



Condensed interim consolidated financial statements

for the half year ended 30 June 2024

ABN: 88 649 154 870

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Directors' Report

The directors of Brazilian Rare Earths Limited ("BRE") submit herewith the condensed interim financial report of BRE and the entities it controlled for the half year ended 30 June 2024 (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
- Kristie Young
- Camila Ramos
- Eric Noyrez (appointed 3 June 2024)

Principal activities

BRE's principal activity during the year was focused on exploring for rare earth elements (**REE**) 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.

Monte Alto Project Phase I Diamond Drilling Program

- Assay results from the 3,104m Phase I diamond drilling program at Monte Alto confirmed REE-Nb-Sc-U mineralisation in bedrock and significantly expanded the high-grade exploration target corridor, which remains open along strike and at depth
- The focus of exploration was for ultra-high grade REE-Nb-Sc-U mineralisation below the high-grade monazite sand surface deposit, and extensively across the Monte Alto project area
- The positive exploration results supported a large expansion in the Phase II diamond drilling program to ~12,000m,
- Significant drilling intercepts from the Phase I program included:

Hole ID	From (m)	To (m)	Interval (m)	TREO ^{^^} (%)	NdPr ^{^^} (ppm)	DyTb ^{^^} (ppm)	Sc (ppm)	Nb ₂ O ₅ (ppm)	U ₃ O ₈ (ppm)
MADD0003	0.7	10.6	9.9	27.3	43,315	2,193	233	9,453	3,500
MADD0007	76.0	83.0	7.0	18.9	30,636	1,517	167	5,961	2,223
<i>and</i>	104.2	124.0	19.8	26.3	43,274	2,257	203	8,372	3,377
MADD0010	84.0	107.0	23.0	18.9	29,843	1,673	196	5,849	2,795
<i>including</i>	91.0	100.0	9.0	28.5	46,098	2,562	217	9,214	3,870
MADD0013	4.6	18.0	13.4	20.0	37,255	1,349	100	3,578	1,737
MADD0015	12.75	14.2	1.45	21.6	36,216	2,043	321	10,704	3,638
<i>and</i>	26.9	51.6	24.7	15.6	24,397	1,255	208	4,348	2,509
<i>and</i>	59.6	76.3	16.8	14.9	23,307	1,072	183	4,199	2,452
SDD0008	51.5	57.5	6.0	26.7	43,624	2,180	201	7,760	3,044
<i>and</i>	92.1	100.2	8.1	15.6	27,995	1,407	170	5,146	2,472
SDD0006	101.0	107.0	6.0	11.5	17,738	1,021	167	3,473	2,012
<i>and</i>	121.5	149.5	28.0	15.6	24,259	1,363	201	4,750	2,463
MADD0011	20.0	33.0	13.0	11.7	19,062	1,026	190	3,504	1,986

^{^^} TREO = Total Rare Earth Oxides; NdPr = Nd₂O₃ + Pr₆O₁₁; DyTb = Dy₂O₃ + Tb₄O₇

Directors' Report

Ultra-high grade rare earth mineralisation discovered at Sulista Project²

- Confirmed discovery of ultra-high grade rare earth mineralisation at the Sulista project, located ~80km southwest of the Monte Alto project, validating that high grade REE-Nb-Sc-U mineralisation repeats across the Brazilian Rare Earths province
- Diamond drilling at Sulista returned exceptional REE-Nb-Sc-U grades of up to 22.4% TREO1, 39,770 ppm NdPr1, 1,579ppm DyTb1, 4,821ppm niobium, 241ppm scandium and 2,422ppm uranium
- Exploration samples from numerous hard rock outcrops returned grades of up to 18.9% TREO, 37,345ppm NdPr, 2,634ppm DyTb, 5,458ppm Nb2O5 and 1,486ppm U3O8
- The re-assay program of historical auger drill holes confirmed large areas of shallow and high-grade monazite sand mineralisation with grades of up to 8.5% TREO
- The potential scale of the monazite sand mineralisation at just the Sulista Eastern Zone is comparable in scale to the Monte Alto deposit, and the combined scale of all monazite sand exploration targets at the Sulista project is over 10 times larger than the Monte Alto project area

