenced by physical and investment demand. Fluctuations in commodity prices relevant to the Company may influence the exploration and development activity of the Company. If the Company achieves exploration success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks.

Commodity prices fluctuate and are affected by many factors beyond the control of the Company including but not limited to, world demand for commodities, the level of production costs in major commodity producing regions, China's decisions with respect to managing the domestic Chinese rare earths industry and the development of new technologies that create new demands or eliminate the demand for particular rare earth elements. Fluctuating commodity prices may impact the Company's project development, plans and activities, including its ability to fund those activities. The Company cannot provide any assurance as to the prices it will achieve for any mineral commodities it produces. Any substantial decline in the price of those commodities or increases in transport or distribution costs may have a material adverse effect on the Company and the value of its shares.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are, and will be, taken into account in Brazilian Reals and Australian dollars, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar, the Brazilian Real and the Australian dollar as determined in international markets. The exchange rates are affected by numerous factors beyond the control of the Company, including international markets, interest rates, inflation and the general economic outlook.

- **Opposition to mining.** The Company's business may be affected by environmental activists and others who might engage in activities intended to disrupt the Company's business operations. As a result, there could be delays in the Company's exploration and development activities, which could have a material adverse effect on the Company's business, financial condition, and results of operations.
- **Information Systems Security Threats.** The Company relies on secure and adequate operations of information technology systems in the conduct of its activities. Access to and the security of the information technology systems are critical to the Company's activities. These systems are subject to disruption, damage or failure from a variety of sources, including, but not limited to: cable cuts; damage to installations; natural disasters; terrorism; fire; power loss; hacking, cyber-attacks and other information security breaches; non-compliance by third party service providers; computer viruses; vandalism and theft.

The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software. The systems that are in place may not be enough to guard against loss of data due to the rapidly evolving cyber threats.

The Company may be required to increasingly invest in better systems, software, and use of consultants to periodically review and adequately adapt and respond to dynamic cyber risks or to investigate and remediate any security vulnerabilities. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. Failures in the Company's information technology systems could translate into operational delays, compromising, loss or disclosure of confidential, proprietary, personal or sensitive information and third-party data, or destruction or corruption of data.

Directors' Report continued

Interests in the shares and options of BRE

As at the date of this report, the interests of the directors in the securities of Brazilian Rare Earths Limited were:

	Number of ordinary shares #	Number of options over ordinary shares #
Mr Todd Hannigan	24,577,875	2,868,775
Dr Bernardo da Veiga	17,586,625	3,824,975
Ms Kristie Young	41,518	266,525
Ms Camila Ramos	-	266,525

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

Meetings of Directors

The number of meetings of BRE's board of directors and each board committee held during the year ended 31 December 2023, and the numbers of meetings attended by each director were as follows:

	Directors' meetings	Risk and Audit Committee ¹	Nominations and Remuneration Committee ¹
Number of meetings held	4	1	1
Mr Todd Hannigan ²	4	n/a	1
Dr Bernardo da Veiga	4	1	n/a
Ms Kristie Young ³	3	1	1
Ms Camila Ramos ⁴	2	1	1

1. The Risk and Audit Committee and the Nominations and Remuneration Committee were established on 12 December 2023.
2. Mr Hannigan was appointed a Director on 17 January 2023 and has attended all meetings since appointed.
3. Ms Young was appointed a Director on 1 March 2023 and has attended all meetings since appointed.
4. Ms Ramos was appointed a Director on 28 August 2023 and has attended all meetings since appointed.

Shares under option

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

Description	Grant date	Expiry date	Exercise price of options	Shares under option	Issued as remuneration in current or prior period?
Management performance options	1/9/2023	30/8/2028	A\$Nil	9,562,350	Yes
Director options	1/9/2023	30/8/2028	A\$Nil	533,050	Yes
				10,095,400	

Directors' Report continued

Dividends

BRE has not paid or declared any dividends during the year (2022: 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 31 December 2023.

- On 21 January 2024, BRE paid a non-refundable BRL 200,000 deposit upon signing an option agreement to acquire the Sulista Rare Earth Project. The following consideration is payable upon exercise of the option:
 - A cash payment of BRL 4,800,000.
 - 4,000,000 fully paid ordinary shares in BRE subject to voluntary escrow for a period of two years from the date of issue.
 - 4,000,000 fully paid ordinary shares in BRE subject to voluntary escrow until the later of two years from the date of issue or the date on which the final exploration report for each of the areas 870930/2011 and 87008/2015 is approved by the National Mining Agency of Brazil.
- BRE paid to Rio de Contas Desenvolvimentos Mineraiis Ltda (Rio Tinto Brazil), a wholly owned subsidiary of Rio Tinto cash consideration of US\$7.328 million being the second and third instalments payable under the agreement executed on 20 October 2023 to purchase mineral exploration tenements referred to as the Amargosa Tenements.

Indemnification and insurance of officers

To the extent permitted by law, BRE has indemnified each director and the secretary of BRE. 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 BRE 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 BRE.

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*.

Directors' Report continued

Letter from the Chair of the Nomination and Remuneration Committee

Dear Shareholders,

On behalf of the Brazilian Rare Earths Limited (BRE) Board, I am pleased to present the Company's inaugural Remuneration Report for the financial year ended 31 December 2023 (FY23).

FY23 was a significant year for BRE which included the Company raising A\$50 million and successfully listing on the ASX on 21 December 2023. Well done to all involved in achieving this important milestone in the Company's development and for the hard work undertaken both pre and post ASX listing.

The FY23 BRE Remuneration Report sets out the remuneration framework for the BRE Executive Key Management Personnel (KMP) and Non-Executive Directors (NEDs). For FY23 the remuneration framework was designed to reward Executive KMP for their work leading up to and following the IPO, along with providing equity incentives to align both Executive KMP and NEDs with shareholder interests and retain critical talent up to and following the IPO.

Company performance and FY23 remuneration outcomes

The Board has overall accountability for the oversight of the Company's remuneration approach for Executive KMP and NEDs, having regard to the recommendations made by the Nomination and Remuneration Committee (NRC).

The Committee is pleased to report that throughout FY23 the Company achieved the following key milestones:

- Maintained an excellent safety record with no lost time injuries reported in FY23.
- Secured dominant control over the Rocha da Rocha rare earths province in Brazil, with a threefold increase tenement area to 140,988 hectares.
- Achieved a 302% increase in its JORC compliant mineral resource estimate to 510 Mt at 1,513ppm TREO prior to listing on the ASX.
- Completed a successful listing of BRE's shares on the ASX on 21 December 2023 following a successful IPO that raised A\$50 million resulting in a A\$314.7 million market capitalisation at the IPO subscription price of A\$1.47 per share.

During FY23 short-term incentives (STIs) were awarded to the Executive Chair and the Managing Director/Chief Executive Officer (MD/CEO) in accordance with their contractual agreements. As disclosed in the Prospectus a one-off IPO bonus was paid to the Executive Chair, the MD/CEO and the Company Secretary/CFO, and long-term incentives (LTIs) were granted to both Executive KMPs and NEDs. No equity incentives vested during FY23.

FY24 remuneration framework

Following the successful IPO, a key focus of the NRC during FY24 will be to further enhance the executive remuneration framework, with a focus on reviewing the design of the STI and LTI plans and conducting benchmarking against a group of companies of comparable size and complexity to BRE to ensure the market competitiveness of BRE's remuneration arrangements. Any changes to the executive remuneration framework as a result of the review shall be disclosed in BRE's FY24 Annual Report.

We thank you for your support thus far and look forward to a successful year of engagement and results for the Company and all Shareholders.



Kristie Young

Chair, Nomination and Remuneration Committee

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Remuneration Report

This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001*. The Report provides a summary of remuneration for all KMP.

1. Key Management Personnel

BRE'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 BRE KMP for FY23.

Name	Position	Term as KMP
Non-Executive Directors		
Kristie Young	Independent, Non-Executive Director	Part year - Commenced 1 March 2023
Camila Ramos	Independent, Non-Executive Director	Part year - Commenced 28 August 2023
Executive Directors		
Todd Hannigan	Executive Chair	Part Year -Commenced 16 January 2023
Bernardo da Veiga	Managing Director and Chief Executive Officer (MD & CEO)	Full year FY23
Dominic Allen	Executive Director (prior to IPO)	Part year - Resigned 28 August 2023
Executives		
Stephen Kelly	Company Secretary and CFO (Australia)	Full year FY23

2. Executive remuneration snapshot

2.1. Overview of the FY23 executive remuneration framework

Executive remuneration arrangements for FY23 have been designed to:

- Align the interests of Executive KMP with shareholders and the long-term success and growth of the Company;
- Foster a strong sense of commitment and dedication amongst our Executive KMP; and
- Encourage continued engagement and contribution towards and post BRE's key goal of listing on the ASX.

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Remuneration Report continued

The remuneration framework for FY23 comprised the following elements.

	Fixed remuneration (FR)	Short-term incentive (STI)	Employee Incentive Plan (EIP)
Purpose	To attract, retain and motivate executive talent and reward for day-to-day activities.	To reward performance against annual corporate objectives.	Align executives' interests with those of the Company's shareholders.
Delivery mechanism	Cash	Cash	Equity in the form of Management Performance Options (Options).
Performance measures	None	Key performance indicators set by the Board.	Achievement of critical project milestones which drive Company performance and share price growth measures.
Opportunity (% of FR)	n/a	Maximum opportunity of: <ul style="list-style-type: none"> ▪ 100% for the Executive Chair ▪ 150% for the MD/CEO 	Varies by KMP, refer to section 4.3 for further details.
Timeframe before reward is realised	Immediate	1 year	Subject to the achievement of performance measures, over a period up to five years.

Other remuneration elements

To attract and retain executive talent with the skills and experience to deliver the Company's strategy additional forms of remuneration including sign-on incentives, and other one-off incentives may be provided to executive KMP at the Board's discretion. It was critical to retain Executive KMP up to the IPO and disclosed in the Prospectus the following awards were also made in FY23:

- Sign-on bonus: A one-off sign on bonus of A\$233,333 (inclusive of superannuation) was paid to the Executive Chair in compensation for providing consulting and advisory services to the Company for the period September 2022 to 30 June 2023.
- IPO transaction bonus: A one-off IPO transaction bonus was paid to Executive KMP for their significant efforts and contribution to the successful IPO. The Executive Chair and MD/CEO each received a one-off cash IPO transaction bonus equal to 100% of their FR (A\$280,000 and A\$436,000 respectively).

2.2. Remuneration mix

Executive remuneration includes fixed remuneration and variable remuneration. Variable remuneration is only awarded when the performance conditions set by the Board have been achieved. The initial grant under the EIP was made in Options and subject to performance will vest over a period of up to five years. We are not intending to make a grant under the EIP during FY24.

Remuneration Report continued

3. FY23 performance and remuneration outcomes

3.1. FY23 performance highlights

The following table provides a summary of the Company's key performance measures during FY23. The Board is committed to ensuring Executive remuneration outcomes are aligned with Company performance.

Maintained excellent safety record with no lost time injuries reported in FY23.	Secured dominant control over Rocha da Rocha rare earths province with a threefold increase in tenement area to 140,988 hectares.	302% increase in JORC compliant mineral resource estimate to 510 Mt at 1,513ppm TREO.	Listing of Company's shares on ASX (21 December 2023) following a successful IPO that raised A\$50M. A\$314.7M market capitalisation at IPO subscription price of A\$1.47 per share.
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3.2. FY23 Executive remuneration outcomes

In a significant year for BRE, Executive KMP demonstrated strong performance and their remuneration outcomes reflect their performance and significant contributions in FY23.

3.2.1. STI outcomes

The following table sets out the performance measures which were set by the Board and used to determine executive STI outcomes for FY23.

Measure	Achievement
Workplace health and safety	<ul style="list-style-type: none"> No lost time injuries reported during FY23.
Recruitment and retention of management team for Brazilian operations	<ul style="list-style-type: none"> The Group has been successful in recruiting and retaining a highly experienced management team for the Brazilian operations.
Consolidation of control over the Rocha da Rocha rare earths province	<ul style="list-style-type: none"> The Group successfully achieved a threefold increase in its tenement holdings in the Rocha da Rocha Province through the Rio Tinto and Alpha tenement acquisitions completed in FY23.
Growth in JORC compliant mineral resource estimate	<ul style="list-style-type: none"> The Company's exploration activities resulted in a threefold increase in the Group's reported JORC compliance mineral resource estimate in May 2023.

Based on these performance outcomes, the table below outlines the STI awarded to executive KMP with respect to performance in FY23.

Executive KMP	Maximum STI (% of FR)	Maximum STI (A\$)	STI awarded for FY23 (A\$)	% of maximum STI awarded	% of maximum STI forfeited
Todd Hannigan	100%	280,000	280,000	100%	-%
Bernardo da Veiga	150%	654,000	654,000	100%	-%
Stephen Kelly	-	-	-	-	-
Dominic Allen	-	-	-	-	-

3.2.2. Equity vested during FY23

No equity awards for Executive KMP were performance tested or vested during FY23.

Remuneration Report continued

3.3. Overview of Company performance

The table below outlines the Company's financial performance for FY21 to FY23.

	FY23 A\$	FY22 A\$	FY21 ¹ A\$
Operating loss after tax	(69,081,284)	(7,901,083)	(845,107)
Issue price of shares on IPO	1.47	-	-
Share price as at 31 December	1.91	-	-
Dividends paid	-	-	-
Market capitalisation	408.9M	-	-

1. BRE was incorporated on 31 March 2021.

Given the stage of BRE's development and the fact that it does not currently have any revenue producing operations, the Board does not consider EPS or dividends paid or declared to be meaningful measures for assessing executive performance.

4. Executive remuneration framework

FY23 was a transitional year for BRE during which BRE prepared for, and completed, a successful IPO. As part of that process BRE strengthened its Board and executive management team and commenced the process of implementing a more structured executive remuneration framework. During FY23 the following enhancements were made to the executive remuneration framework:

- **Fixed remuneration.** BRE formalised employment arrangements with all KMP during FY23 by entering into Executive Service Agreements with the Executive Chair and the MD/CEO.
- **Employee Incentive Plan.** BRE implemented an Employee Incentive Plan to facilitate the issue of equity incentives to KMP that vest on the achievement of milestones aligned with the achievement of the Company's strategy and the creation of shareholder value.

