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AXEL REE

ANNUAL REPORT | 2025

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Letter to Shareholders

Dear Shareholders,

I would like to welcome you to Axel REE Limited (**ASX: AXL**) Annual Report for FY25, which marked Axel REE's first year as a publicly listed company.

Our strategy was to establish Axel as a leader in the discovery and development of critical minerals and in just 12 months, we have advanced from IPO to delivering a significant critical minerals discovery at our flagship Caladão REE-Gallium Project in Brazil's Lithium Valley.

Quite remarkably, shortly after the financial year, we delivered a Maiden Gallium Mineral Resource Estimate at Area A of **100Mt @ 42ppm Ga** (4.2kt contained metal) at a 35ppm cutoff having completed an extensive first-year drilling program.

This is Brazil's first discrete in-situ gallium resource, not associated with bauxite or alumina processing and one of the largest known deposits globally outside of China. The mineralisation is shallow, averaging ~10 depth and provides the potential for low-cost extraction above our rare earth horizon.

The timing of this discovery is critical. Gallium demand is increasing, driven by semiconductors, 5G networks, radar, satellites, LEDs, EV power electronics, advanced solar and medical imaging. Over the last 12 months, gallium and other critical minerals have been brought into the spotlight, when China who currently controls ~94% of global gallium production, initiated an export ban. With this backdrop of fragile supply chains, Axel's Caladão discovery is emerging as a genuine alternative source of gallium for the West, complementing efforts by the US, EU, Japan and Australia to secure strategic supply chains.

What is particularly exciting is that this milestone only reflects a fraction of the project's potential. With just ~25% of the mineralised footprint drilled, the scale opportunity ahead of us is substantial.

Beyond gallium, Caladão continues to deliver outstanding REE results, with assays up to **28,321ppm TREO** and multiple drillholes ending in mineralisation. Early metallurgical test work at ANSTO has confirmed recoverability of both REE and gallium, de-risking the project further. Together, this provides Axel with the

opportunity to become a cornerstone supplier of two of the most important critical minerals of the decade.

At the Caldas REE Project, located in the highly prospective Poços de Caldas Alkaline Complex alongside Meteoric Resources and Viridis Mining, drilling has consistently returned thick, high-grade clay-hosted REE mineralisation from surface, with high proportions of valuable magnet rare earths (Nd, Pr, Dy, Tb). We look forward to ongoing exploration at our Caldas Project in the year ahead.

Recognising the importance of aligning with downstream markets, Axel signed MoUs with the Federation of Industries of Minas Gerais, operator of South America's first rare earth magnet facility and the State Economic Development Department (Invest Minas) to support project development and fast-track permitting. These partnerships strengthen our position to move rapidly from discovery towards development.

We have also engaged ANSTO, to undertake early metallurgical test work, which has confirmed recoverability of both REE and gallium, de-risking the project further.

In just 12 months, Axel REE has transformed from a newly listed explorer into a company with the potential to emerge with one of Brazil's most exciting critical mineral resources.

The coming year will see updates to our maiden resource at Caladão, continued scale expansion drilling, and the refinement of processing pathways for both REE and gallium.

I would like to thank our shareholders for their commitment, our team for their exceptional work, and our Brazilian partners and stakeholders for their continued support.

Sincerely,



Paul Dickson

Chairman



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Axel REE – Critical Minerals in Brazil

Review of Operations

Axel REE Limited is an Australia listed (**ASX: AXL**) focused on the exploration of its portfolio 100% owned rare earth elements (REE) and gallium projects located in Brazil. Axel is currently focused on developing two key projects:

- Caladão REE-Gallium Project, located in the “Lithium Valley” region of the northern Minas Gerais State
- Caldas REE Project, located in the southern Minas Gerais State, bordering with São Paulo State.