Successful exploration results at the Pelé Project²

- Exploration at the province scale Pelé project confirmed the key exploration pathfinders of intense geophysical anomalies combined with monazite sand mineralisation over large domains
- Ground reconnaissance at Pelé Target 1 discovered large outcropping zones of weathered REE-Nb-Sc-U mineralisation, with outcrop widths of over ~20m, along a highly prospective ~1km trendline strike
- Weathered REE-Nb-Sc-U outcrop samples at Pelé Target 1 returned high-grade assays of up to 10.4% TREO with 12,798ppm NdPr, 402ppm DyTb, 3,759ppm Nb2O5 and 910ppm U3O8 (R590)
- A maiden diamond drilling program at Pelé Target 1 commenced to target ultra-high grade REE-Nb-Sc-U mineralisation at depth
- Assay results from the historical Rio Tinto drillholes at Pelé identified shallow monazite sand 'pathfinder' mineralisation over an extensive ~13km corridor at Pelé Targets 2 and 4
- The district-scale Pelé project is highly prospective for ultra-high grade REE-Nb-Sc-U mineralisation, and has a total exploration target area that is over 30 times larger than the Monte Alto project

Rio Tinto Tenement Acquisition

- BRE accelerated the final two cash payments, totalling ~A\$11.35m, to complete the acquisition of Rio Tinto's exploration project
- This transformational acquisition delivered BRE dominant control over the world-class Rocha da Rocha rare earth province and secured over 800 km² of exploration tenements, ~57,000m of drilling samples, detailed topography and geophysical surveys, and long lead time environmental base line surveys

Strategic Staking of Exploration Licences

- BRE was granted an expansive ~2,672 km² of new highly prospective rare earth exploration licences
- Together with the acquisition of the Sulista Project, BRE's exploration licence area increased to 4,348km² securing near full control over the Rocha da Rocha rare earth province

Directors' Report

Key Export Approvals and Partnership with INB

- BRE obtained official registration and consent from the Brazilian National Nuclear Energy Commission to export mineral concentrates and products including uranium and rare earth minerals such as monazite and bastnaesite
- BRE has executed a non-binding Memorandum of Understanding (MoU) with Indústrias Nucleares do Brasil S.A. (INB)
 - Collaborate on the development of uranium feedstocks as a co-product from BRE's rare earth projects on the Rocha da Rocha province
 - Agreement for BRE to export rare earth/monazite concentrates, that may contain uranium, for downstream processing
 - INB to provide advice and support to BRE in securing regulatory approvals and permits
 - On completion of a definitive feasibility study, BRE and INB undertake to enter into legally binding contracts that reflect the commercial principles set out in the MoU

Operating result

BRE recorded revenue of A\$590,023 (2023: A\$178,895) and reported a net loss after tax of A\$28,906,030 (2023: A\$7,359,897) for the year. The significant items affecting the loss after tax were:

- An increase in exploration and evaluation costs to A\$26,553,679 (2023: A\$5,127,362) primarily due to the acquisition of the Sulista rare earths exploration project and increased drilling and exploration activity. Exploration and evaluation costs, including the costs of acquiring licences, are expensed when incurred.
- A decrease in finance costs to A\$3,052 (2023: A\$1,425,291) due to the conversion of the convertible notes to shares in December 2023.
- An increase in share-based payments expense to A\$1,628,319 (2023: A\$NIL). The 2024 half year 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 (refer note 8(a)).

Significant changes in the state of affairs

During the half year the following significant changes in BRE's state of affairs occurred :

- 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 option agreement was exercised on 22 February 2024 at which time BRE paid a further cash payment of BRL 4,800,000. On 26 March 2024, BRE issued 4,000,000 fully paid ordinary shares subject to voluntary escrow for a period of two years from the date of issue and a further 4,000,000 fully paid ordinary shares 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.
- On 5 March 2024, 1,912,050 Tranche C Management Performance Options over BRE ordinary shares issued under the Employee Incentive Plan vested following satisfaction of the vesting condition being a 60% increase in the BRE share price (measured as the 20 day VWAP for BRE shares compared to the price per share of \$1.47 offered pursuant to the public offer under the Company's Prospectus dated 13 November 2023 and released to the ASX on 19 December 2023). The Options may be exercised immediately upon vesting and expire on 19 October 2028
- On 29 April 2024, 1,911,875 Tranche D Management Performance Options over BRE ordinary shares issued under the Employee Incentive Plan vested following satisfaction of the vesting condition being a 90% increase in the BRE share price (measured as the 20 day VWAP for BRE shares compared to the price per share of \$1.47 offered pursuant to the public offer under the Company's Prospectus dated 13 November 2023 and released to the ASX on 19 December 2023). The Options may be exercised immediately upon vesting and expire on 19 October 2028.