A key focus of the NRC during FY24 will be further enhancing the executive remuneration framework, in particular reviewing the design of the STI and LTI plans and conducting benchmarking against a group of companies of comparable size and complexity to BRE to ensure the market competitiveness of BRE's remuneration arrangements.

Remuneration Report continued

4.1. Fixed remuneration (FR)

FR consists of a cash base salary and statutory superannuation. In addition, benefits such as a motor vehicle may be provided to executive KMP.

The following table outlines FR for executive KMP during FY23.

Executive KMP	FY23 FR A\$
Todd Hannigan	280,000
Bernardo da Veiga	436,000
Dominic Allen	-
Stephen Kelly	100,000

4.2. Short-term incentive

The Executive Services Agreement entered into with both the Executive Chair and the MD/CEO during FY23 provided for the payment of an annual STI at the sole discretion of the Board. The following table summarises the key terms of the STI awarded by the Board for FY23.

Feature	Description						
Eligibility	Limited to select employees, as determined by the Board. During FY23, both the Executive Chair and MD/CEO were awarded STI.						
Opportunity	The maximum opportunity as a percentage of FR is set out in the table below. <table border="1" data-bbox="395 1234 1433 1361"> <thead> <tr> <th>Role</th> <th>Maximum STI (% of FR)</th> </tr> </thead> <tbody> <tr> <td>Executive Chair</td> <td>100%</td> </tr> <tr> <td>MD & CEO</td> <td>150%</td> </tr> </tbody> </table>	Role	Maximum STI (% of FR)	Executive Chair	100%	MD & CEO	150%
Role	Maximum STI (% of FR)						
Executive Chair	100%						
MD & CEO	150%						
Performance measures	Performance was assessed against the following performance measures as determined by the Company's Non-Executive Directors: <ul style="list-style-type: none"> ▪ Safety and compliance. ▪ Consolidation of control over the Rocha da Rocha rare earths province. ▪ Growth in JORC compliant mineral resource estimate. ▪ Recruitment and retention of Brazilian management team. 						
Performance assessment	The STI awards were determined following assessment of Company and individual performance against performance measures considered relevant by the Non-Executive Directors. The Non-Executive Directors considered a range of quantitative and qualitative factors when determining STI outcomes and applied their informed judgement to adjust STI outcomes to ensure they were fair, appropriate and aligned to BRE's overall performance and shareholder outcomes. The Non-Executive Directors also considered how performance outcomes were achieved in line with the BRE's values.						
Payment	The STI awards were paid in cash after the completion of the financial year.						

Remuneration Report continued

4.3. Employee incentive plan

The following table summarises the key features of equity incentives issued to the Executive Chair, MD/CEO and the Company Secretary and CFO under the EIP during FY23.

Feature	Description																				
Eligibility	Limited to select employees, as determined by the Board. During FY23, both the Executive Chair, MD/CEO and Company Secretary and CFO participated in the EIP.																				
Vehicle	Management Performance Options (Options) were granted for nil consideration and no exercise price is payable in order to convert them into ordinary shares following vesting.																				
FY23 grant	During FY23 the following Options were granted to executive KMP under the EIP: <table border="1"> <thead> <tr> <th>Executive Chair:</th> <th>MD/CEO:</th> <th>Company Secretary and CFO (Australia)</th> </tr> </thead> <tbody> <tr> <td>▪ Tranche A: 860,650</td> <td>▪ Tranche A: 1,147,650</td> <td>▪ Tranche A: 287,000</td> </tr> <tr> <td>▪ Tranche B: 860,650</td> <td>▪ Tranche B: 1,147,475</td> <td>▪ Tranche B: 287,000</td> </tr> <tr> <td>▪ Tranche C: 573,825</td> <td>▪ Tranche C: 764,925</td> <td>▪ Tranche C: 191,100</td> </tr> <tr> <td>▪ Tranche D: 573,650</td> <td>▪ Tranche D: 764,925</td> <td>▪ Tranche D: 191,100</td> </tr> </tbody> </table>	Executive Chair:	MD/CEO:	Company Secretary and CFO (Australia)	▪ Tranche A: 860,650	▪ Tranche A: 1,147,650	▪ Tranche A: 287,000	▪ Tranche B: 860,650	▪ Tranche B: 1,147,475	▪ Tranche B: 287,000	▪ Tranche C: 573,825	▪ Tranche C: 764,925	▪ Tranche C: 191,100	▪ Tranche D: 573,650	▪ Tranche D: 764,925	▪ Tranche D: 191,100					
Executive Chair:	MD/CEO:	Company Secretary and CFO (Australia)																			
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▪ Tranche C: 573,825	▪ Tranche C: 764,925	▪ Tranche C: 191,100																			
▪ Tranche D: 573,650	▪ Tranche D: 764,925	▪ Tranche D: 191,100																			
Performance measures	Each tranche of Options will vest upon achievement of the following performance measures: <table border="1"> <thead> <tr> <th>Performance measures</th> <th>Weighting</th> <th>Description</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>Tranche A: Milestone measure</td> <td>30%</td> <td>Company announcing it has been granted a Mining Concession (including trial mining) over areas where the Company or its subsidiary: <ol style="list-style-type: none"> At the time of IPO, held a tenement ownership interest or was the applicant for; and Holds a tenement ownership interest at the time of grant of the Mining Concession. </td> <td>Achievement of the specified milestones will be critical to demonstrating the economic viability of BRE's mineral exploration projects and aligns with the BRE strategy for delivering shareholder value through the development of the Rocha da Rocha rare earths province.</td> </tr> <tr> <td>Tranche B: Milestone measure</td> <td>30%</td> <td>Successful feasibility study (measured by an internal rate of return greater than 25%) for one or more of the Company's mineral projects prepared in accordance with the JORC Code and announced by the Company on or before the three-year anniversary of the IPO.</td> <td></td> </tr> <tr> <td>Tranche C: Share price growth measure</td> <td>20%</td> <td>On or before the fourth anniversary of the IPO, achieve a 60% increase in the share price compared to the IPO issue price, measured using a volume weighted average share price (VWAP) over 20 consecutive trading days.</td> <td>Rewards executives for delivering significant share price growth following the IPO, aligning executive and shareholder interests.</td> </tr> <tr> <td>Tranche D: Share price growth measure</td> <td>20%</td> <td>On or before the fifth anniversary of the IPO, achieve a 90% increase in the share price compared to the IPO issue price, measured using a volume weighted average share price (VWAP) over 20 consecutive trading days.</td> <td></td> </tr> </tbody> </table>	Performance measures	Weighting	Description	Rationale	Tranche A: Milestone measure	30%	Company announcing it has been granted a Mining Concession (including trial mining) over areas where the Company or its subsidiary: <ol style="list-style-type: none"> At the time of IPO, held a tenement ownership interest or was the applicant for; and Holds a tenement ownership interest at the time of grant of the Mining Concession. 	Achievement of the specified milestones will be critical to demonstrating the economic viability of BRE's mineral exploration projects and aligns with the BRE strategy for delivering shareholder value through the development of the Rocha da Rocha rare earths province.	Tranche B: Milestone measure	30%	Successful feasibility study (measured by an internal rate of return greater than 25%) for one or more of the Company's mineral projects prepared in accordance with the JORC Code and announced by the Company on or before the three-year anniversary of the IPO.		Tranche C: Share price growth measure	20%	On or before the fourth anniversary of the IPO, achieve a 60% increase in the share price compared to the IPO issue price, measured using a volume weighted average share price (VWAP) over 20 consecutive trading days.	Rewards executives for delivering significant share price growth following the IPO, aligning executive and shareholder interests.	Tranche D: Share price growth measure	20%	On or before the fifth anniversary of the IPO, achieve a 90% increase in the share price compared to the IPO issue price, measured using a volume weighted average share price (VWAP) over 20 consecutive trading days.	
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Tranche A: Milestone measure	30%	Company announcing it has been granted a Mining Concession (including trial mining) over areas where the Company or its subsidiary: <ol style="list-style-type: none"> At the time of IPO, held a tenement ownership interest or was the applicant for; and Holds a tenement ownership interest at the time of grant of the Mining Concession. 	Achievement of the specified milestones will be critical to demonstrating the economic viability of BRE's mineral exploration projects and aligns with the BRE strategy for delivering shareholder value through the development of the Rocha da Rocha rare earths province.																		
Tranche B: Milestone measure	30%	Successful feasibility study (measured by an internal rate of return greater than 25%) for one or more of the Company's mineral projects prepared in accordance with the JORC Code and announced by the Company on or before the three-year anniversary of the IPO.																			
Tranche C: Share price growth measure	20%	On or before the fourth anniversary of the IPO, achieve a 60% increase in the share price compared to the IPO issue price, measured using a volume weighted average share price (VWAP) over 20 consecutive trading days.	Rewards executives for delivering significant share price growth following the IPO, aligning executive and shareholder interests.																		
Tranche D: Share price growth measure	20%	On or before the fifth anniversary of the IPO, achieve a 90% increase in the share price compared to the IPO issue price, measured using a volume weighted average share price (VWAP) over 20 consecutive trading days.																			

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Remuneration Report continued

Feature	Description
Treatment on cessation of employment	<p>Where a participant ceases employment due to retirement, redundancy, death, total and permanent disablement, poor health, injury or disability, or any other circumstance determined by the Board, all vested and unvested Options which have not been exercised will remain on-foot unless the Board determines otherwise in its sole and absolute discretion.</p> <p>In all other circumstances all unvested Options will lapse immediately and all vested Options that have not been exercised will lapse thirty days after cessation of employment (unless the option lapses before the end of that period).</p>
Treatment on change of control	All Options will automatically and immediately vest and shall be deemed to have been automatically exercised regardless of whether the vesting conditions have been satisfied.

5. Executive employment agreements

The following table summarises the key employment terms for executive KMP. Shareholder approval for termination benefits that may become payable to executive KMP was obtained at the Company's Annual General Meeting held on 1 September 2023.

Role	Contract type/term	Notice period by executive	Notice period by the Company	Termination benefits
Executive Chair MD & CEO	Ongoing, permanent	3 months	12 months	If the Company terminates employment for redundancy, executives are entitled to an additional payment equivalent to 6 months remuneration plus an amount equal to two months remuneration for each full year of completed service with the Company (with any payment for any part year of service calculated on a pro rata basis).
Company Secretary and CFO (Australia)	Consultancy agreement with KCG Advisors Pty Ltd, ongoing	3 months	3 months	No termination benefits other than notice period.

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Remuneration Report continued

6. Non-Executive Director remuneration arrangements

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 A\$350,000 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. <table border="1" data-bbox="410 801 1428 1070"> <thead> <tr> <th colspan="2">Board fees</th> <th colspan="2">FY23 fees (excluding superannuation) A\$</th> </tr> </thead> <tbody> <tr> <td>Non-Executive Director</td> <td></td> <td colspan="2">80,000</td> </tr> <tr> <th colspan="2">Board Committee fees</th> <th>Chair A\$</th> <th>Member A\$</th> </tr> <tr> <td colspan="2">Audit and Risk Committee</td> <td>15,000</td> <td>9,000</td> </tr> <tr> <td colspan="2">Nomination and Remuneration Committee</td> <td>15,000</td> <td>9,000</td> </tr> </tbody> </table> <p>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).</p>	Board fees		FY23 fees (excluding superannuation) A\$		Non-Executive Director		80,000		Board Committee fees		Chair A\$	Member A\$	Audit and Risk Committee		15,000	9,000	Nomination and Remuneration Committee		15,000	9,000
Board fees		FY23 fees (excluding superannuation) A\$																			
Non-Executive Director		80,000																			
Board Committee fees		Chair A\$	Member A\$																		
Audit and Risk Committee		15,000	9,000																		
Nomination and Remuneration Committee		15,000	9,000																		
Equity	<p>During FY23 the Company issued the following Director Options to each NED:</p> <ul style="list-style-type: none"> Tranche A: 88,900 Director Options; Tranche B: 88,900 Director Options; and Tranche C: 88,725 Director Options. <p>Each Director Option entitles the holder to a fully paid ordinary share in the Company subject to the following vesting conditions:</p> <ul style="list-style-type: none"> Tranche A will vest on the one-year anniversary of the Company's IPO; Tranche B will vest on the two-year anniversary of the IPO; and Tranche C will vest on the three-year anniversary of the IPO. <p>Director Options that do not vest will automatically lapse at the earliest of the expiry date, the date the Director becomes a Non-Agreed Leaver or the Director is an Agreed Leaver and the Board determines that the Director Options should lapse.</p>																				
Minimum shareholding requirement	Within 48 months of their respective appointment or such other time as may be agreed with the Company, NEDs must maintain a level of ownership of shares equal in value to their base fee (or such other amount calculated by the Board from time to time). The minimum shareholding requirement includes any shares that may be issued upon the vesting and exercise of the Director Options issued.																				

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Remuneration Report continued

7. Remuneration governance

7.1. Roles and responsibilities

The Board has overall accountability for the oversight of the Company’s remuneration approach for Executive KMP and NEDs, having regard to the recommendations made by the NRC. The NRC reviews and makes recommendations to the Board on remuneration and at-risk remuneration policies, taking into account the Company’s strategic objectives, corporate governance principles, market practice and stakeholder interests.

The diagram below shows the Company’s remuneration governance framework, the key responsibilities of the Board, NRC and management.

Board

The Board is responsible for:

- Appointing, monitoring and managing the performance of the Company’s Executive Directors and senior management.
- Determining the remuneration, monitoring the performance and succession planning of NEDs and Executive KMP.
- Viewing and approving the performance of individual Board members and senior executives as well as any policies concerned with the remuneration of any employee.



Nomination and Remuneration Committee (NRC)

The NRC is responsible for:

- Reviewing and advising the Board on the composition of the Board and its committees.
- Advising on the process of recruitment, appointment and re-election of directors.
- Reviewing the performance of the Board, the Chairperson, the executive KMP and other individual members of the Board.
- Ensuring proper succession plans are in place for consideration by the Board.
- Assisting the Board with the establishment of remuneration policies and practices for the Company’s CEO & MD, senior managers and staff, as well as to ensure director compensation is fair and current.
- Evaluating the competencies required of prospective executive KMP, identify those prospective directors and establish their degree of independence.



Management

Management provides relevant information and analysis required to support decision making, this includes for remuneration related considerations.



External Consultants

The NRC may engage external advisors to obtain relevant information and an external perspective regarding remuneration related matters.