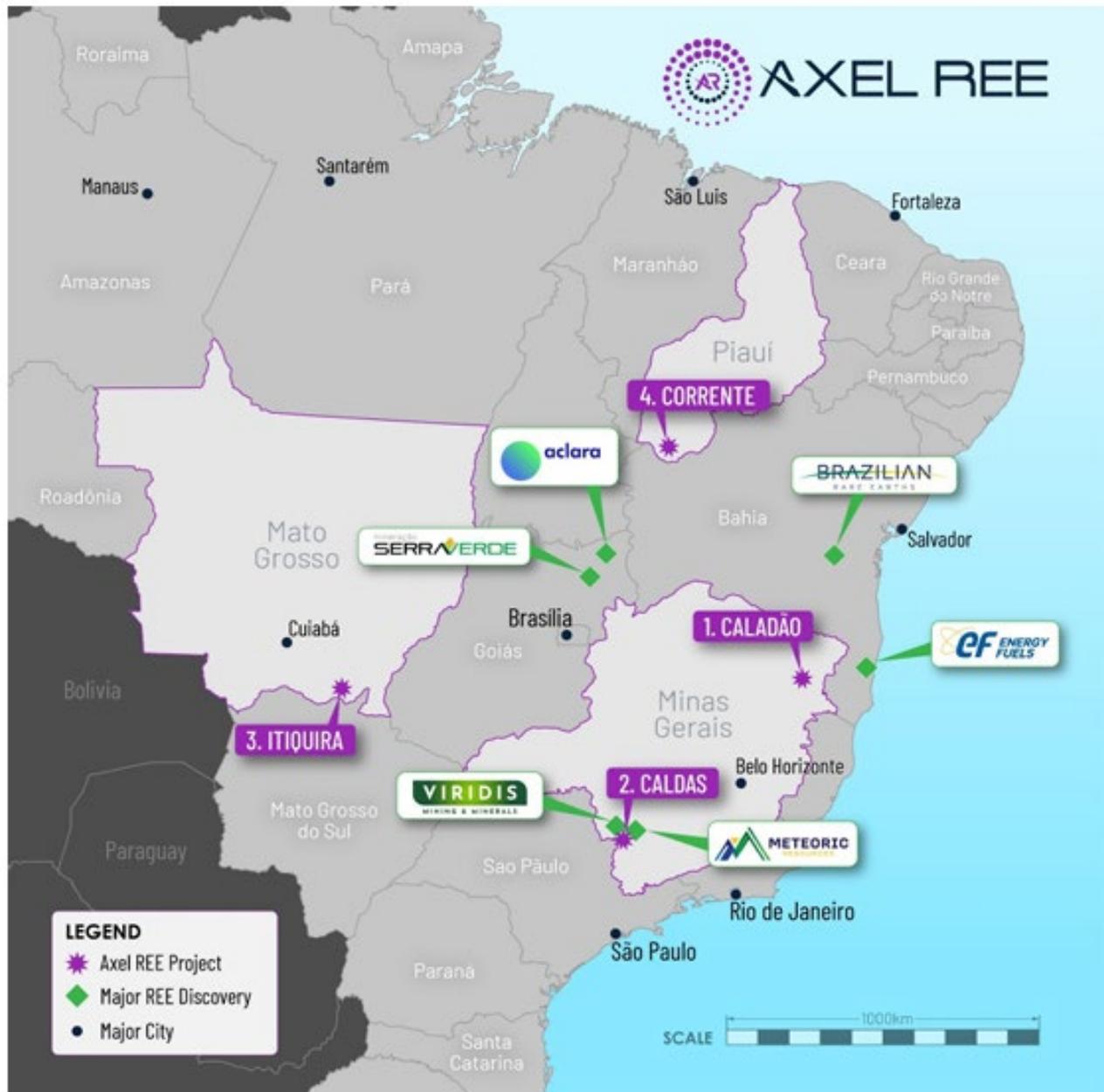


Figure 1: Axel REE Project location map amongst major REE deposits in Brazil.

The Company commenced the year with its successful Initial Public Offering (**IPO**) on the Australian Securities Exchange (**ASX**) on 23rd July 2024, raising \$13.3 million at \$0.20 per share (before costs), issuing 66,418,875 IPO shares.

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The funds raised by the IPO were applied to advance Axel's exploration portfolio, primarily fast tracking the flagship Caladão REE-Gallium Project to a Maiden 100Mt Inferred Resource.

Caladão REE-Gallium Project

The First REE District-scale Discovery in 'Lithium Valley', Minas Gerais, and one of the largest Gallium Resources in the world

The Caladão Project spans 430km² in Minas Gerais, Brazil's renowned 'Lithium Valley'. Phase 1 drilling, comprising both diamond and auger programs, was designed to test the depth and extension potential of the extensive REE mineralisation already outlined over 25km of strike across the Project's two key prospects, Area A and Area B. Axel has completed 8,449 metres of drilling for 599 holes across primary targets at Caladão.

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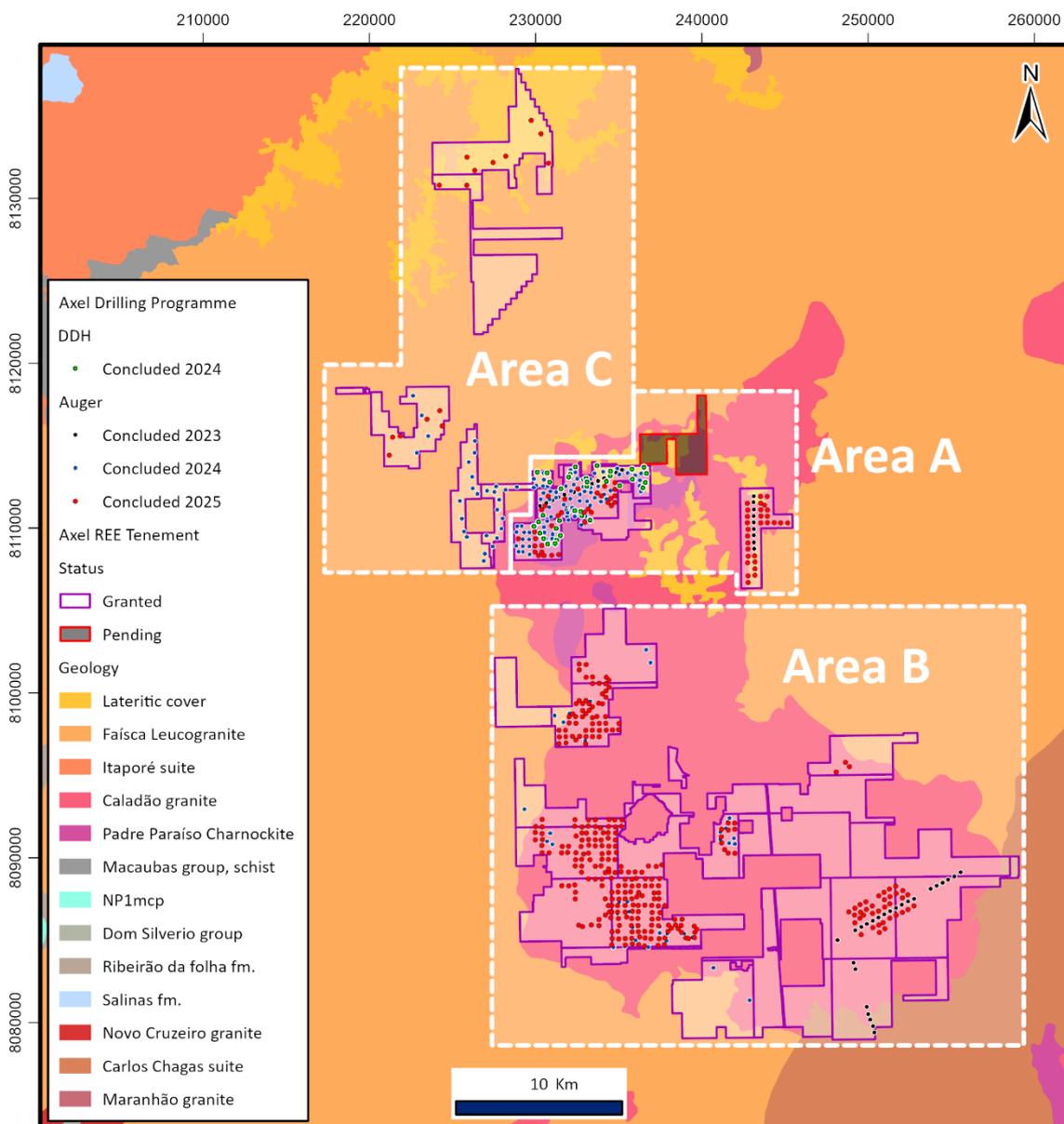