Directors' Report

- On 20 June 2024, BRE issued 24,242,425 Shares at an issue price of \$3.30 per Share pursuant to a Share Placement to raise A\$80 million (before costs).

Events occurring after balance sheet date

There have been no subsequent events that require adjustment to, or disclosure in, the Financial Statements of the Group for the half year ended 30 June 2024

Auditor's declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001, for the half-year ended 30 June 2024, is set out on page 6.

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 28th day of August 2024

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To the Board of Directors,

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

As lead audit director for the review of the Financial Statements of Brazilian Rare Earths Ltd for the half year ended 30 June 2024, 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,



HALL CHADWICK WA AUDIT PTY LTD



D M BELL CA
Director

Dated this 28th day of August 2024
Perth, Western Australia

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Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2024

	Note	30 June 2024 A\$	30 June 2023 A\$
Revenue and other income			
Finance income		590,023	178,895
		590,023	178,895
Corporate compliance and shareholder relations expenses		(29,325)	(10,000)
Depreciation expense	4(c)	(7,940)	(1,572)
Exploration and evaluation expenses	4 (a)	(26,553,679)	(5,127,362)
Finance costs	4 (b)	(3,052)	(1,425,291)
Losses on foreign exchange		(282)	(14,823)
General and administrative expenses		(233,415)	(17,272)
Key management personnel and employee remuneration		(707,639)	(480,594)
Professional fees		(311,123)	(426,580)
Share based payments expenses	8(a)	(1,628,319)	-
Travel expense		(21,279)	(35,298)
Operating loss before income tax		(28,906,030)	(7,359,897)
Income tax expense		-	-
Loss for the period		(28,906,030)	(7,359,897)
Other comprehensive income / (loss)			
<i>Items that may be reclassified to the profit or loss</i>			
Exchange differences on translation of foreign operations	8(b)	(571,950)	643,141
Comprehensive loss for the period		(29,477,980)	(6,716,756)
Earnings per share for loss attributable to the ordinary equity holders of the Group:			
	Note	Cents	Cents
Basic earnings per share	10	(13.15)	(5.41)
Diluted earnings per share	10	(13.15)	(5.41)

The accompanying notes form part of these financial statements.

Condensed Interim Consolidated Statement of Financial Position

As at 30 June 2024

	Note	30 June 2024 A\$	31 December 2023 A\$
CURRENT ASSETS			
Cash and cash equivalents		96,825,395	48,844,019
Trade and other receivables		546,391	120,671
Other assets		364,272	432,070
TOTAL CURRENT ASSETS		97,736,058	49,396,760
NON-CURRENT ASSETS			
Other assets		495,818	540,712
Property, plant and equipment	5	1,309,940	1,457,956
TOTAL NON-CURRENT ASSETS		1,805,758	1,998,668
TOTAL ASSETS		99,541,816	51,395,428
CURRENT LIABILITIES			
Trade and other payables		1,615,293	4,797,910
Deferred consideration for acquisition of tenements	6	-	7,330,218
Provisions		72,275	34,601
TOTAL CURRENT LIABILITIES		1,687,568	12,162,729
NON-CURRENT LIABILITIES			
Deferred consideration for acquisition of tenements	6	-	3,412,949
TOTAL NON-CURRENT LIABILITIES		-	3,412,949
TOTAL LIABILITIES		1,687,568	15,575,678
NET ASSETS		97,854,248	35,819,750
EQUITY			
Issued Capital	7	202,130,762	112,246,603
Reserves	8	2,456,990	1,400,621
Accumulated losses		(106,733,504)	(77,827,474)
TOTAL EQUITY		97,854,248	35,819,750

The accompanying notes form part of these financial statements.