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Remuneration Report continued

7.2. Use of remuneration consultants

During FY23, the Company engaged with external consultants but did not receive any remuneration recommendations as defined in section 9B of the *Corporations Act 2001*.

7.3. Other provisions

Term	Description
Malus policy	The Board may in its absolute discretion deem that all unvested incentives held by a current or former participant will be automatically forfeited in a number of circumstances including where the participant acts fraudulently or dishonestly, wilfully breaches his or her duties, brings the Company, its business or reputation into disrepute, acts contrary to the interests of the Company, or commits a material breach of their employment contract or services contract, the Company's policies or applicable laws.
Hedging policy	Executives and NEDs are prohibited from hedging their exposure to unvested Company equity instruments. Executives and NEDs may subject to approval by the Chair (or the Board in the case of the Chair) hedge their exposure to vested Company equity instruments which are not subject to a holding lock.
Security trading policy	The Board has adopted a policy that sets out the guidelines on the sale and purchase of Securities by its KMP (i.e., Directors and the senior management). The policy generally provides that the written acknowledgement of the Chair (or the Board in the case of the Chair) must be obtained prior to trading.

Remuneration Report continued

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8. Additional statutory disclosures**8.1. Executive KMP remuneration**

The table below provides the statutory remuneration disclosures for Executive KMP in FY23. Amounts are prepared in accordance with Australian Accounting Standards.

Name	Financial year	Short-term benefits				Post-employment benefits			Long-term benefits		Share based payments		Termination payments	Total A\$	% performance related
		Salary A\$	Non-monetary A\$	Cash STI A\$	IPO bonus A\$	Superannuation A\$	Employee entitlements A\$	Options ¹ A\$	Shares A\$						
Todd Hannigan ²	FY23	252,252	-	280,000	280,000	27,197	-	250,878	-	-	-	1,090,237	74%		
Bernardo da Veiga	FY23	435,996	11,354 ³	654,000	436,000	-	-	334,496	-	-	-	1,871,846	76%		
Stephen Kelly ⁴	FY23	101,750	-	-	80,000	-	-	83,611	-	-	-	265,361	62%		
Dominic Allen ⁵	FY23	-	-	-	-	-	-	-	-	-	-	-	-%		
Total Executive KMP	FY23	789,998	11,354	934,000	796,000	27,197	-	668,985	-	-	-	3,227,534	74%		

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.

2. Mr Hannigan was appointed as a Director on 17 January 2023. Mr Hannigan entered into an Executive Employment Agreement with the Company effective 1 July 2023 pursuant to which Mr Hannigan received a sign on bonus of A\$233,333 (inclusive of superannuation) for services provided to the Company in the period 1 September 2022 to 30 June 2023.

3. Dr da Veiga is provided the use of a fully maintained motor vehicle by BRE. The value of this benefit comprises expenses incurred by BRE in providing, operating and maintaining the motor vehicle including depreciation, insurance and registration.

4. Mr Kelly provides Company Secretarial and CFO services to the Company pursuant to a consultancy agreement with KCG Advisors Pty Ltd. A monthly retainer of A\$8,500 plus GST is payable to KCG Advisors Pty Ltd for 37.5 hours. Hours in addition to 37.5 hours shall be invoiced by KCG Advisors Pty Ltd at A\$275 per hour excluding GST.

5. Mr Allen resigned as a Director on 28 August 2023.

Remuneration Report continued

The table below provides the statutory remuneration disclosures for Executive KMP in FY22. Amounts are prepared in accordance with Australian Accounting Standards.

Name	Financial year	Short-term benefits			Post-employment benefits			Share based payments			Termination payments A\$	Total A\$	% performance related
		Salary A\$	Non-monetary A\$	Cash STI A\$	IP0 bonus A\$	Superannuation A\$	Employee entitlements A\$	Options ¹ A\$	Shares ² A\$				
Bernardo da Veiga	FY22	5,16,860	-	-	-	-	-	4,537	75,000	-	596,397	1%	
Dominic Allen	FY22	130,000	-	-	-	-	-	2,647	-	-	132,647	2%	
Stephen Kelly ³	FY22	37,500	-	-	-	-	-	-	-	-	37,500	-%	
Total Executive KMP	FY22	684,360	-	-	-	-	-	7,184	75,000	-	766,544	74%	

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.

2. Dr Da Veiga received 3,750 shares with an issue price of A\$20 per Share (on a pre Share split basis) in lieu of cash as remuneration for services provided by Dr da Veiga.

3. Mr Kelly provided Company Secretarial and CFO services to the Company pursuant to a consultancy agreement with KCG Advisors Pty Ltd commencing 1 May 2022. A monthly retainer of A\$5,250 plus GST is payable to KCG Advisors Pty Ltd for 22.5 hours. Hours in addition to 22.5 hours shall be invoiced by KCG Advisors Pty Ltd at A\$275 per hour excluding GST.

8.2. NED remuneration

The table below provides the statutory remuneration disclosures for NEDs in FY23. Amounts are prepared in accordance with Australian Accounting Standards.

Name	Financial year	Short-term benefits		Post-employment benefits		Share based payments		Total A\$
		Board and Committee fees A\$	Committee fees A\$	Superannuation A\$	Options ¹ A\$	Shares A\$		
Kristie Young ²	FY23	71,667	-	7,750	66,408	-	145,825	
Camila Ramos ³	FY23	30,517	-	-	66,408	-	96,925	
Total NEDs	FY23	102,184	-	7,750	132,816	-	242,750	

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.

2. Ms Young was appointed as a Non-Executive Director on 1 March 2023.

3. Ms Ramos was appointed as a Non-Executive Director on 28 August 2023.

NEDs did not receive any remuneration in the year ended 31 December 2022.

Remuneration Report continued

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8.3. 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.

Name	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 ¹	Options lapsed during the year ¹	Value of Options granted during the year ^{1,2}	Value of Options exercised during the year ¹
Kristie Young	FY23	88,842	01/09/2023	A\$1.32	21/12/2024	A\$-	30/08/2028	-	-	A\$117,615	-
	FY23	88,842	01/09/2023	A\$1.18	21/12/2025	A\$-	30/08/2028	-	-	A\$104,546	-
	FY23	88,841	01/09/2023	A\$1.03	21/12/2026	A\$-	30/08/2028	-	-	A\$91,298	-
Camila Ramos	FY23	88,842	01/09/2023	A\$1.32	21/12/2024	A\$-	30/08/2028	-	-	A\$117,615	-
	FY23	88,842	01/09/2023	A\$1.18	21/12/2025	A\$-	30/08/2028	-	-	A\$104,546	-
	FY23	88,841	01/09/2023	A\$1.03	21/12/2026	A\$-	30/08/2028	-	-	A\$91,298	-
Todd Hannigan	FY23	860,650	01/09/2023	A\$1.18	19/10/2028	A\$-	30/08/2028	-	-	A\$1,012,124	-
	FY23	860,650	01/09/2023	A\$1.03	21/12/2026	A\$-	30/08/2028	-	-	A\$885,609	-
	FY23	573,825	01/09/2023	A\$1.34	21/12/2027	A\$-	30/08/2028	-	-	A\$768,926	-
	FY23	573,650	01/09/2023	A\$1.29	19/10/2028	A\$-	30/08/2028	-	-	A\$740,009	-
Bernardo da Veiga	FY23	1,147,650	01/09/2023	A\$1.18	19/10/2028	A\$-	30/08/2028	-	-	A\$1,349,636	-
	FY23	1,147,475	01/09/2023	A\$1.03	21/12/2026	A\$-	30/08/2028	-	-	A\$1,180,752	-
	FY23	764,925	01/09/2023	A\$1.34	21/12/2027	A\$-	30/08/2028	-	-	A\$1,025,000	-
	FY23	764,925	01/09/2023	A\$1.29	19/10/2028	A\$-	30/08/2028	-	-	A\$986,753	-
Stephen Kelly	FY23	287,000	01/09/2023	A\$1.18	19/10/2028	A\$-	30/08/2028	-	-	A\$337,512	-
	FY23	287,000	01/09/2023	A\$1.03	21/12/2026	A\$-	30/08/2028	-	-	A\$295,323	-
	FY23	191,100	01/09/2023	A\$1.34	21/12/2027	A\$-	30/08/2028	-	-	A\$256,074	-
	FY23	191,100	01/09/2023	A\$1.29	19/10/2028	A\$-	30/08/2028	-	-	A\$246,519	-

1. The number and fair value of options disclosed in the table assumes that the share split completed on 23 October 2023 pursuant to which each option on issue at that date was converted into 175 options occurred at the commencement of FY23.

2. 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.

Remuneration Report continued

8.4. Shares issued on exercise of options

The table below outlines share issued on exercise of Options in FY23.

	Number of shares issued ¹	Price paid per share ¹ A\$
Kristie Young	-	-
Camila Ramos	-	-
Bernardo da Veiga	1,588,125	-
Todd Hannigan	1,058,750	-
Stephen Kelly	-	-
Dominic Allen	-	-
Total	2,646,875	-

1. The number of shares and the price paid per share disclosed in the table assumes that the share split completed on 23 October 2023 pursuant to which each share on issue at that date was converted into 175 shares occurred at the commencement of FY23.

8.5. KMP option holdings

The table below outlines the Options held by KMP in FY23.

	Balance at 1 January 2023 ¹	Granted as remuneration ¹	Options exercised ¹	Other changes ¹	Balance at 31 December 2023 ¹	Vested and exercisable	Vested but not exercisable
Kristie Young	-	266,525	-	-	266,525	-	-
Camila Ramos	-	266,525	-	-	266,525	-	-
Bernardo da Veiga	1,588,125 ²	3,824,975	(1,588,125)	-	3,824,975	-	-
Todd Hannigan	1,058,750 ²	2,868,775	(1,058,750) ²	-	2,868,775	-	-
Stephen Kelly	-	956,200	-	-	956,200	-	-
Dominic Allen	926,450	-	-	(926,450) ³	-	-	-
Total	3,573,325	8,183,000	(2,646,875)	(926,450)	8,183,000	-	-

1. The number of options disclosed in the table assumes that the share split completed on 23 October 2023 pursuant to which each option on issue at that date was converted into 175 options occurred at the commencement of FY23.

2. Represents the number of options held by Mr Hannigan at 17 January 2023 being the date of his appointment as a Director.

3. Represents the number of options held by Mr Allen as at 28 August 2023 when he resigned his directorship and ceased to be a KMP.

Remuneration Report continued

8.6. KMP shareholdings

The table below outlines the shares held by KMP in FY23.

	Balance at 1 January 2023 ¹	Disposals ¹	Issued on exercise of Options ¹	Other changes ¹	Balance at 31 December 2023 ¹
Kristie Young	-	-	-	41,518 ²	41,518
Camila Ramos	-	-	-	-	-
Bernardo da Veiga	18,375,000	(2,376,500)	1,588,125	-	17,586,625
Todd Hannigan	23,519,125 ³	-	1,058,750	-	24,577,875
Stephen Kelly	-	-	-	-	-
Dominic Allen	17,937,500	-	-	(17,937,500) ⁴	-
Total	59,831,625	(2,376,500)	2,646,875	(17,895,982)	42,206,018

1. The number of shares disclosed in the table assumes that the share split completed on 23 October 2023 pursuant to which each share on issue at that date was converted into 175 shares occurred at the commencement of FY23.
2. Represents 10,205 shares acquired by Ms Young in the IPO and 31,313 shares issued on the conversion of convertible notes and in which Ms Young has an indirect interest.
3. Represents the number of options held by Mr Hannigan at 17 January 2023 being the date of his appointment as a Director.
4. Represents the number of shares held by Mr Allen as at 28 August 2023 when he resigned his directorship and ceased to be a KMP.

8.7. Other transactions

Other than the transactions described below, there were no loans or other transactions between the Company and any KMP and their related parties in FY23.

Transactions with Alpha Minerals Pty Ltd and its related entities

Bernardo Da Veiga is a director of BRE and is also a Director of Alpha Minerals Pty Ltd ("Alpha"). Dominic Allen was a Director of BRE until his resignation on 28 August 2023 and is also a Director of Alpha. The Group and Alpha also have a number of common shareholders. The Group and Alpha have engaged in the following transactions:

- (i) The Group hires, on an arm's length basis, mobile plant and equipment including a drill rig, backhoe and truck, for use in the Group's exploration programs. The total rental fees paid by the Group to Alpha during the half year was A\$1,416,809 (2022: A\$490,828).
- (ii) Alpha provides technical and administrative support to the Group. The total fees paid to Alpha for these services during the half year was A\$181,836 (2022: A\$56,095).
- (iii) During the 2022 financial year, Alpha purchased for A\$59,186 (BRL200,000) a 2.5% royalty revenue over all of the present and future tenements held by BRE or its wholly owned subsidiaries.

Transactions with Rare Earths Americas Pty Ltd and its related entities

- Bernardo Da Veiga is a director of BRE and is also a Director of Rare Earths Americas Pty Ltd ("REA"). Dominic Allen was a Director of BRE until his resignation on 28 August 2023 and is also a Director of REA. The Group and REA also have a number of common shareholders. On 23 August 2023, the Company's Brazilian subsidiary entered into transactions (comprising the Alpha Tenement Acquisition Agreement) to acquire the Alpha Tenements from Alpha Brazil, which is a subsidiary of REA. The consideration for the acquisition was 28,712 Shares in the Company on a pre-split basis or 5,024,600 Shares on a post-split basis. The fair value of the Shares issued as consideration for the acquisition was A\$7,386,162 (being 5,024,600 post-split Shares issued at the Initial Public Offering offer price of A\$1.47).

Remuneration Report continued

8.8. Voting and comments made at BRE's 2022 Annual General Meeting

BRE converted to a public company on 3 February 2023 and was therefore not required to prepare a remuneration report for the year ended 31 December 2022.

End of Remuneration Report

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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.