Figure 2: Caladão Project Area A,B and C with completed drilling to the date of this report.

Gallium Discovery at Caladão

A dual gallium–REE laterite system of economic interest

In 2024, following a review of drilling data, Axel identified widespread gallium mineralisation at surface, shaping Caladão into a unique REE and Gallium deposit with high grade Gallium occurring at surface in the upper lateritic soil profile, providing a key point of difference to other rare earth projects.

Throughout the year, Axel reported the continuation of significant at surface gallium and REE assays from primary targets Area A and Area B, which extended into Area C post year end. To date, the total mineralised drilled area spans over 115km², representing only ~25% of the total potential area prospective for gallium and REE mineralisation.

Concurrently as the Company reported high grade Gallium results, high grade REE results continued. Being spatially associated with the gallium-rich horizons, the REE intercepts confirm that Caladão hosts a dual gallium–REE laterite system of economic interest. The REE distribution features a meaningful proportion of magnet rare earths (Nd, Pr, Dy, Tb), adding strategic value to the potential resource.

Maiden Gallium Mineral Resource Estimate (MRE) – Area A

Post reporting period, in August 2025, Axel announced its maiden gallium JORC (2012) Inferred Mineral Resource Estimate at Area A of the Caladão REE-Gallium Project. The resource totals **100Mt at 42ppm Ga**, containing 4.2kt of gallium metal, reported at a 35ppm Ga cut-off (refer ASX announcement 22 August 2025). This gallium mineralisation is hosted in the lateritic soils from surface, with an average depth of approximately 10m, covering an area of ~33km².

The JORC resource represents Brazil's first in-situ gallium deposit not associated with bauxite or alumina processing, and establishes Caladão as one of the largest non-bauxite/alumina gallium deposits globally. Importantly, Area B, with an additional 58km² of mineralised zone, is expected to provide significant expansion potential for future gallium resource growth.

JORC Category	Tonnes Mt	Ga ppm	Contained Ga kt
Inferred	100	42	4.21

Table 1. Gallium Global Mineral Resource Estimate at 30ppm Ga cut off at Caladão Project - Area A

JORC Category	Cutoff ppm Ga	Tonnes Mt	Ga ppm	Ga kt
Inferred	20	135	39.37	5.32
Inferred	25	134	39.56	5.29
Inferred	30	125	40.36	5.03
Inferred	35	100	42.23	4.21
Inferred	40	55	46.15	2.54
Inferred	45	25	50.85	1.27

Table 2. Gallium Global Mineral Resource Estimate – by cut off grade

Notes:

- JORC Code (2012) were followed for Mineral Resources Estimates
- Mineral Resources are reported using a Ga Cut-off of 35ppm, constrained by a preliminary optimized pit shell for REE.
- The Mineral Resources statement has been prepared by Marcelo Antônio Batelochi, MAusIMM (CP), SRK Associate Consultant, who is Competent Person.
- Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
- Totals may not balance due to rounding of figures.

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- The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant factors.
- Mineral resources were classified as Inferred.
- Below are the RPEEE constrain for the first scenario for the pit envelope related to the REE which contains the declared MRE for gallium.
- The results are presented in-situ and undiluted, are constrained within a preliminary optimized open pit shell for REE, and are considered to have reasonable prospects of economic viability.

Strategic Significance

Gallium has been classified as a critical mineral by both the United States and the European Union, essential for defence and high-technology applications including semiconductors, radar, satellites, 5G communications, high-performance LEDs and solar technologies. China currently supplies ~94% of global gallium, but imposed export bans in December 2024, sending market prices to ~US\$366,000–385,000/t (7N purity).

Gallium Opportunity

At Axel's Caladão Project, the gallium zones which are unexpectedly rich and are now confirmed recoverable by acid leach, have the potential to position the Company to become a significant supplier of this globally critical, high-value metal.

Unlike traditional gallium producers (residues from bauxite or sphalerite/zinc ores), Caladão's gallium is hosted in weathered laterite over granite, reflecting a novel and attractive geochemical context. The presence in the soils and saprolite environment offers potential for hydrometallurgical extraction, via acid leach, in conjunction with the REE, generating gallium as a co-product alongside REE - an uncommon and cost-effective dual-commodity strategy.