Condensed Interim Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2024

2024	Share Capital A\$	Share based payment reserve A\$	Foreign Exchange Translation Reserve A\$	Accumulated Losses A\$	Total A\$
Balance at 1 January 2024	112,246,603	999,272	401,349	(77,827,474)	35,819,750
Comprehensive income:					
- Loss for the year	-	-	-	(28,906,030)	(28,906,030)
- Foreign currency translation difference	-	-	(571,950)	-	(571,950)
Total comprehensive loss for the year	-	-	(571,950)	(28,906,030)	(29,477,980)
Transactions with owners in their capacity as owners:					
- Issue of equity securities	93,120,003	-	-	-	93,120,003
- Share issue costs	(3,235,844)	-	-	-	(3,235,844)
- Share based payments	-	1,628,319	-	-	1,628,319
Total transactions with owners	89,884,159	1,628,319	-	-	91,512,478
Balance at 30 June 2024	202,130,762	2,627,591	(170,601)	(106,733,504)	97,854,248

2023	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 2023	7,241,829	-	30,250	(52,413)	(8,746,190)	(1,526,524)
Comprehensive income:						
- Loss for the year	-	-	-	-	(7,359,897)	(7,359,897)
- Foreign currency translation difference	-	-	-	643,141	-	643,141
Total comprehensive loss for the year	-	-	-	643,141	(7,359,897)	(6,716,756)
Transactions with owners in their capacity as owners:						
Issue of equity securities	-	-	-	-	-	-
- Equity contributions received in advance	-	-	-	-	-	-
- Share based payments	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance at 30 June 2023	7,241,829	-	30,250	590,728	(16,106,087)	(8,243,280)

The accompanying notes form part of these financial statements.

Condensed Interim Consolidated Statement of Cash Flows

For the half-year ended 30 June 2024

	Note	30 June 2024 A\$	30 June 2023 A\$
CASH FLOW FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(14,992,108)	(6,026,239)
Payments for tenement acquisitions		(12,599,824)	-
Finance costs paid		(3,052)	(694,062)
Interest received		590,023	178,895
Net cash used in operating activities		(27,004,961)	(6,541,406)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(125,199)	(1,662,355)
Net cash used in investing activities		(125,199)	(1,662,355)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		80,000,003	-
Proceeds from issue of convertible notes		-	1,000,000
Share issue costs		(4,869,779)	-
Net cash provided by financing activities		75,130,224	1,000,000
Net increase / (decrease) in cash held		48,000,064	(7,203,761)
Cash and cash equivalents at beginning of year		48,844,019	18,430,214
Effects of exchange rate fluctuations on cash and cash equivalents		(18,688)	319,300
Cash and cash equivalents at end of year		96,825,395	11,545,753

The accompanying notes form part of these financial statements.

Notes to the condensed interim consolidated financial statements**1. General information**

Brazilian Rare Earths Limited ("BRE" or "Company") is an Australian public company whose shares are listed on the Australian Securities Exchange (ASX). BRE's registered office is Level 2, 477 Pitt Street, Haymarket 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. Basis of preparation

These condensed consolidated interim financial statements of the Group for the half-year ended 30 June 2024 (**interim financial statements**) are presented in Australian dollars (A\$), which is the functional currency of BRE and have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial statements do not include all the notes of the type normally included in an annual financial report prepared in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated annual financial statements of the Group for the year ended 31 December 2023 and any public announcements made by the Group during the half-year in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The accounting policies adopted are consistent with those adopted in the last annual financial statements for the year ended 31 December 2023 year except for the adoption of new and amended standards as set out below. The accounting policies included in the Group's last annual financial statements for the year ended 31 December 2023 are the relevant policies for the purposes of comparatives.

In the reporting period, the Group has adopted all the new and revised accounting standards and Interpretations that are relevant to its operations and effective for the current financial year. 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 the Company for the reporting period.

The interim financial statements were approved and authorised for issue by the Board of Directors on 28 August 2024.

3. Key sources of estimation uncertainty and critical accounting judgements

When preparing the interim 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 interim financial statements 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.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2023.

4. Expenses

	Half year ended 30 June 2024 A\$	Half year ended 30 June 2023 A\$
(a) Exploration and evaluation expense comprises:		
Costs to acquire mineral exploration tenements ^{##}	14,667,988	-
Operational exploration and evaluation expenses	11,885,691	5,127,362
Total exploration and evaluation expense	26,553,679	5,127,362

^{##} Includes consideration of \$14,606,584 paid by the Group to acquire the Sulista rare earths exploration project comprising cash consideration of A\$1,547,988 and the issue of 8,000,000 fully paid ordinary shares in BRE with a fair value of \$13,120,000 (being the Company's share price A\$1.64 per share at the date of execution of the agreement to acquire the Sulista Project).