Bernardo Da Veiga
Managing Director/CEO

Sydney

Dated this 26th day of March 2024

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Auditor's Independence Declaration

Under Section 307c of the *Corporations Act 2001*

HALL CHADWICK 

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the audit of the financial statements of Brazilian Rare Earths Ltd for the financial year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully,


HALL CHADWICK WA AUDIT PTY LTD


D M BELL CA
Director

Dated this 26th day of March 2024
Perth, Western Australia

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	Note	2023 A\$	2022 A\$
Revenue and other income			
Finance income		253,352	301
Other income	6	24,960	56,094
		278,312	56,395
Corporate compliance and shareholder relations expenses		(80,201)	(157,650)
Depreciation expense		(324,421)	(95,593)
Exploration and evaluation expenses	7(b)	(33,502,654)	(4,384,104)
Finance costs	7(c)	(30,937,734)	(232,444)
Gain/(Losses) on foreign exchange		500,253	(2,142)
General and administrative expenses		(49,805)	(3,893)
Initial public offering costs not capitalised		(1,020,476)	-
Key management personnel and employee remuneration		(2,768,460)	(1,059,793)
Professional fees		(168,157)	(245,727)
Share based payments expenses	7(d)	(969,022)	(1,757,934)
Travel expense		(38,919)	(18,198)
Operating loss before income tax		(69,081,284)	(7,901,083)
Income tax expense		-	-
Loss for the period		(69,081,284)	(7,901,083)
Other comprehensive income/(loss)			
<i>Items that may be reclassified to the profit or loss</i>			
Exchange differences on translation of foreign operations	18(b)	453,762	64,255
Comprehensive loss for the period		(68,627,522)	(7,836,828)
Earnings per share for loss attributable to the ordinary equity holders of the Group:			
	Note	Cents	Cents
Basic earnings per share	26	(36.94)	(6.89)
Diluted earnings per share	26	(36.94)	(6.89)

The accompanying notes form part of these financial statements.

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Consolidated Statement of Financial Position

As at 31 December 2023

	Note	2023 A\$	2022 A\$
CURRENT ASSETS			
Cash and cash equivalents	8	48,844,019	18,430,214
Trade and other receivables	9	120,671	1,154,217
Other assets	10	432,070	39,557
TOTAL CURRENT ASSETS		49,396,760	19,623,988
NON-CURRENT ASSETS			
Other assets	10	540,712	-
Property, plant and equipment	11	1,457,956	419,467
TOTAL NON-CURRENT ASSETS		1,998,668	419,467
TOTAL ASSETS		51,395,428	20,043,455
CURRENT LIABILITIES			
Trade and other payables	12	4,797,910	854,091
Borrowings	13	-	17,532,591
Derivative financial instruments	14	-	3,183,297
Deferred consideration for acquisition of tenements	15	7,330,218	-
Provisions		34,601	-
TOTAL CURRENT LIABILITIES		12,162,729	21,569,979
NON-CURRENT LIABILITIES			
Deferred consideration for acquisition of tenements	15	3,412,949	-
TOTAL NON-CURRENT LIABILITIES		3,412,949	-
TOTAL LIABILITIES		15,575,678	21,569,979
NET ASSETS		35,819,750	(1,526,524)
EQUITY			
Issued Capital	17	112,246,603	7,241,829
Reserves	18	1,400,621	(22,163)
Accumulated losses		(77,827,474)	(8,746,190)
TOTAL EQUITY		35,819,750	(1,526,524)

The accompanying notes form part of these financial statements.

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Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

2023	Share capital A\$	Share based payment reserve A\$	Foreign Exchange Translation Reserve A\$	Accumulated losses A\$	Total A\$
Balance at 1 January 2023	7,241,829	30,250	(52,413)	(8,746,190)	(1,526,524)
Comprehensive income:					
- Loss for the year	-	-	-	(69,081,284)	(69,081,284)
- Foreign currency translation difference	-	-	453,762	-	453,762
Total comprehensive loss for the year	-	-	453,762	(69,081,284)	(68,627,522)
Transactions with owners in their capacity as owners:					
- Issue of equity securities	106,810,229	-	-	-	106,810,229
- Share issue costs	(1,805,455)	-	-	-	(1,805,455)
- Share based payments	-	969,022	-	-	969,022
Total transactions with owners	105,004,774	969,022	-	-	105,973,796
Balance at 31 December 2023	112,246,603	999,272	401,349	(77,827,474)	35,819,750

2022	Share capital A\$	Other equity A\$	Share based payment reserve A\$	Foreign Exchange Translation Reserve A\$	Accumulated losses A\$	Total A\$
Balance at 1 January 2022	625,000	725,000	15,125	(116,668)	(845,107)	403,350
Comprehensive income:						
- Loss for the year	-	-	-	-	(7,901,083)	(7,901,083)
- Foreign currency translation difference	-	-	-	64,255	-	64,255
Total comprehensive loss for the year	-	-	-	64,255	(7,901,083)	(7,836,828)
Transactions with owners in their capacity as owners:						
Issue of equity securities	6,616,829	-	-	-	-	6,616,829
- Equity contributions received in advance	-	(725,000)	-	-	-	(725,000)
- Share based payments	-	-	15,125	-	-	15,125
Total transactions with owners	6,616,829	(725,000)	15,125	-	-	5,906,954
Balance at 31 December 2022	7,241,829	-	30,250	(52,413)	(8,746,190)	(1,526,524)

The accompanying notes form part of these financial statements.

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Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 A\$	2022 A\$
CASH FLOW FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(16,566,754)	(5,608,598)
Finance costs paid		(2,229,556)	(32,639)
Other income		-	56,094
Interest received		253,352	301
Net cash used in operating activities	25(b)	(18,542,958)	(5,584,842)
CASH FLOW FROM INVESTING ACTIVITIES			
Loan to related party		-	(1,725)
Royalty income received in advance		-	138,904
Payments for property, plant and equipment		(1,669,048)	(439,266)
Net cash provided used in investing activities		(1,669,048)	(302,087)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		50,000,000	4,149,020
Proceeds from issue of convertible notes		1,000,000	20,000,000
Share issue costs		(356,728)	-
Net cash provided by financing activities		50,643,272	24,149,020
Net increase in cash held		30,431,266	18,262,091
Cash and cash equivalents at beginning of year		18,430,214	202,750
Effects of exchange rate fluctuations on cash and cash equivalents		(17,461)	(34,627)
Cash and cash equivalents at end of year	25(a)	48,844,019	18,430,214

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the financial year ended 31 December 2023

1. General information

Brazilian Rare Earths Limited ("BRE" or "Company") was incorporated in Australia as a private company limited by shares on 31 March 2021 under the name Alpha Minerals Pty Ltd and changed its name to Brazilian Rare Earths Pty Limited on 21 August 2021. BRE converted to a public company on 3 February 2023 and listed on the Australian Securities Exchange (ASX) on 21 December 2023. BRE's registered office is Level 1, 139 Macquarie Street, Sydney NSW 2000 and its principal place of business is Level 1, 1024 Ann Street, Fortitude Valley QLD 4006.

The entity's principal activity during year was exploring for rare earth elements and other critical minerals in Brazil.

2. Statement of compliance

The financial statements comprise the consolidated financial statements of the Group consisting of BRE and its subsidiaries (collectively "Group"). The Group is a for-profit entity for the purpose of preparing the financial statements.

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. These financial statements also comply with International Financial Reporting Standards issued by the International Accounting Standards Board.

Except for cash flow information, the financial report has been prepared on an accruals basis, based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The financial report was authorised for issue on 26 March 2024.

3. Application of new and revised accounting standards

BRE has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the year commenced 1 January 2023. The adoption of these new and revised accounting standards and interpretations did not have any material effect on the financial results or financial position of the Group or BRE for the reporting period.

The Directors do not consider that the adoption of any new standards and Interpretations in issue but not yet effective at the date of these financial statements will have a material impact on the financial statements of the Group.

Notes to the Financial Statements continued

4. Significant accounting policies

(a) Basis of preparation

The consolidated general purpose financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted. 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share based payment transactions that are within the scope of AASB2 and measurements that have some similarities to fair value but are not fair value such as value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of BRE as at 31 December 2023 and the results of all subsidiaries for the year then ended. BRE and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In BRE's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investments, the difference between disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

Notes to the Financial Statements continued

4. Significant accounting policies continued**(c) Foreign currency****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 BRE'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 BRE'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.

(d) Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense (income) charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Notes to the Financial Statements continued

4. Significant accounting policies continued

(d) Income tax continued

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

(e) Exploration and evaluation expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are expensed in the statement of profit or loss when incurred.

(f) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits with consideration given to employees' wages increases and the probability that the employees may satisfy vesting requirements. Those cash flows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

(g) Share based compensation

The Group operates equity-settled share based remuneration plans for its employees.

All goods and services received in exchange for the grant of any share based payment are measured at their fair values.

Where employees are rewarded using share based payments, the fair value of the employees services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All share based remuneration is ultimately recognised as an expense in profit or loss. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of equity instruments expected to vest.

Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised if there is any indication the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share based compensation resulting from a revision is recognised in the current period.

Where the fair value of services rendered by other parties can be reliably determined, this is used to measure the equity settled payment.

Notes to the Financial Statements continued

4. Significant accounting policies continued**(h) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts.

(i) Financial assets**Recognition and derecognition**

Regular purchases and sales of financial assets are recognised on trade-date which is, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The Group classifies its financial assets based on the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets. The Group's financial assets which comprise other receivables and cash and cash equivalents are classified at amortised cost.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount presented on the balance sheet when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements continued

4. Significant accounting policies continued

(j) Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Transaction costs that are directly attributable to the assumption of financial liabilities (other than financial liabilities at fair value through profit or loss) are deducted from the fair value of the financial liability on initial recognition. Transaction costs directly attributable to acquisition of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest rate method except for derivatives and financial liabilities designated as fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments are accounted for at fair value through profit or loss.

(k) Revenue recognition

Revenues are recognised at fair value of the consideration received net of any applicable taxes.

Interest revenue is recognised as it accrues taking into account the interest rates applicable to the financial assets.

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received, and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included in other receivables or payables in the Statement of Financial Position. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Notes to the Financial Statements continued

4. Significant accounting policies continued**(m) Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 4(o) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use. The expected useful life for plant and equipment is 3 to 10 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(n) Leases as lessee

The Group makes use of leasing arrangements principally for the provision of office and warehouse facilities. The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

All leases entered into by the Group are short-term leases or leases of low-value assets.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. These leases relate to items of office equipment such as desks, chairs, and certain IT equipment. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Notes to the Financial Statements continued

4. Significant accounting policies continued

(o) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income. Impairment testing is performed annually for intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(p) Investments in associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Where the Group's share of losses investments in associates or joint ventures equals or exceeds its equity accounted interest in the entities, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

(q) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors.

(r) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

Notes to the Financial Statements continued

5. Key sources of estimation uncertainty and critical accounting judgements

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expense is provided below.

(i) Share based payments

The Group measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value at grant date is determined using an option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the option.

The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity (refer Note 18).

(ii) Convertible notes and derivative financial liabilities

The convertible notes issued by BRE (refer Note 13) comprise a host debt contract measured at amortised cost and an embedded financial derivative liability measured at fair value through profit and loss (refer Note 14). The initial separation of the host contract and the financial derivative liability and the subsequent measurement of the fair value of the derivative financial liability requires the fair value of the derivative financial liability to be determined. BRE has used a Monte Carlo simulation based valuation methodology to assess the value of the derivative financial liability. Estimated fair values may vary from the actual price that would be achieved in an arm's length transaction.

(iii) Deferred tax assets

No members of the Group have generated taxable income in the current or prior reporting periods and as such the Group continues to carry forward tax losses that give rise to deferred tax assets. Given that the Group's projects remain in early exploration stages, it is unlikely that the Group will generate taxable income in the foreseeable future in the absence of asset sales.

Taking account of the above, the deferred tax assets have not been recognised in the financial statements as management does not believe that the members of the Group satisfy the criteria set out in paragraph 35 of AASB 112.

Notes to the Financial Statements continued

6. Other income

	2023 A\$	2022 A\$
Sale of royalty right	-	56,094
Gain on disposal property, plant and equipment	24,960	-
Total other income	24,960	56,094

7. Expenses

	2023 A\$	2022 A\$
(a) Loss before tax includes the following specific expenses:		
Realised gains/(losses) on foreign exchange	(27,161)	(2,142)
Depreciation of plant and equipment	324,421	95,593
Short-term employment benefits	2,711,160	646,840
Superannuation expense	43,300	-
(b) Exploration and evaluation expense comprise:		
Costs to acquire mineral exploration tenements	21,636,175	-
Founder convertible notes	-	432,834
Operational exploration expenses	11,866,479	3,951,270
Total exploration and evaluation expense	33,502,654	4,384,104
Costs to acquire mineral exploration tenements comprises:		
Acquisition of Amargosa tenements from Rio Tinto (refer Note 15)	14,250,013	-
Acquisition of Alpha Tenements from Rare Earths Americas Pty Ltd (refer Note 22(e))	7,386,162	-
Costs to acquire mineral exploration tenements	21,636,175	-
(c) Finance costs comprise:		
Interest expense on convertible notes	2,044,033	154,794
Change in fair value of derivative financial liability	28,242,132	(3,240)
Convertible note transaction costs	579,000	48,250
Other	72,569	32,640
Total finance costs	30,937,734	232,444
(d) Share based payments expense comprise:		
Founder shares (refer Note 17)	-	1,667,809
Options issued as remuneration (refer Note 18)	969,022	15,125
Shares issued as remuneration	-	75,000
Total share based payments expense	969,022	1,757,934

Notes to the Financial Statements continued

8. Cash and cash equivalents

	2023 A\$	2022 A\$
Cash at bank	48,844,019	18,430,214

9. Trade and other receivables – current

	2023 A\$	2022 A\$
GST and other taxes receivable	116,190	152,492
Related party receivable	4,481	1,725
Other receivables	-	1,000,000
	120,671	1,154,217

The other receivables amount at 31 December 2022 represents funds received in January 2023 for convertible notes issued in December 2022.

10. Other assets

	2023 A\$	2022 A\$
Current		
Prepayments	432,070	39,557
Non-Current		
Prepayments	540,712	-

11. Property, plant and equipment

	Field Equipment A\$	Motor Vehicles A\$	Office and IT Equipment A\$	Total A\$
Carrying amount at 31 December 2021	66,735	-	-	66,735
Additions	327,441	92,769	19,056	439,266
Depreciation	(75,009)	(17,922)	(2,662)	(95,593)
Foreign exchange on restatement	9,059	-	-	9,059
Carrying amount at 31 December 2022	328,226	74,847	16,394	419,467
Additions	1,630,638	86,838	36,374	1,753,850
Disposals	(364,418)	(62,397)	-	(426,815)
Depreciation	(287,712)	(27,490)	(9,219)	(324,421)
Foreign exchange on restatement	25,615	9,625	635	35,875
Carrying amount at 31 December 2023	1,332,349	81,423	44,184	1,457,956

Notes to the Financial Statements continued

12. Trade and other payables

	2023 A\$	2022 A\$
Trade payables	2,141,067	572,012
Other payables and accruals	2,656,843	282,079
	4,797,910	854,091

Trade payables are unsecured, non-interest bearing and due 30 days or less from the date of recognition.