Strategic Partnerships and Government Support

During the reporting period, Axel signed a series of strategic memorandum of understanding to support the development of the Caladão Project. These included an MoU with the Federation of Industries Minas Gerais (FIEMG), operator of the LabFab ITR, South America's first rare earth magnet research and production facility, and an MoU with the State Economic Development Department and Invest Minas aimed at supporting project licensing and approvals. These partnerships provide strong validation of Caladão's importance to Brazil's industrial and strategic supply chain ambitions.

Metallurgical Testwork

Post reporting period, Axel advised that the first metallurgical diagnostic test work completed at ANSTO had confirmed the presence of ionic adsorption clay (IAC) REE and positive recoveries by desorption of REE using simple, low-cost sodium chloride (NaCl) and ammonium sulfate (AMSUL) leaching methods at pH 4.

Additionally, strong initial gallium recovery results were also returned from ANSTO through acid leaching in preliminary tests. Further test work is currently underway to develop a dedicated low-cost gallium recovery process.

3-meter composites from 2 diamond holes located 2 km apart successfully leached IAC by standard ammonium sulphate (AMSUL) leach at pH 4 for 30 min, with similar recoveries using NaCl under the same conditions.

Acid leach tests were conducted on diamond drill holes DDH-018 and DDH-036 and in a composite with gallium, with promising results to recover both IAC REE (DDH-018) and REE from the primary and secondary REE minerals (DDH-036), as well as gallium, under acid leach conditions.

Due to the significant distance between the two holes tested and large-scale REE-Gallium Project area (over >65km²), the metallurgical results from these two holes cannot be extrapolated across any area in the project at this stage and only represent a style of REE mineralisation in the immediate vicinity to each sampled hole.

Initial testing indicates up to 25% gallium recovery via acid leaching, underscoring significant potential for supergene-enriched gallium production. The acid leach method demonstrated that gallium extraction significantly increases with acidity and longer leach duration, indicating further optimisation potential.

This initial recovery highlights the Caladão Project’s potential for a dedicated gallium production stream, complementing the extraction of rare earth elements and enhancing overall project economics.

Axel is reviewing the potential for a simple two-stage heap leach process utilising readily available reagents (NaCl or ammonium sulfate). The first stage at pH 4 and the second one increasing the acidity to extract additional REE and gallium. This novel approach may significantly lower environmental impacts and operational costs, aligning with global ESG standards.

The proposed heap leach process requires no drilling, blasting, crushing, or milling, and no tailings dam, greatly reducing environmental impact and capital expenditure requirements.

Future Work

Further work at the Caladão REE-Gallium Project will include:

- Finalisation of maiden REE JORC Inferred Resource Estimate for Area A
- Finalisation of maiden Gallium & REE JORC Inferred Resource Estimate for Area B
- Development of two-stage heap leach processing flowsheet at ANSTO for both IAC REE and gallium
- Metallurgical testing for alternative processes to recover the proportion of non-ionic REE
- Ongoing gallium-focused metallurgical testing at CETEM
- Infill drilling to support resource classification upgrade
- Commencement of baseline environmental studies to expedite project permitting

Caldas REE Project

High grade mineralisation across prospects both inside and along the weathered contact point of the Caldera

The Caldas REE Project, located in the highly prospective Poços de Caldas Alkaline Complex (Caldera), a world-class REE intrusive in the southwest region of the State of Minas Gerais, comprises 232 km² of granted exploration licenses and exploration license applications. This unique Caldera has a diameter of over 30 km and hosts globally significant IAC REE discoveries including Meteoric Resources NL (**ASX:MEI**) and Viridis Mining & Minerals Limited’s (**ASX:VMM**) world class REE deposits.

Since commencing its maiden drill program in late 2024, Axel has reported consistently thick, high-grade clay-hosted REE mineralisation across multiple auger drill campaigns. Importantly, drill holes were ended in mineralisation, confirming excellent continuity at depth. Significant intercepts (1,000ppm TREO cutoff) included:

CAL-AUG-001:	11m @ 3,273ppm TREO (24% MREO) from <u>surface</u>
<i>including</i>	1m @ 7,099ppm TREO (34% MREO) from 9m
<i>ending with</i>	3m @ 5,609ppm TREO (34% MREO) from 9m
CAL-AUG-002:	12.7m @ 2,222ppm TREO (24% MREO) from <u>surface</u>
<i>including</i>	1m @ 3,033 ppm TREO (31%) from 9m
<i>ending with</i>	8m @ 2,602ppm TREO (30% MREO) from 5m
CAL-AUG-003:	20m @ 3,082ppm TREO (26% MREO) from <u>surface</u>
<i>including</i>	1m @ 6,536ppm TREO (32% MREO) from 15m
<i>ending with</i>	11m @ 3,699ppm TREO (30% MREO) from 9m

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CAL-AUG-009:	13m @ 5,735ppm TREO (30% MREO) from <u>surface</u>
<i>including</i>	5m @ 10,526 ppm TREO (30% MREO) from 8m
<i>ending with</i>	1m @ 19,493ppm TREO (33% MREO) from 11m
CAL-AUG-014:	14m @ 3,051ppm TREO (25% MREO) from <u>surface</u>
CAL-AUG-019:	10m @ 4,874ppm TREO (34% MREO) from <u>surface</u>
CAL-AUG-022	8.8m @ 5,309ppm TREO (26% MREO) from <u>surface</u>
<i>including</i>	1m @ 8,100ppm TREO (29% MREO) from 4m
<i>ending with</i>	0.8m @ 6,289ppm TREO (27% MREO) from 8m
CAL-AUG-024	10.8m @ 3,683ppm TREO (32% MREO) from <u>surface</u>
<i>including</i>	1m @ 6,726ppm TREO (38% MREO) from 6m
<i>ending with</i>	0.8m @ 3,452ppm TREO (32% MREO) from 10m
CAL-AUG-025	11.4m @ 3,608ppm TREO (21% MREO) from <u>surface</u>
<i>including</i>	1m @ 7,480ppm TREO (32% MREO) from 9m
<i>ending with</i>	1.4m @ 5,994ppm TREO (32% MREO) from 10m

Concentrations of high-value magnetic rare earth oxides (Nd, Pr, Dy, Tb) consistently exceed 25-40% of the total rare earth oxide content, adding strategic importance to the mineralisation.