Notes to the condensed interim consolidated financial statements

4. Expenses continued

	Half year ended 30 June 2024 A\$	Half year ended 30 June 2023 A\$
(b) Finance costs comprise:		
Interest expense on convertible notes ^{^^}	-	1,063,012
Change in fair value of derivative financial liability ^{^^}	-	48,963
Convertible note transaction costs	-	289,500
Other	3,052	23,816
Total finance costs	3,052	1,425,291

^{^^} In December 2022 the Company issued 21,432,834 convertible notes with a face value of A\$1 per convertible and an interest rate of 10% per annum. On 15 December 2023 the convertible note liability and the associated derivative financial liability were settled in full through the issue by the Company of 33,621,814 fully paid ordinary shares at a conversion price of A\$0.638712. Further information regarding the convertible note liability and the associated derivative financial liability is provided in the Group's annual financial statements for the year ended 31 December 2023.

	Half year ended 30 June 2024 A\$	Half year ended 30 June 2023 A\$
(c) Depreciation expense comprises:		
Depreciation on property, plant and equipment (refer note 5)	245,875	98,117
Depreciation included in exploration and evaluation expense (refer note 5)	(237,935)	(96,545)
Depreciation expense	7,940	1,572

5. Property, plant and equipment

	Field Equipment A\$	Motor Vehicles A\$	Office and IT Equipment A\$	Total A\$
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
Additions	23,778	16,319	85,102	125,199
Depreciation **	(230,378)	(6,124)	(9,373)	(245,875)
Foreign exchange on restatement	(24,173)	599	(3,766)	(27,340)
Carrying amount at 30 June 2024	1,101,576	92,217	116,147	1,309,940

** Depreciation of exploration property, plant and equipment totalling \$237,935 (June 2023: \$96,545), has been disclosed as exploration and evaluation expense in the Consolidated Statement of Profit or Loss (refer note 4(c)).

Notes to the condensed interim consolidated financial statements

6. Deferred consideration for acquisition of tenements

	30 June 2024 A\$	31 December 2023 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 Minerais Ltda (Rio Tinto Brazil), a wholly owned subsidiary of Rio Tinto, for cash consideration of US\$9.328 million.

The cash consideration of US\$9.328 million was paid as follows:

- i. A first instalment of US\$2 million, less a down payment of US\$0.1 million was paid on 20 October 2023.
- ii. 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.

7. Issued capital and other equity

	30 June 2024 A\$	31 December 2023 A\$
Ordinary Shares fully paid	202,130,762	112,246,603

(a) Movements in ordinary shares

Ordinary shares fully paid	30 June 2024		31 December 2023 ¹	
	No.	A\$	No.	A\$
Opening balance	214,105,170	112,246,603	136,151,400	7,241,829
Issue of shares - share placements	24,242,425	80,000,003	34,013,606	50,000,000
Issue of shares – tenement acquisition	8,000,000	13,120,000	5,024,600	7,386,162
Issue of shares – exercise of options	191,100	-	5,293,750	-
Issue of shares – conversion of convertible notes	-	-	33,621,814	49,424,067
Share issue costs	-	(3,235,844)	-	(1,805,455)
Closing balance	246,538,695	202,130,762	214,105,170	112,246,603

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 2023.

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.

Notes to the condensed interim consolidated financial statements

7. Issued capital and other equity continued

(b) 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 2023	-	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	-
Options exercised	(191,100)	-
Number of options on issue at 30 June 2024	9,904,300	-

8. Reserves

	30 June 2024 A\$	31 December 2023 A\$
Share based payments reserve	2,627,591	999,272
Foreign currency translation reserve	(170,601)	401,349
	2,456,990	1,400,621

(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	Half year ended 30 June 2024 A\$	Year ended 31 December 2023 A\$
Balance at beginning of period	999,272	30,250
Movement during the period	1,628,319	969,022
Balance at end of period	2,627,591	999,272

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 half year ended 30 June 2024 and the year ended 31 December 2023 movements in the share-based payments reserve were:

	Half year ended 30 June 2024 A\$	Year ended 31 December 2023 A\$
Options issued to Management	1,397,817	836,207
Option issued to Non-executive Directors	230,502	132,815
Movement in share based payments reserve during the period	1,628,319	969,022

Notes to the condensed interim consolidated financial statements

8. Reserves continued

BRE did not grant any new share-based compensation awards in the half-year (June 2023: nil awards granted). The movements in the share based payments reserve during the half-year relate to awards granted in October 2023, the details of which are disclosed in the Group's annual financial report for the year ended 31 December 2023.