13. Borrowings

	2023 A\$	2022 A\$
Convertible note liability	-	18,246,297
Accrued interest on convertible notes	-	154,794
Convertible note transaction costs	-	(868,500)
	-	17,532,591

In December 2022 the Company issued convertible notes on the follow terms:

Maturity Date:	30 June 2024
Number of notes:	21,432,834
Note face value:	A\$1
Interest:	10% of the face value per annum, payable quarterly
Security:	The notes are unsecured
Conversion price:	All notes convert to Conversion Shares at the conversion price which varies based on the event that triggers conversion and the time at which the conversion trigger occurs.

The debt host contract (convertible note liability) has been measured at amortised cost and the derivative component has been measured at fair value through the profit and loss (refer note 14). As the conversion price is variable, the derivative component has been classified as a financial liability.

On 15 December 2023 the convertible note liability and the associated derivative financial liability were settled through the issue by the Company of 33,621,814 fully paid ordinary shares at a conversion price of A\$0.638712.

Set out below is a summary of movements in the convertible note liability:

	2023 A\$	2022 A\$
Opening balance	17,532,591	-
Face value of convertible notes issued	-	21,432,834
Value of derivative financial liability at time of issue of convertible notes	-	(3,186,537)
Movement in accrued interest	(112,953)	154,794
Convertible note transaction costs	579,000	(868,500)
Settlement of liability through conversion into fully paid ordinary shares ¹	(17,998,638)	-
Closing balance	-	17,532,591

1. The number of convertible notes converted into fully paid ordinary shares was 21,474,675 being the 21,432,834 convertible notes issued in December 2022 and A\$41,841 accrued interest on 432,834 convertible notes issued to the Brazilian founders.

Notes to the Financial Statements continued

14. Derivative financial instruments – current

	2023 A\$	2022 A\$
Derivative financial instrument	-	3,183,297

On initial recognition of the convertible note liability in December 2022 (refer note 13), a derivative financial instrument liability of A\$3,186,537 was recognised. The derivative financial instrument liability is measured at fair value and was settled on 15 December 2023 when the convertible notes were converted into 33,621,814 fully paid ordinary shares in the Company at a conversion price of A\$0.638712.

Set out below is a summary of movements in the derivative financial liability:

	2023 A\$	2022 A\$
Opening balance	3,183,297	-
Recognition of derivative financial liability at time of issue of convertible notes	-	3,186,537
Change in fair value of derivative financial liability recognised in profit and loss	28,242,132	(3,240)
Settlement of liability through conversion into fully paid ordinary shares ¹	(31,425,429)	-
Closing balance	-	3,183,297

The fair value of the derivative financial instrument liability as at 15 December 2023 (being the date of settlement of the liability) was determined as follows:

Number of fully paid ordinary shares issued on conversion of the convertible notes (refer note 13 and note 17)	33,621,814
Fair value of each fully paid ordinary share based on the price at which shares were issued pursuant to the Company's Initial Public Offering	A\$1.47
Fair value of fully paid ordinary shares issued on conversion of the convertible notes	A\$49,424,067
Less: Value of convertible note liability at date of conversion of convertible notes (refer note 13)	(A\$17,998,638)
Fair value of derivative financial instrument liability	A\$31,425,429

The fair value of the derivative financial instrument was assessed at 31 December 2022 using a Monte Carlo simulation based valuation methodology using the following criteria:

Methodology	Monte Carlo
Iterations	100,000
Valuation date	31 December 2022
Principal value of notes outstanding	21,432,834
Assumed conversion date	30 June 2023
Spot price at valuation date	A\$54.54
Assumed conversion price	A\$123.72
Risk-free rate	3.353%
Volatility	75%
Dividend yield	Nil
Average simulated conversion price	A\$43.86
Average number of shares issued	626,067
Average dilution factor	0.5912

Notes to the Financial Statements continued

15. Deferred consideration for acquisition of tenements

	2023 A\$	2022 A\$
Current		
Amargosa tenement acquisition	7,330,218	-
Non-Current		
Amargosa tenement acquisition	3,412,949	-

On 20 October 2023, BRE and its wholly owned subsidiary Borborema Mineracao Ltda (Borborema) executed an agreement to purchase mineral exploration tenements referred to as the Amargosa Tenements from Rio de Contas Desenvolvidos Mineraiis Ltda (Rio Tinto Brazil), a wholly owned subsidiary of Rio Tinto for cash consideration of US\$9.328 million. The 20 October 2023 purchase agreement superseded a binding letter of intent that was executed by the parties on 4 July 2023.

The cash consideration of US\$9.328 million was payable in the following instalments:

- (i) A down payment of US\$100,000 was paid five days after execution of the binding letter of intent. The deposit was paid on 4 July 2023.
- (ii) A first instalment of US\$2 million, less the down payment paid, shall be paid on the date of signing transaction documents. The first instalment was paid on 20 October 2023.
- (iii) A second instalment of US\$5 million shall be paid within 9 months from the date of signing transaction documents. Payment of the second instalment is a condition precedent for an application for the assignment of the Amargosa Tenements to Borborema to be submitted to the National Mining Agency of Brazil ("ANM").
- (iv) A third instalment of US\$2.328 million shall be paid on the later of 18 months from the date of signing transaction documents or the date of publication of the annotation of the assignment of the last of Rio Tenements to Borborema by the ANM.

On 1 February 2024, BRE accelerated payment of the second and third instalments totalling US\$7.238 million to complete the acquisition of the Amargosa Tenements.

Notes to the Financial Statements continued

16. Income tax

(a) The components of income tax expense comprise	2023 A\$	2022 A\$
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	2023 A\$	2022 A\$
Loss before income tax from continuing operations	(69,081,284)	(7,901,083)
Tax at the Australian tax rate of 25% (2022:25%)	(17,270,321)	(1,975,271)
Tax effect of:		
Tax rates in other jurisdictions	-	(91,339)
Non-deductible share based payments expenses	242,256	-
Non-deductible change in fair value of derivative financial liability	7,060,533	-
Other non-deductible expenses	2,101,659	38,698
Deductible borrowing costs	(140,884)	(217,125)
Transfer to/(utilisation of tax losses available) not brought to account	8,006,757	2,245,037
Total income tax benefit/(expense)	-	-

(c) Deferred tax asset/liabilities comprise	2023 A\$	2022 A\$
Accruals	620,580	106,680
Prepayments	(312,849)	(73,223)
Provisions	9,515	-
Tax losses available for offset against future taxable income	10,831,128	2,436,699
Net deferred tax assets	11,148,374	2,470,156
Deferred assets not recognised	(11,148,374)	(2,470,156)
	-	-

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.

Notes to the Financial Statements continued

17. Issued capital and other equity

	2023 A\$	2022 A\$
Ordinary Shares fully paid	112,246,603	7,241,829

(a) Movements in ordinary shares

Ordinary shares fully paid	31 December 2023 ¹		31 December 2022 ¹	
	No.	A\$	No.	A\$
Opening balance	136,151,400	7,241,829	87,500,000	500,000
Issue of shares - share placements	34,013,606	50,000,000	2,142,1050	4,949,020
Issue of shares - tenement acquisition	5,024,600	7,386,162	-	-
Issue of shares - exercise of options	5,293,750	-	-	-
Issue of shares - conversion of convertible notes (refer Note 13)	33,621,814	49,424,067	-	-
Issue of shares - conversion of Founder shares (refer Note 17(b))	-	-	27,230,350	1,792,809
Share issue costs	-	(1,805,455)	-	-
Closing balance	214,105,170	112,246,603	136,151,400	7,241,829

1. All numbers of ordinary shares have been restated to reflect the effect of the 175 for one share split that occurred on 23 October 2023 as if the share split had occurred as at 1 January 2022.

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 Founder Shares

Founder shares fully paid	31 December 2023 ¹		31 December 2022 ¹	
	No.	A\$	No.	A\$
Opening balance	-	-	2,187,500	125,000
Issue of Founder Shares	-	-	5,355,350	1,667,809
Founder shares converted to ordinary shares - July 2022	-	-	(27,230,350)	(1,792,809)
Closing balance	-	-	-	-

1. All numbers of ordinary shares have been restated to reflect the effect of the 175 for one share split that occurred on 23 October 2023 as if the share split had occurred as at 1 January 2022.

Founder shares were issued to certain individuals for services provided in relation to the identification and acquisition of the Groups Brazilian exploration tenements. The Founder Shares were converted to ordinary shares in 2022. The Founder Shares included certain anti-dilutionary rights which the holders of the Founder Shares agreed to cancel in return for being issued 432,834 convertible notes (refer Note 13).

Notes to the Financial Statements continued

17. Issued capital and other equity continued

(c) Movements in unlisted share options

	Zero exercise price options expiring 30 August 2028 No.	Zero exercise price options expiring 30 September 2026 No.
Number of options on issue at 1 January 2022	-	5,293,750
Options issued	-	-
Number of options on issue at 31 December 2022	-	5,293,750
Options issued	10,095,400	-
Options exercised	-	(5,293,750)
Number of options on issue at 31 December 2023	10,095,400	-

The weighted average exercise price of options on issue at 31 December 2023 was A\$Nil (2022: A\$Nil).

The weighted average remaining contractual life of options on issue at 31 December 2023 was 4.66 years (2022: 3.75 years).

18. Reserves

	2023 A\$	2022 A\$
Share based payments reserve	999,272	30,250
Foreign currency translation reserve	401,349	(52,413)
	1,400,621	(22,163)

(a) Share based payments reserve

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

Movement	2023 A\$	2022 A\$
Balance at beginning of period	30,250	15,125
Movement during the period	969,022	15,125
Balance at end of period	999,272	30,250

From time to time share based compensation benefits are provided to directors, key management personnel and external service providers as part of their remuneration and incentive arrangements. The number of benefits awarded and the terms of those benefits are determined by the Board. Shareholder approval is sought where required.

During the 2023 and 2022 financial years movements in the share based payments reserve were:

	2023 A\$	2022 A\$
Options issued as remuneration to Directors, contractors and consultants (i)	-	15,125
Options issued to Management (ii)	836,207	-
Option issued to Non-executive Directors (iii)	132,815	-
Movement in share based payments reserve during the period	969,022	15,125

Notes to the Financial Statements continued

18. Reserves continued**(a) Share based payments reserve** continued

- (i) During the 2021 financial year the Group granted 5,293,730 (adjusted for the 175 for one share split completed on 23 October 2023) options to Directors, contractors and consultants. The options vested in the 2022 financial year and were exercised during the 2023 financial year.

The value of the options was assessed using the following inputs:

Number of options issued	5,293,730
Estimated probability that the options will vest	100%
Estimate vesting period	12 months
Grant date share price ¹	A\$1.00
Fair value per option	A\$1.00

1. At the time of issue, BRE's shares were not actively traded and as such there was not observable market value. The grant date share price of A\$1.00 was based on the price at which BRE raised capital in September 2021.

- (ii) On 1 September 2023 BRE granted 9,562,350 zero price exercise options to executive Directors, officers, employees and contractors (Management Performance Options) under the Employee Incentive Plan with an expiry date of 30 August 2028 subject to the following vesting conditions:

Tranche	Number of options	Vesting conditions
Tranche A	2,868,705	BRE announcing that it has been granted a Mining Concession (including trial mining) over an area which includes any part of the area of the tenements which BRE or any subsidiary (as defined in the Corporations Act) of BRE: <ul style="list-style-type: none"> (i) at the time of BRE's admission to the Official List of ASX (IPO), held a tenement ownership interest or was the applicant for; and (ii) holds a tenement ownership interest at the time of grant of the Mining Concession.
Tranche B	2,868,705	Successful feasibility study (being measured by an internal rate of return greater than 25%) of one or more of BRE's minerals projects, prepared in accordance with the provisions of the JORC Code, being announced by BRE on or before the three-year anniversary of the IPO.
Tranche C	1,912,470	Achieving, on or before the four-year anniversary of the IPO, a 60% increase in the Share price (compared to the price per share offered pursuant to the public offer under BRE's ASX IPO prospectus) measured upon the volume weighted average market price (as defined in the ASX Listing Rules) of Shares for a period of 20 consecutive trading days on which Shares are traded (disregarding any intervening days on which no trades occurred, if any).
Tranche D	1,912,470	Achieving, on or before the five-year anniversary of the IPO, a 90% increase in the Share price (compared to the price per share offered pursuant to the public offer under BRE's ASX IPO prospectus) measured upon the volume weighted average market price (as defined in the ASX Listing Rules) of Shares for a period of 20 consecutive trading days on which Shares are traded (disregarding any intervening days on which no trades occurred, if any).

Notes to the Financial Statements continued

18. Reserves continued**(a) Share based payments reserve** continued

The fair value of the options at grant date has been estimated using the Black Scholes or Monte Carlo valuation models, considering the terms and conditions upon which the options were granted. The following assumptions were used:

	Tranche A	Tranche B	Tranche C	Tranche D
Valuation methodology	Black Scholes		Monte Carlo	
Grant date	1 September 2023			
Expiry date	19 October 2028			
Iterations	n/a	n/a	100,000	100,000
Final vesting date	19 October 2028	21 December 2026	21 December 2027	19 October 2028
Estimated probability that options will vest	80%	70%	100%	100%
Exercise price (A\$)	nil	nil	nil	nil
Assumed VWAP hurdle	n/a	n/a	A\$2.35	A\$2.79
Risk-free rate (%)	3.686%	3.686%	3.686%	3.686%
Volatility (%)	85%	85%	85%	85%
Dividend yield (%)	nil	nil	nil	nil
Assumed share price at grant date	A\$1.47	A\$1.47	A\$1.47	A\$1.47
Fair value per option	A\$1.18	A\$1.03	A\$1.34	A\$1.29

(iii) On 1 September 2023 BRE granted 533,050 zero price exercise options to Non-Executive Directors (Director Options) pursuant to the Employee Incentive Plan with an expiry date of 30 August 2028 and subject to the following vesting conditions:

Tranche	Number of options	Vesting conditions
Tranche A	177,683	One-year anniversary of the date of BRE's admission to the Official List of ASX.
Tranche B	177,683	Two-year anniversary of the date of BRE's admission to the Official List of ASX.
Tranche C	177,684	Three-year anniversary of the date of BRE's admission to the Official List of ASX.