Exploration to date has confirmed that the Caldas Project hosts exceptionally thick and laterally consistent mineralisation, with auger holes typically limited to ~20m depth but consistently finishing in high-grade REE. This demonstrates strong potential for additional scale as drilling tests deeper into the saprolite profile. With only a fraction of the extensive landholding explored to date, and results directly comparable to neighbouring tier-one deposits, Caldas is emerging as a highly significant growth asset.

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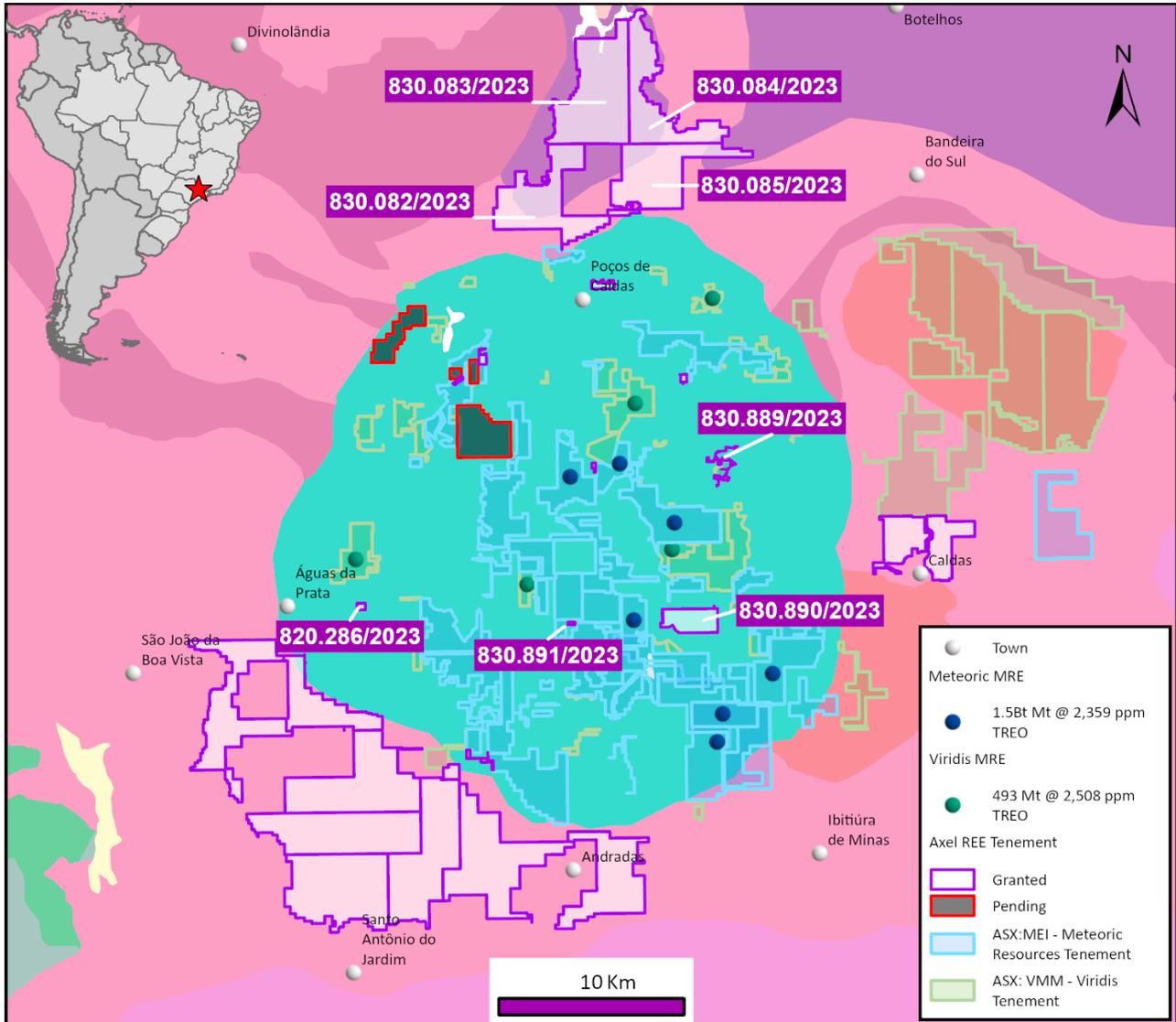


Figure 3: Caldas Project location amongst other REE deposits

At Caldas, the mineralised zone is interpreted to remain open along strike and across the broader weathered profile. The Company believes its extensive tenure along the northern, southern, and eastern margins of the Caldera offers significant underexplored ground, directly contiguous with these early intercepts, positioning Axel to expand its rare earth footprint and build a district-scale exploration portfolio focused on potentially leachable clays enriched in magnetic rare earths at Caldas.

Strategic Leadership Transition

Owing to the Company transitioning from a pure explorer to a potential developer of REE and gallium at the Caladão Project, a corporate and management restructure was undertaken and announced in May.

The restructure was carried out to strengthen Axel’s operational capacity in Brazil, maximise the drilling potential at Caladão, whilst introducing and building its Australian-based leadership to guide the Company through the next phase of growth.