(b) Foreign Exchange Translation Reserve

The foreign exchange translation reserve records exchange differences arising on translation of foreign controlled entities. Movements in the foreign exchange translation reserve during half year ended 30 June 2024 and the year ended 31 December 2023 were:

	Half year ended 30 June 2024 A\$	Year ended 31 December 2023 A\$
Balance at beginning of period	401,349	(52,413)
Movement during the period	(571,950)	453,762
Balance at end of period	(170,601)	401,349

9. 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 half year ended 30 June 2024 and 2023, respectively.

(a) Segment performance

Half year ended 30 June 2024	Brazil exploration A\$	Corporate A\$	Total A\$
Total segment revenue	37,659	552,364	590,023
Total segment expenditure	(12,839,670)	(16,656,383)	(29,496,053)
Segment result	(12,802,011)	(16,104,019)	(28,906,030)

Half year ended 30 June 2023	Brazil exploration A\$	Corporate A\$	Total A\$
Total segment revenue	178,895	-	178,895
Total segment expenditure	(4,496,038)	(3,042,754)	(7,538,792)
Segment result	(4,317,143)	(3,042,754)	(7,359,897)

Notes to the condensed interim consolidated financial statements

9. Segment information continued

(b) Segment assets

	Brazil exploration A\$	Corporate A\$	Total A\$
30 June 2024			
Segment assets	989,726	98,552,090	99,541,816
31 December 2023			
Segment assets	2,350,090	49,045,338	51,395,428

10. Earnings per share

	Half year ended 30 June 2024 A\$	Half year ended 30 June 2023 A\$
Loss after income tax benefit attributable to the Group	(28,906,030)	(7,359,897)
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	219,757,752	136,151,400
Weighted average number of options outstanding which are considered potentially dilutive ²	-	-
Weighted average number of potential ordinary shares outstanding during the year used in calculation of Diluted EPS	219,757,752	136,151,400

¹ The weighted average number of ordinary shares outstanding for the half-year ended 30 June 2023 has been adjusted as if the share split that was completed on 23 October 2023 in which each share on issue at that date was converted into 175 shares occurred at 1 January 2023.

² 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.

	Half year ended 30 June 2024 Cents	Half year ended 30 June 2023 Cents
Basic earnings per share	(13.15)	(5.41)
Diluted earnings per share	(13.15)	(5.41)

11. Cash flow information

	Half year ended 30 June 2024 A\$	Half year ended 30 June 2023 A\$
Non-cash investing activities		
Exploration expenditure settled through the issue of shares (acquisition of the Sulista Project)	(13,120,000)	-
Non-cash financing activities		
Issue of shares for exploration expenditure (acquisition of the Sulista Project)	13,120,000	-

Notes to the condensed interim consolidated financial statements

12. Contingent liabilities

The directors are not aware of any contingent assets or any contingent liabilities that are likely to have a material effect on the results of the Group other than those disclosed in these financial statements or in the annual financial report for the year ended 31 December 2023,

13. Events subsequent to reporting date

There have been no subsequent events that required adjustment to or disclosure in the or the Financial Statements of the Group for the half year ended 30 June 2024.

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Directors' declaration

The directors of the Company declare that:

- (1) The financial statements and notes, as set out on pages 7 to 17, are in accordance with the Corporations Act 2001;
 - (a) comply with Accounting Standards and
 - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the half-year ended on that date.
- (2) In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and 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 half year ended 30 June 2024.



Bernardo Da Veiga

Managing Director

Sydney,

28 August 2024

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

Conclusion

We have reviewed the accompanying half-year financial report of Brazilian Rare Earths Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 30 June 2024, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Consolidated Entity does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

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

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Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



HALL CHADWICK WA AUDIT PTY LTD



D M BELL CA
Director

Dated 28th day of August 2024
Perth, Western Australia