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Notes to the Financial Statements continued

18. Reserves continued**(a) Share based payments reserve** continued

The fair value of the options at grant date has been estimated using the Black Scholes/Monte Carlo valuation models, considering the terms and conditions upon which the options were granted. The following assumptions were used:

	Tranche A	Tranche B	Tranche C
Valuation methodology	Black Scholes		
Grant date	1 September 2023		
Expiry date	19 October 2028		
Vesting date	21 Dec 2024	21 Dec 2025	21 Dec 2026
Estimated probability that options will vest	90%	80%	70%
Exercise price (A\$)	nil	nil	nil
Risk-free rate (%)	3.686%	3.686%	3.686%
Volatility (%)	85%	85%	85%
Dividend yield (%)	nil	nil	nil
Assumed share price at grant date	A\$1.47	A\$1.47	A\$1.47
Fair value per option	A\$1.32	A\$1.18	A\$1.03

(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 2023 and 2022 financial years were:

	2023 A\$	2022 A\$
Balance at beginning of period	(52,413)	(116,668)
Movement during the period	453,762	64,255
Balance at end of period	401,349	(52,413)

19. Capital management

Capital is comprised of the Group's shareholders' equity and any debt that it may issue. The Group's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximise returns for shareholders over the long term.

The Group's assets are in the exploration and evaluation phase and are currently non-revenue generating. As such, a major focus of the Board and management is on ongoing cash flow forecasting and management of cash flows to ensure that the Group has sufficient funds to cover its planned activities and any ongoing obligations.

Notes to the Financial Statements continued

20. Commitments for expenditures

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

	2023 A\$	2022 A\$
Less than one year	51,048	51,048
	51,048	51,048

21. 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:

(i) Royalty agreements

The Group has entered into Royalty Agreements with Brazil Royalty Corp Participações e Investimentos Ltda (BRC) granting BRC the right to receive 2.5% gross revenue royalty over 32 of the tenements comprising the BRE Tenements held by the Company or its wholly owned subsidiaries.

(ii) Contingent consideration in relation to acquisition of the Amargosa Tenements

On 19 October 2023 Borborema entered into the Amargosa Tenement Acquisition Agreement for the purchase of various mining rights referred to as the Amargosa Tenements from Rio de Contas Desenvolimentos Minerais Ltda (Rio Tinto Brazil), a subsidiary of Rio Tinto.

Under the terms of the agreement, in the event of the development of a bauxite mining project in the areas of the mining rights acquired from Rio Tinto Brazil, the Group is required to pay an amount of USD40 million to Rio Tinto Brazil within one year from the commencement of commercial production of that material.

(iii) Option to acquire Additional Amargosa Tenements

On 20 October 2023, Borborema entered into an agreement with Rio Tinto Brazil pursuant to which Borborema has the option to acquire an additional three exploration permits for a cash payment of the Brazilian Real equivalent of US\$672,000.

Notes to the Financial Statements continued

22. Related parties

The Company considers that all transactions with related parties were conducted on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in Note 4(b).

Name of entity	Country of incorporation	Class of shares	Equity holding (%)	
			2023	2022
Borborema Mineração Ltda	Brazil	Ordinary	100%	100%
Jequié Mineração Ltda	Brazil	Ordinary	100%	100%
Ubaíra Mineração Ltda	Brazil	Ordinary	100%	100%
Alta Materials Pty Ltd	Australia	Ordinary	100%	100%
Cronos Material Pty Ltd	Australia	Ordinary	100%	100%
Brazilian Rare Earths UK Ltd	United Kingdom	Ordinary	100%	Nil

(b) Associated companies

Set out below are the associates of the group as at 31 December 2023 and 2022 respectively.

Name of entity	Country of incorporation	31 December 2023		31 December 2022	
		Ownership %	Carrying amount A\$	Ownership %	Carrying amount A\$
Alpha Consulting Oz Pty Ltd	Australia	-%	-	50%	-
Alpha Minerals UK Pty Ltd	United Kingdom	-%	-	50%	-
			-		-

On 28 August 2023, the Company disposed of its fifty per cent ownership interest in each of Alpha Consulting Oz Pty Ltd and Alpha Minerals UK Limited to Alpha Minerals Pty Ltd for a total cash consideration of approximately A\$3.

(c) Ultimate parent

BRE is the ultimate parent entity of the Group.

Notes to the Financial Statements continued

22. Related parties continued**(d) Key management personnel**

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

	2023 A\$	2022 A\$
Short-term employment benefits	2,622,182	684,360
Post-employment benefits	34,947	-
Share based payments	801,800	82,184
Non-monetary benefits	11,354	-
Total compensation	3,470,283	766,544

No loans were provided to or received from Key Management Personnel during the year ended 31 December 2023 (2022: nil).

(e) Other transactions with related parties**Transactions with Alpha Minerals Pty Ltd and its related entities**

Bernardo Da Veiga is a director of BRE and is also a Director of Alpha Minerals Pty Ltd ("Alpha"). The Group and Alpha also have a number of common shareholders. The Group and Alpha have engaged in the following transactions:

- (i) The Group hires, on an arm's length basis, mobile plant and equipment including a drill rig, back hoe and truck, for use in the Group's exploration programs. The total rental fees paid by the Group to Alpha during the year was A\$1,416,809 (2022: A\$490,828).
- (ii) Alpha provides technical and administrative support to the Group. The total fees paid to Alpha for these services during the year was A\$181,836 (2022: A\$56,095).
- (iii) During the 2022 financial year, Alpha purchased for A\$59,186 (BRL200,000) a 2.5% royalty revenue over all of the present and future tenements held by BRE or its wholly owned subsidiaries.

Transactions with Rare Earths Americas Pty Ltd and its related entities

- Bernardo Da Veiga is a director of BRE and is also a Director of Rare Earths Americas Pty Ltd ("REA"). The Group and REA also have a number of common shareholders. On 23 August 2023, the Company's Brazilian subsidiary entered into transactions (comprising the Alpha Tenement Acquisition Agreement) to acquire the Alpha Tenements from Alpha Brazil, which is a subsidiary of REA. The consideration for the acquisition was 28,712 Shares in the Company on a pre-split basis or 5,024,600 Shares on a post-split basis. The fair value of the Shares issued as consideration for the acquisition was A\$7,386,162 (being 5,024,600 post-split Shares issued at the Initial Public Offering offer price of A\$1.47).

Notes to the Financial Statements continued

23. Financial risk management**(a) Overview**

The Group holds the following financial instruments all of which are carried at amortised cost except for derivative financial instrument liabilities which are carried at fair value.

	2023 A\$	2022 A\$
Financial Assets		
Cash and cash equivalents	48,844,019	18,430,214
Trade and other receivables	120,671	1,154,217
	48,964,690	19,584,431
Financial Liabilities		
Trade and other payables	4,797,910	854,091
Deferred consideration for tenement acquisitions	10,743,167	-
Borrowings	-	17,532,591
Derivative financial instruments	-	3,183,297
	15,541,077	21,569,979

The main risks arising from the Group's use of financial instruments are liquidity risk, counterparty or credit risk, interest rate risk and foreign currency risk.

This note presents information about the Groups' exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. Key risks are monitored and reviewed as circumstances change and policies are revised as required. The overall objective of the Group's financial risk management policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Primary responsibility for identification and control of financial risk rests with the board of directors. However, the day-to-day management of these risks is under the control of the Managing Director and Chief Financial Officer. The Board agrees the strategy for managing future cash flow requirements and projections.

It is, and has been throughout the year, the Group's policy that no trading in speculative financial instruments shall be undertaken.

(b) Foreign exchange risk

Foreign currency risk is the risk that the fair value of future cash outflows of an exposure will fluctuate because of changes in foreign currency exchange rates.

The Group's exposure to the risk of changes in foreign exchange rate relates primarily to assets and liabilities that are denominated in currencies other than the functional currency of the group entity.

The Company's functional and presentation currency is Australian dollars.

The Group has transactional currency exposures relating to transactions denominated in currencies other than the functional currency of the entity.

The Group manages foreign currency risk by monitoring forecast foreign currency commitments and foreign exchange rates. The Group did not enter into any hedging or derivative transactions to manage foreign exchange risk during the financial year.

Notes to the Financial Statements continued

23. Financial risk management continued**(b) Foreign exchange risk** continued

At the reporting date, the Group's exposure to financial instruments denominated in currencies other than the functional currency of the group entity:

31 December 2023	Balances denominated in				Total A\$
	AUD A\$	USD A\$	BRL A\$	GBP A\$	
Cash and cash equivalents	46,859,445	8,743	1,902,812	73,019	48,844,019
Trade and other receivables	33,494	-	70,010	17,167	120,671
Total assets	46,892,939	8,743	1,972,822	90,186	48,964,690
Trade and other payables	(3,585,334)	(13,519)	(1,199,057)	-	(4,797,910)
Deferred consideration for tenement acquisitions	-	(10,743,167)	-	-	(10,743,167)
Total liabilities	(3,585,334)	(10,756,686)	(1,199,057)	-	(15,541,077)
Net exposure	43,307,605	(10,747,943)	773,765	90,186	33,423,613

31 December 2022	Balances denominated in				Total A\$
	AUD A\$	USD A\$	BRL A\$	EUR A\$	
Cash and cash equivalents	15,743,188	-	2,687,026	-	18,430,214
Trade and other receivables	1,143,142	-	11,075	-	1,154,217
Total assets	16,886,330	-	2,698,101	-	19,584,431
Trade and other payables	(734,788)	(18,775)	(65,629)	(34,899)	(854,091)
Borrowings	(17,532,591)	-	-	-	(17,532,591)
Derivative financial instruments	(3,183,297)	-	-	-	(3,183,297)
Total liabilities	(21,450,676)	(18,775)	(65,629)	(34,899)	(21,569,979)
Net exposure	(4,564,346)	(18,775)	2,632,472	(34,899)	(1,985,548)

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.

Notes to the Financial Statements continued

23. Financial risk management continued

(b) Foreign exchange risk continued

31 December 2023	Profit or loss		Equity	
	+10% A\$	-10% A\$	+10% A\$	-10% A\$
USD	1,074,794	(1,074,794)	1,074,794	(1,074,794)
BRL	(77,377)	77,377	(77,377)	77,377
GBP	(9,018)	9,018	(9,018)	9,018

31 December 2022	Profit or loss		Equity	
	+10% A\$	-10% A\$	+10% A\$	-10% A\$
USD	1,877	(1,877)	1,877	(1,877)
BRL	(263,247)	263,247	(263,247)	263,247
EUR	3,490	(3,490)	3,490	(3,490)

(c) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group. The credit risk on financial assets of the Group which have been recognised on the statement of financial position is generally the carrying amount, net of any provisions for doubtful debts.

The carrying amount of the Group's financial assets represents the maximum exposure to credit risk as summarised below:

	2023 A\$	2022 A\$
Cash and cash equivalents	48,844,019	18,430,214

Cash and cash equivalents and term deposits are primarily placed with National Australia Bank Limited. Trade and other receivables is comprised of prepayments and receivables from government authorities that do not expose the Group to credit risk.

(d) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the cash and short-term deposits with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities are either non-interest bearing (for example, receivables and payables) or have fixed interest rates (borrowings).

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2023 A\$	2022 A\$
Cash and cash equivalents	48,844,019	18,430,214

The Group's cash at bank and on hand and short-term deposits had a weighted average floating interest rate at year end of 3.78% (2022: 0.31%).

Notes to the Financial Statements continued

23. Financial risk management continued**(d) Interest rate risk** continued

The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

The following table details the Group's sensitivity to a 0.5% increase and decrease in the Australian dollar against the relevant foreign currencies. A sensitivity of 0.5% (50 basis points) has been selected as this is considered reasonable given the current level of both short-term and long-term interest rates. A 0.5% (50 basis points) movement in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

31 December 2023	Profit or loss		Equity	
	+0.50% A\$	-0.50% A\$	+0.50% A\$	-0.50% A\$
Cash and cash equivalents	244,220	(244,220)	244,220	(244,220)

31 December 2022	Profit or loss		Equity	
	+0.50% A\$	-0.50% A\$	+0.50% A\$	-0.50% A\$
Cash and cash equivalents	92,151	(92,151)	92,151	(92,151)

(e) 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 31 December 2023, the Group had sufficient liquid assets to meet its financial obligations.

The Group had no financial covenants during the 2023 and 2022 financial periods, as the Group's borrowings did not impose any financial covenants. The contractual maturities of financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

31 December 2023	< 1 year A\$	1-5 years A\$	> 5 years A\$	Total contractual cash flows A\$	Carrying amount of liabilities A\$
Financial liabilities					
Trade and other payables	4,797,910	-	-	4,797,910	4,797,910
Deferred consideration for tenement acquisitions	7,330,218	3,412,949	-	10,743,167	10,743,167
	12,128,128	3,412,949	-	15,541,077	15,541,077

31 December 2022	< 1 year A\$	1-5 years A\$	> 5 years A\$	Total contractual cash flows A\$	Carrying amount of liabilities A\$
Financial liabilities					
Trade and other payables	854,091	-	-	854,091	854,091
Borrowings and derivative financial instruments	2,143,283	22,504,476	-	24,647,759	20,715,888
	2,997,374	22,504,476	-	25,501,850	21,569,979

Notes to the Financial Statements continued

24. Segment information

Operating segments are identified, and segment information disclosed, on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors.

The Group is managed primarily on a geographic basis, that is, the location of the respective areas of interest. Operating segments are therefore determined on the same basis.

Activity by segment**Brazil exploration**

BRE was founded for the purpose of exploring Rare Earth Elements and other critical minerals in Brazil.

Corporate

Expenditure incurred that is not directly allocated to other segments is reported as corporate costs in the internal reports prepared for the chief operating decision maker.

The following tables present revenue and profit information for the Group's operating segments for the period ended 31 December 2023 and 2022, respectively.