As such the following changes were implemented:

- Resignation of Dr Fernando Tallarico as Managing Director of the Company, effective 31 May 2025

- Appointment of Mr Antonio de Castro as consulting Chief Geologist and Competent Person, overseeing geological interpretations, JORC resource estimation and technical reporting
- Mr José Roberto Souza appointed as Operations Manager – Brazil, responsible for the ongoing field programs and exploration strategy
- Initiation of an executive search process for an Australian-based Managing Director with a proven track record in project development, mine permitting, offtake negotiations and capital markets

These changes reflect Axel's strategic transition, with the Company currently advancing its maiden JORC (2012) Mineral Resource Estimation for REE and gallium, and metallurgical testwork to determine the optimal economic extraction pathways and project feasibility.

Dual Listing

Post reporting period Axel advised it had successfully dual listed in the Frankfurt Stock Exchange (**FSE**) under ticker FSE.HN8.

The dual listing will provide European investors enhanced access to the Company's Brazilian portfolio of assets. Europe has witnessed an increased level of interest in critical mineral projects investment following China's export controls on gallium and germanium.

The Company also advised of its plan to list on OTC markets in the United States to offer access for North American investors, following recent news of Apple Inc. US\$500 million deal with MP Materials, and the U.S. Department of Defense pledging similar-sized support to strengthen non-Chinese rare earth magnet supply chains.

Competent Persons Statement (Exploration)

The information in this announcement that relates to Exploration Results is based on and fairly represents information and supporting documentation compiled by Mr Antonio de Castro, BSc (Hons), MAusIMM, CREA who acts as AXEL's Senior Consulting Geologist through the consultancy firm, ADC Geologia Ltda. Mr. de Castro has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Castro consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

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

Competent Persons Statement (Mineral Resource Estimate)

The information in this announcement that relates to the Caladão Gallium Mineral Resource is based on and fairly represents information compiled by Mr. Antonio de Castro (Senior Consulting Geologist through the consultancy firm, ADC Geologia Ltda) and Mr. Marcelo Antônio Batelochi, (SRK associate Consultant). Mr. de Castro and Mr. Batelochi are members of the Australasian Institute of Mining and Metallurgy. Both have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserve Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. de Castro is the Competent Person for the database (including all drilling information). Mr. Belocchi is the Competent Person for the geological and mineralisation model, the construction of the 3D geology/mineralisation model plus the estimation. Mr. de Castro and Mr. Belocchi completed the site visits in different occasions and consents to the inclusion in this report of the matters on their information in the form and context in which they appear.

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Directors' Report

The Directors present their report on Axel REE Limited (**Axel** or **the Company**) and the entities it controlled (**the Group**) at the end of, and during the year ended 30 June 2025.

Directors

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

- Paul Dickson
- Dr. Fernando Tallarico (resigned 31 May 2025)
- Patrick (Pat) John Volpe
- Ian Kiers

Paul Dickson (Non-Executive Chairman)

B.Ed. SF Fin Grad Dip TA

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

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

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

Former directorships in last 3 years: Cobold Metals Limited

Dr. Fernando Tallarico (Managing Director, resigned 31 May 2025)

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

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

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

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

Former directorships in last 3 years: Aguia Resources Limited

Patrick (Pat) John Volpe (Non-Executive Director)

CPA, Post Grad Taxation

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

Directors' Report (Continued)

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

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

Former directorships in last 3 years: Nil

Ian Kiers (Non-Executive Director)

LB, BComm

Ian Kiers is an experienced private equity and mergers and acquisition specialist. He is currently Managing Director of Halcyon Consulting Pty Ltd which is a specialist family office advisory company. Prior to Halcyon Consulting he was Chief Executive Officer of a private family office (GBM Group) for 19 years having previously held positions as Head of Mergers and Acquisitions and Head of Group Strategy. Before GBM Group, Mr Kiers was employed at National Australia Bank Limited in its structured finance and project finance division in Melbourne. While at the NAB he worked on numerous project financings in the resources sector.

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

Former directorships in last 3 years: Verity Resources Limited (ASX:VRL)

Company Secretary

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

Patrick Volpe (Company Secretary)

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

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

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

Former directorships in last 3 years: Axel REE

Meetings of Directors

The number of meetings of the Company's Directors held during the year ended 30 June 2025, and the number of meetings attended by each Director are as follows:

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Director	Board of Directors Meetings	
	Eligible to attend	Attended
P Dickson	14	14
F Tallarico ¹	13	11
P J Volpe	14	14
I Kiers	14	14

¹Mr Tallarico resigned as Director on 31 May 2025.

Principal Activities

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

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

Review of activities

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

Corporate activities

During the year the following significant corporate events occurred:

- On 23 July 2024, the Company successfully completed the initial public offer (IPO) and listed on the Australian Stock Exchange (ASX) at an issue price of \$0.20 per Share.
- On 7 February 2025, the Company completed a Bonus Options entitlement issue of 79,400,590 quoted options (AXS:AXLO) exercisable at \$0.20 expiring 7 February 2028. Directors received the following Bonus Options from their entitlements from the issue:
 - Paul Dickson: 190,000 Bonus Options
 - Pat Volpe: 31,200,001 Bonus Options
 - Ian Kiers: 794,445 Bonus Options
- During the reporting period 26,401,742 restricted shares were released from escrow

Financial position

At the end of the financial year the Group had \$8,714,211 (2024: \$9,806,647) in cash.

Operating result

The consolidated net loss after income tax for the financial year was \$3,216,791 (2024:\$ 2,262,516 loss).

Significant changes in the state of affairs

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

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Material business risks

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

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

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currently available to the Board. Should there be any material change in the political, economic, legal and social environments in Brazil, or South America generally, the Company may reassess investment decisions and commitments to assets in Brazil and the region.