(a) Segment performance

Year ended 31 December 2023	Brazil exploration A\$	Corporate A\$	Total A\$
Total segment revenue	278,310	2	278,312
Total segment expenditure	(32,366,120)	(36,993,476)	(69,359,596)
Segment result	(32,087,810)	(36,993,474)	(69,081,284)

Year ended 31 December 2022	Brazil exploration A\$	Corporate A\$	Total A\$
Total segment revenue	56,395	-	56,395
Total segment expenditure	(3,920,129)	(4,037,349)	(7,957,478)
Segment result	(3,863,734)	(4,037,349)	(7,901,083)

(b) Segment assets

	Brazil exploration A\$	Corporate A\$	Total A\$
31 December 2023			
Segment assets	2,350,090	49,045,338	51,395,428
31 December 2022			
Segment assets	3,135,581	16,907,874	20,043,455

Notes to the Financial Statements continued

25. Cash flow information

	2023 A\$	2022 A\$
(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	48,844,019	18,430,214
(b) Reconciliation of cash flow from operations with loss after income tax		
Profit (Loss) before income tax expense	(69,081,284)	(7,901,083)
Non-cash flows in loss from ordinary activities		
Depreciation	324,421	95,593
Unrealised foreign exchange losses	(13,397)	89,822
Non-cash share based payments expenses	969,022	1,757,934
Non-cash exploration related expenses	18,920,088	432,834
Borrowing costs	579,000	(868,500)
Change in fair value of derivative financial instruments	28,242,132	(3,240)
Changes in operating assets and liabilities		
(Increase)/decrease in receivables and prepayments	(6,185)	(175,871)
Increase/(decrease) in payables	1,523,245	987,669
Net cash (outflow)/inflow from operating activities	(18,542,958)	(5,584,842)
(c) Non-cash investing and financing activities		
Issue of shares to Director as remuneration	-	75,000
Issue of Founder Shares for nil cash consideration (Note 17(b))	-	1,667,809
Issue of convertible notes to holders of Founder Shares for nil cash consideration	-	432,834
Deferred consideration for tenement acquisitions (Note 15)	10,743,167	-
Repayment of convertible notes through share issuance (Note 14)	49,424,067	-

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Notes to the Financial Statements continued

26. Earnings per share

	2023 A\$	2022 A\$
Loss after income tax benefit attributable to the Group	(69,081,284)	(7,901,083)
Weighted average number of shares used as the denominator		
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculation of Basic EPS ¹	186,997,430	114,754,636
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	186,997,430	114,754,636

1. The weighted average number of ordinary shares outstanding during each year has been adjusted as if the share split that completed on 23 October 2023 in which each share on issue at that date was converted into 175 shares occurred at the commencement of each year.

Options and other potential equity securities 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.

	2023 Cents	2022 Cents
Basic earnings per share	(36.94)	(6.89)
Diluted earnings per share	(36.94)	(6.89)

27. Remuneration of auditors

	2023 A\$	2022 A\$
Audit services - Hall Chadwick	29,000	22,500
Non-audit services	33,000	-
	62,000	22,500

Notes to the Financial Statements continued

28. Parent entity disclosures

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

	2023 A\$	2022 A\$
Results		
(Loss)/profit for the year	(69,762,435)	(7,836,828)
Other comprehensive loss	-	-
Total comprehensive (loss)/profit for the year	(69,762,435)	(7,836,828)
Financial position		
Current assets	47,757,162	16,884,605
Non-current assets	1,312,539	3,062,918
	49,069,701	19,947,523
Current liabilities	10,963,672	21,474,047
Non-current liabilities	3,412,949	-
	14,376,621	21,474,047
Net assets	34,693,080	(1,526,524)

	2023 A\$	2022 A\$
Issued capital	112,254,846	7,241,829
Share based payments reserve	999,272	30,250
Accumulated losses	(78,561,038)	(8,798,603)
	34,693,080	(1,526,524)

Guarantee entered into by the parent entity

The parent entity has guaranteed the obligations of its subsidiary Borborema under the agreement with Rio Tinto Brazil for the acquisition of the Amargosa Tenements. As at 31 December 2023 the consideration payable to Rio Tinto Brazil was A\$10,743,167 (2022: A\$Nil).

Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 December 2023 (2022: nil).

Contractual commitments for capital expenditure

The parent entity did not have any contractual commitments for capital expenditure as at 31 December 2023 (2022: nil).

Notes to the Financial Statements continued

29. Events subsequent to 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 31 December 2023:

- (i) On 21 January 2024, BRE paid a non-refundable BRL 200,000 deposit upon signing an option agreement to acquire the Sulista Rare Earth Project. The following consideration is payable upon exercise of the option:
 - (a) A cash payment of BRL 4,800,000.
 - (b) 4,000,000 fully paid ordinary shares in BRE subject to voluntary escrow for a period of two years from the date of issue.
 - (c) 4,000,000 fully paid ordinary shares in BRE subject to voluntary escrow until the later of two years from the date of issue or the date on which the final exploration report for each of the areas 870930/2011 and 87008/2015 is approved by the National Mining Agency of Brazil.
- (ii) BRE paid to Rio Tinto Brazil, a wholly owned subsidiary of Rio Tinto cash consideration of US\$7.328 million being the second and third instalments payable under the agreement executed on 20 October 2023 to purchase mineral exploration tenements referred to as the Amargosa Tenements.

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:
 - (i) giving a true and fair view of BRE's financial position as at 31 December 2023 and of its performance for the financial year ended on that date; and
 - (ii) 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
- 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 31 December 2023.



Bernardo Da Veiga
Managing Director

Sydney,
26 March 2024

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Independent Auditor's Report

To the Members of Brazilian Rare Earths Limited

HALL CHADWICK 

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRAZILIAN RARE EARTHS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Brazilian Rare Earths Limited ("the Company") and its controlled entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 31 December 2023, 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 a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 are independent of the Consolidated Entity 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* (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.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor’s Report continued

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Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Convertible Notes</p> <p>As disclosed in notes 13 and 14 to the financial statements, the Company had on issue 21,474,675 convertible notes. As the conversion ratio was variable, they constituted a hybrid financial liability consisting of a host liability with an embedded derivative.</p> <p>In December 2023 these notes were converted to 33,621,814 fully paid ordinary shares.</p> <p>Convertible notes are considered to be a key audit matter due to their value and the complexities involved in the recognition and measurement of convertible financial instruments and associated transaction costs.</p>	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> • Analysing the agreement to identify the key terms and conditions of the convertible notes; • Assessment of the accounting treatment of the financial instrument in accordance with the relevant Australian Accounting Standards; • Assessment of management's expert's valuation of the instruments; • Assessment of the accounting treatment including relevant amortisation of transaction costs for the year; and • Assessment of the disclosures as required by the relevant Australian Accounting Standards.
<p>Exploration and Evaluation Expenditure</p> <p>As disclosed in note 7(b) to the financial statements, the Consolidated Entity incurred exploration and evaluation expenditure of \$33,502,654 during the year. This consisted of \$21,636,175 in relation to the acquisition of tenements and \$11,866,479 of operational exploration expenses.</p> <p>The recognition of exploration and evaluation expenditure was considered a key audit matter due to the value and nature of the transactions.</p>	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> • Substantive testing on exploration expenditure incurred during the year. • Reviewing the Consolidated Entity's accounting policy and its compliance within the requirements of <i>AASB 6 Exploration and Evaluation of Mineral Resources</i>. • Reviewing acquisition agreements relating to acquisitions of tenements and understanding the key terms and conditions of the transaction. • Assessing the appropriateness of the related disclosures in the financial statements.

Independent Auditor's Report continued

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Consolidated Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has 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 an 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 the 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.

Independent Auditor's Report continued

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- 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 Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Consolidated Entity'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 Consolidated Entity 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 Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity 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, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2023. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Independent Auditor's Report continued

HALL CHADWICK 

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 31 December 2023, complies with section 300A of the Corporations Act 2001.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

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D M BELL CA
Director

Dated this 26th day of March 2024
Perth, Western Australia

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Supplementary Information

Mineral resources and ore reserves

In accordance with ASX Listing Rule 5.21, the Company is required to review and report its Mineral Resources and Reserves at least annually. Set out below is the Company's Mineral Resource Estimate (MRE) which has an effective date of 23 May 2023 and is reported in accordance with the JORC Code (2012 Edition).

Deposit	Style	Cut-off grade: TREO-CeO ₂ (ppm)	Tonnes (Mt)	TREO-CeO ₂ (ppm)	TREO (ppm)	Nd ₂ O ₃ +Pr ₆ O ₁₁ (ppm)	Nd ₂ O ₃ +Pr ₆ O ₁₁ (TREO %) (%)	MREO (ppm)	MREO (TREO %) (%)
Monte Alto (RDR)	Monazite Sand	>=800	25.2	5,466	10,022	1,879	18.8%	2,669.6	26.6%
Monte Alto (RDR)	IAC	>=200	104.1	562	1,105	184	16.6%	303	27.4%
Riacho de Areia		>=200	125.1	693	1,203	218	18.1%	395	32.8%
Boca da Mata		>=200	51.0	482	966	182	18.8%	245.5	25.4%
Tres Bracos		>=200	91.9	412	815	148	18.2%	213.6	26.2%
Mucuri		>=200	20.1	554	1,016	211	20.8%	310.9	30.6%
Machado		>=200	83.9	635	1,213	192	15.8%	342.6	28.2%
Velhinhos		>=200	8.9	427	860	139	16.2%	201.8	23.5%
Total			510.3	811	1,513	271	17.9%	425.8	28.1%

Notes:

1. Monte Alto >=200ppm TREO-CeO₂ resources are exclusive of Monte Alto High-Grade resource >=800ppm TREO-CeO₂, which is reported as a separate resource class with potential for gravity processing.
2. The estimate is classified as Inferred.
3. A default bulk density of 1.8 t/m³ is used for Monte Alto and 1.7t/m³ is used elsewhere.
4. The Mineral Resource estimate assumes that the high-grade Monte Alto (RDR) area can be processed to produce a Monazite concentrate. Elsewhere leaching is projected to extract the TREOs.
5. TREO = summed estimates of La₂O₃ + CeO₂ + Pr₆O₁₁ + Nd₂O₃ + Sm₂O₃ + Eu₂O₃ + Gd₂O₃ + Tb₄O₇ + Dy₂O₃ + Ho₂O₃ + Er₂O₃ + Tm₂O₃ + Yb₂O₃ + Lu₂O₃ + Y₂O₃.
6. MREO = Nd₂O₃ + Pr₆O₁₁ + Tb₄O₇ + Dy₂O₃ + Gd₂O₃ + Ho₂O₃ + Y₂O₃.
7. Resources are presented undiluted and in situ.

Competent Persons Statement

The information in this Annual Report that relates to Exploration Results and Mineral Resources is extracted from BRE's Prospectus dated 13 November 2023 and ASX Announcement dated 22 January 2024 ("Original ASX Announcements") which are available to view at BRE's website at www.brazilianrareearths.com. BRE confirms that a) it is not aware of any new information or data that materially affects the information included in the Original ASX Announcements; b) in the case of the estimates of Mineral Resources, all material assumptions and technical parameters underpinning the estimates in the Original ASX Announcements continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this report have not been materially changed from the Original ASX Announcements.

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Supplementary Information continued

Schedule of exploration permits at 31 December 2023

As at 31 December 2023, the Rocha da Rocha Project comprised 96 granted exploration permits registered with Brazil's National Mining Agency.

All exploration permits are located in Bahia, Brazil and are held by the BRE's Brazilian subsidiaries directly, or are to be acquired through agreements with third parties as detailed in the Prospectus dated 13 November 2023.

Exploration permit number	Area (ha)	Holder	Interest	Expiry Date (MM-DD-YYYY)	Notes
870.683/2021	1,563.55	Borborema Mineração Ltda.	100%	10/01/2024	1
870.684/2021	1,947.42	Borborema Mineração Ltda.	100%	10/01/2024	1
870.685/2021	1,374.33	Borborema Mineração Ltda.	100%	10/01/2024	1
870.687/2021	1,934.80080	Borborema Mineração Ltda.	100%	10/01/2024	1
870.688/2021	1,803.24	Borborema Mineração Ltda.	100%	10/01/2024	1
870.689/2021	1,702.11	Borborema Mineração Ltda.	100%	10/01/2024	1
870.690/2021	1,981.49	Borborema Mineração Ltda.	100%	10/01/2024	1
870.691/2021	1,649.21	Borborema Mineração Ltda.	100%	10/01/2024	1
870.693/2021	1,737.29	Borborema Mineração Ltda.	100%	10/01/2024	1
870.772/2021	1,323.87	Borborema Mineração Ltda.	100%	10/27/2024	1
872.265/2021	172.49	Borborema Mineração Ltda.	100%	1/12/2025	1
872.266/2021	185.35	Borborema Mineração Ltda.	100%	1/12/2025	1
870.694/2021	1,942.61	Borborema Mineração Ltda.	100%	10/01/2024	1
871.929/2022	512.88	Borborema Mineração Ltda.	100%	08/30/2026	1
871.931/2022	531.90	Borborema Mineração Ltda.	100%	02/13/2026	1
870.664/2021	1,026.36	Ubaíra Mineração Ltda.	100%	10/01/2024	1
870.665/2021	1,777.41	Ubaíra Mineração Ltda.	100%	10/01/2024	1
870.666/2021	1,937.01	Ubaíra Mineração Ltda.	100%	10/01/2024	1
870.667/2021	1,938.50	Ubaíra Mineração Ltda.	100%	10/01/2024	1
870.668/2021	1,892.45	Ubaíra Mineração Ltda.	100%	10/01/2024	1
870.669/2021	1,698.60	Ubaíra Mineração Ltda.	100%	10/01/2024	1
870.680/2021	1,628.24	Ubaíra Mineração Ltda.	100%	10/01/2024	1
870.681/2021	1,677.50	Ubaíra Mineração Ltda.	100%	10/01/2024	1
870.682/2021	1,708.05	Ubaíra Mineração Ltda.	100%	10/01/2024	1
870.695/2021	1,633.34	Jequié Mineração Ltda.	100%	10/01/2024	1
870.696/2021	1,295.66	Jequié Mineração Ltda.	100%	10/01/2024	1
870.697/2021	1,565.37	Jequié Mineração Ltda.	100%	10/01/2024	1
870.698/2021	1,847.07	Jequié Mineração Ltda.	100%	10/01/2024	1
870.699/2021	1,453.24	Jequié Mineração Ltda.	100%	10/01/2024	1
870.700/2021	1,063.02	Jequié Mineração Ltda.	100%	10/01/2024	1
870.773/2021	157.17	Jequié Mineração Ltda.	100%	10/05/2024	1
870.774/2021	197.95	Jequié Mineração Ltda.	100%	10/27/2024	1
870.779/2021	1,464.58	Jequié Mineração Ltda.	100%	10/27/2024	1
870.780/2021	812.85	Jequié Mineração Ltda.	100%	10/27/2024	1