No assurance can be given regarding future stability in Brazil or any other country in which the Company may, in the future, have an interest.

Applications

The Tenements are at various stages of application and grant. Specifically, eleven Tenements (ten Axel Tenements and one REE Tenement) are currently under application, including some with competing applications from third parties.

Specifically, a considerable proportion of exploration permit applications 830881/2023, 830883/2023 and 830885/2023 overlap existing exploration and mining claims, which may result in a reduction in the granted exploration permits. Further information is set out in Parts IV.1.10.3 to IV.1.10.5 of the Solicitor's Tenement Report for further information.

Exploration permit applications 832092/2023 and 832093/2023 were rejected by the ANM on the basis that these exploration permit applications completely overlapped third party tenements (including other exploration permits held by or exploration permit applications filed by Foxfire). In November 2023, Foxfire Metals applied for new exploration applications, 833341/2023 and 833340/2023, for the areas where the initial tenements were denied. There is a risk that these new exploration applications will not be granted.

There can be no assurance that any exploration permit applications will be granted or, if granted, will be granted in their entirety.

Other than exploration permit applications 833341/2023 and 833340/2023, the Company is unaware of any circumstances that would prevent the Tenements in application status from being granted, other than the competing applications. If any of the Tenements in application status are not granted or are only granted for part of the area applied for, the Company will lose the benefit of certain areas of those Tenements for its exploration activities.

Renewal of Tenure

Mining and exploration permits are subject to periodic renewal. The renewal of the term of granted tenements is subject to compliance with the applicable mining legislation and regulations, including relevant reporting requirements, and such renewal is at the discretion of the relevant mining authority. Additional conditions on the Tenements may be imposed following renewal. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

Generally, the holder of an exploration permit will have the ability to request a single renewal of the exploration permit which will be granted provided that the holder complies with the regulatory requirements (including submission of a report describing the exploration activities conducted and the technical justification for the continuation of exploration and payment of the required fee). The granted exploration permits have not yet been subject to any renewal requests. Accordingly, there is a risk that the granted exploration permits will not be renewed. Accordingly, the Company may, subject to compliance with the regulatory requirements, seek to apply for renewal of the exploration permits at the relevant time or lodge the necessary documentation to apply for conversion to a mining permit. There is a risk that the Company will not be able to comply with the relevant requirements to renew its tenure or convert the tenure into mining permits.

The Company considers the likelihood of tenure forfeiture to be low given the laws and regulations governing exploration in Brazil and the ongoing expenditure budgeted for by the Company. However, the consequence of forfeiture or involuntary surrender of a

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	granted Tenement for reasons beyond the control of the Company could be significant.
Grant of future authorisations to explore and mine	If the Company discovers an economically viable mineral deposit that it then intends to develop, it will, among other things, require various approvals, licences and permits before it will be able to mine the deposit. There is no guarantee that the Company will be able to obtain all required approvals, licenses and permits. To the extent that required authorisations are not obtained or are delayed, the Company's operational and financial performance may be materially adversely affected.
Future funding requirements and the ability to access debt and equity markets	<p>The Directors consider the Company's cash position at the time of this report is sufficient to meet the exploration and evaluation objectives of the Company over the two years following Admission. Additional funding may be required in the event exploration costs exceed the Company's estimates, to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur.</p> <p>In addition, should the Company consider that its exploration results justify commencement of production on any of its Projects, additional funding will be required to implement the Company's development plans, the quantum of which remains unknown at the date of this Prospectus.</p> <p>The Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means.</p> <p>Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Company's Tenements or even loss of a Tenement interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.</p>
Currency volatility	The majority of the Company's business operations are, or will be, conducted in currencies other than the Australian dollar, primarily the Brazilian real. Additionally, most of the supplies and inputs for the Company's projects are priced in currencies other than the Australian dollar. Consequently, fluctuations in these foreign currencies relative to the Australian dollar could significantly impact the Company's financial results, which are denominated and reported in Australian dollars. The Company may occasionally implement hedging strategies to mitigate the risk of losses if the Australian dollar depreciates against foreign currencies. However, if the Company fails to effectively manage these risks, or if the hedging arrangements do not fully protect against currency fluctuations, the Company's financial performance could be adversely affected.
Commodity prices	<p>Commodity prices are driven by both physical and investment demand, and fluctuations in these prices can significantly influence the Company's exploration and development activities. Should the Company achieve success in exploration that leads to mineral production, its revenue from commodity sales would expose the Company's potential income to risks associated with commodity prices and exchange rates.</p> <p>Commodity prices are inherently volatile and are affected by numerous factors outside the Company's control, including global demand, production costs in major commodity-producing regions, China's policies regarding its domestic rare earths industry, and the emergence of new technologies that may either create new demand or reduce demand for specific rare earth elements. Such fluctuations in commodity prices could impact the Company's project development, plans, and activities, including its capacity to finance these endeavors. The Company cannot guarantee the prices it will achieve for any mineral commodities it produces. A significant decline in</p>

commodity prices or an increase in transport or distribution costs could have a materially adverse effect on the Company and the value of its shares.