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Supplementary Information continued

Exploration permit number	Area (ha)	Holder	Interest	Expiry Date (MM-DD-YYYY)	Notes
870.728/2016	1,480.05	Alpha Minerals Brazil Participações Ltda.	100%	11/30/2024	2
870.727/2016	679.95	Alpha Minerals Brazil Participações Ltda.	100%	11/30/2024	2
870.717/2017	953.68	Alpha Minerals Brazil Participações Ltda.	100%	10/01/2023	2,4,8
870.726/2016	851.92	Alpha Minerals Brazil Participações Ltda.	100%	11/30/2024	2
870.484/2017	516.92	Alpha Minerals Brazil Participações Ltda.	100%	10/01/2023	2,4,8
870.483/2017	1,900.19	Alpha Minerals Brazil Participações Ltda.	100%	10/01/2023	2,4,8
871.394/2017	853.24	Alpha Minerals Brazil Participações Ltda.	100%	12/20/2025	2
871.395/2017	1,824.58	Alpha Minerals Brazil Participações Ltda.	100%	11/17/2025	2
870.899/2017	1,950.44	Alpha Minerals Brazil Participações Ltda.	100%	10/03/2025	2
870.906/2017	658.17	Alpha Minerals Brazil Participações Ltda.	100%	10/03/2025	2
870.900/2017	1,703.7	Alpha Minerals Brazil Participações Ltda.	100%	09/30/2025	2
870.912/2017	483.24	Alpha Minerals Brazil Participações Ltda.	100%	09/30/2025	2
871.243/2021	1,815.59	Alpha Minerals Brazil Participações Ltda.	100%	10/20/2024	2
871.164/2021	1,997.30	Alpha Minerals Brazil Participações Ltda.	100%	12/24/2024	2
871.042/2021	359.40	Alpha Minerals Brazil Participações Ltda.	100%	1/12/2024	2
871.144/2021	999.48	Alpha Minerals Brazil Participações Ltda.	100%	12/24/2024	2
870.314/2007	1,641.44	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	05/15/2017	3,5,8
870.724/2010	221.65	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	10/02/2016	3,5,8
872.947/2007	1,849.59	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	02/25/2017	3,5,8
873.776/2006	2,000.00	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	04/25/2016	3,6,8
873.880/2007	1,314.97	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	05/18/2015	3,5,8
872.703/2008	999.93	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	10/07/2014	3,6,8
871.239/2010	1,844.82	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	1/02/2017	3,5,8
870.025/2007	1,976.06	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	04/25/2016	3,6,8
870.024/2007	1,727.33	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	04/25/2016	3,6,8
870.027/2007	1,947.35	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	04/25/2016	3,6,8
870.029/2007	1,994.47	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	04/25/2016	3,6,8
870.026/2007	1,783.00	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	04/25/2016	3,6,8
874.320/2007	1,994.71	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	02/18/2017	3,5,8
870.174/2007	1,686.99	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	06/18/2016	3,6,8
873.777/2006	1,930.28	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	04/25/2016	3,6,8
872.563/2005	1,996.80	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	6/05/2016	3,6,8
871.439/2004	2,000.00	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	10/18/2016	3,5,8
873.212/2006	1,201.28	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	1/02/2016	3,7,8
873.213/2006	1,810.84	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	7/11/2016	3,7,8
873.244/2006	157.84	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	1/02/2016	3,7,8
871.438/2004	1,984.72	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	10/18/2016	3,5,8
870.532/2007	1,735.34	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	01/31/2017	3,5,8
870.826/2004	2,000.00	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	10/18/2016	3,5,8

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Supplementary Information continued

Exploration permit number	Area (ha)	Holder	Interest	Expiry Date (MM-DD-YYYY)	Notes
872.568/2005	1,998.60	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	10/18/2016	3,5,8
870.827/2004	1,499.12	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	10/18/2016	3,5,8
870.534/2007	1,433.93	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	10/18/2016	3,5,8
870.536/2007	1,932.60	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	10/18/2016	3,5,8
870.539/2007	1,970.36	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	05/18/2015	3,6,8
870.585/2008	1,016.33	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	01/31/2017	3,5,8
870.540/2007	1,705.05	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	9/04/2016	3,5,8
870.541/2007	2,000.00	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	9/04/2016	3,5,8
870.545/2007	2,000.00	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	9/04/2016	3,5,8
870.544/2007	2,000.00	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	9/04/2016	3,5,8
870.713/2007	1,252.74	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	01/31/2017	3,5,8
870.714/2007	1,462.60	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	01/31/2017	3,5,8
870.877/2007	1,994.00	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	01/31/2017	3,5,8
870.879/2007	1,995.77	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	01/31/2017	3,5,8
872.970/2010	789.47	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	02/18/2017	3,5,8
872.480/2009	598.9	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	04/25/2016	3,6,8
870.880/2007	1,802.12	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	01/31/2017	3,5,8
870.882/2007	1,461.47	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	01/31/2017	3,5,8
873.398/2008	853.82	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	05/15/2017	3,5,8
870.890/2007	1,856.64	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	01/31/2017	3,5,8
870.888/2007	1,710.38	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	01/31/2017	3,5,8
870.898/2007	1,690.23	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	01/31/2017	3,5,8
870.900/2007	2,000.00	Rio de Contas Desenvolvidos Mineraiis Ltda.	100%	01/31/2017	3,5,8

Notes:

- Each of Borborema Mineração Ltda., Ubaíra Mineração Ltda. and Jequié Mineração Ltda. is a wholly owned subsidiary of BRE.
- Borborema Mineração Ltda. ("Borborema") has entered into a legally binding agreement to acquire sixteen mineral exploration permits from Alpha Minerals Brazil Participações Ltda. ("Alpha"). Borborema has paid to Alpha the consideration for these exploration permits and a request for the assignment of the exploration permits to Borborema has been lodged with the ANM.
- During the quarter, Borborema Mineração Ltda. entered into a binding agreement with Rio de Contas Desenvolvidos Mineraiis Ltda. ("Rio Tinto") to acquire the Amargosa Tenements. Refer to the Prospectus dated 13 November 2023 for details of the agreement to acquire the Amargosa Tenements.
- The Final Exploration Report (FER) has been submitted on 09/22/2023, meaning that the obligation to maintain the mining right in good standing has been fulfilled.
- The FER was lodged on time and the tenement is active and in force. Once the FER is approved by the ANM, the mining right owner will have up to 1 year to apply for the mining permit and submit the Economic Development Plan for analysis by the agency.
- ANM has not yet rendered a decision on the request submitted by Rio de Contas on 04/16/2019 aiming for a decision to suspend the analysis of the FER's to be timely lodged. Therefore, there are no regulatory measures to be taken to maintain the good standing of the tenement. Complementary exploration activities are allowed at this stage of this tenement. Depending on the exploration activity that is going to be carried out, it may be necessary to obtain specific environmental authorization in advance.
- ANM has not yet rendered a decision on the request submitted by Rio de Contas on 12/23/2015 aiming for a decision to suspend the analysis of the FER's to be timely lodged. Therefore, there are no regulatory measures to be taken to maintain the good standing of the tenement. Complementary exploration activities are allowed at this stage of this tenement. Depending on the exploration activity that is going to be carried out, it may be necessary to obtain specific environmental authorization in advance.
- RFP (Relatório Final de Pesquisa) – Final Exploration Report (FER): Upon conclusion of the exploration program, the holder of mining rights is obligated to submit a conclusive exploration report that presents the findings of the exploration activities and establishes the technical feasibility for exploiting the deposit or alternatively, confirming the absence of such a deposit within the designated tenement. Subsequent to review, the National Mining Agency possesses the authority to either grant approval or disapproval of the FER, an indispensable preliminary stage in the mining permit application process.

Supplementary Information continued

Information required by Listing Rule 5.3.4

Actual expenditure in the period to 31 December 2023 to the Use of Funds in the Prospectus dated 13 November 2023

Use of Funds	Expenditure allocated under Prospectus (2-year period) A\$'000	Actual expenditure to 31 December 2023 A\$'000
Acquisition of the Rio Tinto Amargosa Tenements	11,645	-
Exploration activities	23,000	1,933
Mining studies	1,000	-
Equipment purchases	1,500	-
Operations personnel	3,500	155
Permitting and legal	500	-
Environmental	400	-
Costs of the Offer	4,283	981
Working capital ¹	7,372	1,287
Total	53,200	4,356

1. Working capital includes the general costs associated with the management and operation of the business including but not limited to administration expenses, audit and accounting fees, legal fees, travel costs, business development costs, listing and share registry fees, remuneration of directors, management and other personnel, insurance, investor relations expenses, rent and other associated costs. Working capital also includes surplus funds and funds that may be applied to future acquisitions.

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 31 December 2023 is available on the Company's website at www.brazilianrareearths.com

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Shareholder Information

The shareholder information set out below was applicable as at 29 February 2024.

Distribution of equity securities – ordinary shares

Range	No. of holders	No. of shares	Percentage
1 – 1,000	547	262,611	0.12%
1,001 – 5,000	319	831,943	0.39%
5,001 – 10,000	172	1,329,273	0.62%
10,001 – 100,000	334	10,712,489	5.00%
100,001 and above	90	200,968,854	93.86%
Total	1,462	214,105,170	100.00%
Unmarketable parcels	7	263	0.00

Voting rights

Shareholders in Brazilian Rare Earths 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 have no voting rights.

Share buy-back

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

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Shareholder Information continued

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

Rank	Name	No. of shares	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,670,707	22.42
2	ACN 664 400 382 PTY LTD	12,701,698	20.83
3	CITICORP NOMINEES PTY LIMITED	3,740,149	6.13
4	BNP PARIBAS NOMS PTY LTD	2,092,725	3.43
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,007,991	3.29
6	POUNAMU CAPITAL PTY LIMITED	1,153,615	1.89
7	FASCW PTY LIMITED	1,152,980	1.89
8	ARREDO PTY LTD	802,375	1.32
9	MR THOMAS RICHARD TODD	802,375	1.32
10	LEDGER HOLDINGS PTY LTD	750,000	1.23
11	BNPP NOMS PTY LTD	698,132	1.14
12	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	693,856	1.14
13	DITM HOLDINGS PTY LIMITED	655,700	1.08
14	BNP PARIBAS NOMINEES PTY LTD	581,871	0.95
15	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED	524,289	0.86
16	DUNNING KRUGER INVESTMENTS PTY LTD	500,000	0.82
17	MR RAMNARAIN JAIGOBIND	445,375	0.73
18	BNP PARIBAS NOMINEES PTY LTD	440,557	0.72
19	DANIEL SHRIBMAN	408,164	0.67
20	NEWECOMY COM AU NOMINEES PTY LIMITED	393,205	0.64
	TOTAL	44,215,764	72.52
	OTHER QUOTED SHARES	16,753,592	27.48
	TOTAL QUOTED SHARES	60,969,356	100.00
	RESTRICTED SHARES (UNQUOTED)	153,135,814	
	TOTAL SHARES	214,105,170	

Twenty largest shareholders – quoted share options

No share options are quoted.

Unquoted options

As at 29 February 2024, the Company had the following unquoted options on issue:

Description	No. of options	No. of holders
Management Performance options with a A\$Nil exercise price and expiry of 30 August 2028 subject to vesting conditions	9,562,350	7
Director options with a A\$Nil exercise price and expiry of 30 August 2028 subject to vesting conditions	533,050	2

All unlisted options on issue at 31 December 2023 were issued pursuant to BRE's Employee Incentive Plan.

Shareholder Information continued

Substantial shareholders

The Company has received the following substantial shareholder notices as at 29 February 2024:

Substantial shareholder name	Shares held	% of total shares
A.C.N. 664 400 382 Pty Ltd and members of the Whitehaven Coal Limited Group	17,128,595	8.0%
Mrs Georgina Hope Rinehart and members of the Hancock Prospecting Pty Ltd Group and Bianca Hope Rinehart in her capacity as trustee of the Hope Margaret Hancock Trust	13,708,006	6.40%
DITM Holdings Pty Ltd	24,577,875	11.48%
Dominic Allen	16,580,423	7.74%
Anastasios Arima	16,235,514	7.58%
Bernardo da Veiga	17,586,625	8.21%
Kirk Kileff, Sarah-Anne Kileff and Kitabella Pty Ltd as trustee for the Kitabella Family Trust	16,907,100	7.90%
Paulo Roberto Santoro Salomao and Kuda Huraa Mining Ventures and Global Investments Corp	27,230,250	13.07%
Brazilian Rare Earths Limited ¹	153,136,814	71.52%

1. BRE and its wholly owned subsidiaries are deemed to have a relevant interest in the 153,136,814 Shares subject to restrictions.

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	Number of securities
Shares – restricted until 18 October 2024	793,975
Shares – restricted until 14 December 2024	18,330,025
Shares – restricted until 22 December 2025	134,012,814
Total Shares	153,136,814

Unlisted options

Description of securities	Number of securities
Management Performance Options – restricted until 22 December 2025	6,693,750
Director Options – restricted until 22 December 2025	533,050
Total Options	7,226,800

Corporate Directory

Directors

Mr Todd Hannigan – Executive Chairman

Dr Bernardo da Veiga – Managing Director and Chief Executive Officer

Ms Kristie Young – Non-Executive Director

Ms Camila Ramos – Non-Executive Director

Company Secretary

Mr Stephen Kelly

Registered office

Level 1, 139 Macquarie Street
Sydney NSW 2000

Phone: + 61 2 7208 8033

Email: info@brazilianrareearths.com

Principal place of business

Level 1, 1024 Ann Street
Fortitude Valley QLD 4006

Phone: + 61 7 3854 2387

Share registry

Xcend Pty Ltd

Level 1, 139 Macquarie Street
Sydney NSW 2000

Phone: + 61 2 7208 8033

Stock Exchange Listing

Australian Securities Exchange (ASX)
ASX Code: BRE

Company website

www.brazilianrareearths.com

Auditor

Hall Chadwick WA Audit Pty Ltd

283 Rokeby Road
Subiaco WA 6008

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