Interests in securities

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

	Number of ordinary shares*	Number of options over ordinary shares*	Number of performance share rights*
Mr Paul Dickson	380,000	190,000	2,050,000
Dr Fernando Tallarico	-	-	-
Mr Pat Volpe	62,400,001	33,200,001	-
Mr Ian Kiers	1,588,888	794,445	2,050,000

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

Shares under option

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

	Exercise price	Grant date	Expiry date	Number of shares under option
Options (ex. \$0.30)	\$0.30	17 April 2024	17 April 2027	1,750,000
Options (ex. \$0.37)	\$0.37	17 April 2024	17 April 2027	1,750,000
Advisor options (ex. \$0.30)*	\$0.30	17 July 2024	17 July 2027	5,000,000
Advisor options (ex. \$0.37)*	\$0.37	17 July 2024	23 July 2027	5,000,000
AXLO Listed Options (ex. \$0.20)	\$0.20	7 February 2025	7 February 2028	102,400,590

During the financial year:

- 102,400,590 AXLO listed options were issued pursuant to a pro rata entitlement options offer completed on 7 February 2025
- 5,000,000 free unlisted options were issued to advisors exercisable at \$0.37 and expiring 3 years from the date of the Company being admitted to the Official List; and
- 5,000,000 free unlisted options were issued to advisors exercisable at \$0.30 and expiring 3 years from the date of issue.

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

Dividends

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year (2024: nil).

Events occurring after balance sheet date

On 18 July 2025, Axel REE Limited completed a dual listing and started trading on the Frankfurt Stock Exchange (FSE) under the ticker code FSE.HN8.

There have been no other subsequent events that require adjustment to, or disclosure in, the Financial Statements of the Group for the year ended 30 June 2025.

Indemnification and insurance of officers

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

Indemnification and insurance of auditor

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

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

Non-audit services

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

The directors are of the opinion that the services as disclosed in note 20 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

Likely developments and expected results of operations

The Company expects to maintain exploration programs at its 100% owned critical metals projects in Brazil with the objective of identifying and developing commercial resources.

Environmental regulation

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

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

Corporate Governance

The Company and its Board supports the intent of the ASX Corporate Governance Council's Principles and Recommendations (4th Edition). Details of the Company's corporate governance practices adopted by the Company can be found in the 2025 Corporate Governance Statement and Policies available on our website at www.axelreelimited.com.au

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.

Officers of the company who are former partners of PKF Perth

There are no officers of the company who are former partners of PKF Perth.

Auditor's independence declaration

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

Auditor

PKF Perth continues in office in accordance with section 327 of the Corporations Act 2001.

Remuneration Report

Remuneration paid to Directors and Officers of the Company is set by reference to such payments made by other ASX listed companies of a similar size and operating in the mineral exploration industry. In addition, reference is made to the financial position of the Company and the specific skills and experience of the Directors and Officers.

Details of the nature and amount of remuneration of each Director, and other Key Management Personnel if applicable, are disclosed annually in the Company's Annual Report.

1. Key Management Personnel

Axel's KMP consists of the Board and Executives who have authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly. The table below lists the Group's KMP for 2025.

Name	Position	Term as KMP
Non-Executive Directors		
Paul Dickson	Independent, Non-Executive Chair	Full year 2025
Pat Volpe	Not Independent, Non-Executive Director	Full year 2025
Ian Kiers	Independent, Non-Executive Director	Full year 2025
Executive Director		
Fernando Tallarico	Managing Director	Part Year – resigned 31 May 2025
Other KMP		
Patrick Volpe	Company Secretary	Full year 2025

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

The remuneration strategy at Axel REE is designed to align the Group's key goals with both shareholder interests and the broader business objectives, focusing on critical performance areas that impact the Group's financial outcomes. The Axel REE Board considers this remuneration strategy to be well-suited to its purpose.

Periodically, the Board may authorize incentives, bonuses, and options for executives. The remuneration strategy is structured to attract top-tier executives and compensate them for performance that drives long-term shareholder value. The expenses associated with remuneration are calculated at their cost to the Group. The Board is responsible for determining and overseeing the remuneration of the Managing Director.

For non-executive directors, the Board's policy is to offer compensation at market-competitive rates, reflective of their time, commitment, and responsibilities. When necessary, independent external advice may be sought. The maximum total fees payable to non-executive directors must receive shareholder approval at the Annual General Meeting, with the current cap set at \$500,000.

2.1 Remuneration Committee

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

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

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

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

2.2 Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive Director and executive remuneration in principal is separate and distinct. Non-executive directors may receive performance-linked securities. During the reporting period, Performance Rights were issued on the same terms and performance hurdles as those granted to the Managing Director, as detailed in Section 5 of this Remuneration Report. This is a defined exception to the Company's standard policy.

2.3 Non-Executive Director Remuneration

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

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

2.4 Executive Remuneration

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

(a) Fixed Remuneration

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

(b) Variable Remuneration

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

2.5 Remuneration Plans

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

The Board, acting in remuneration matters:

- (a) Ensures that incentive plans are designed around appropriate and realistic performance targets and provide rewards when those targets are achieved;
- (b) Reviews and approves existing incentive plans established for employees; and
- (c) Approves the administration of the incentive plans, including receiving recommendations for, and the consideration and approval of grants pursuant to such incentive plans.

2.6 Use of Remuneration Consultants

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

3. Executive Employment Agreements

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

Role	Contract term	Notice period by Executive	Notice period by Company	Termination benefits
Fernando Tallarico - Managing Director (resigned 31 May 2025)	24 months	Immediate subject to unrectified breach of contract	Immediate subject to unrectified breach of contract	No termination benefits

4. Non-Executive Director Remuneration Agreements

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

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

Board fees	FY25 fees
Chair (Paul Dickson)	102,000 (including superannuation)
Non-Executive Directors (Pat Volpe, Ian Kiers)	88,800 (excluding GST)

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

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

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5. Details of Remuneration

The table below provides the statutory remuneration disclosures for KMP in FY25. Amounts are prepared in accordance with Australian Accounting Standards.

Role	Contract term	Fees (accrued for period)	Fees (paid in cash) \$	Professional fees (Accrued for period) \$	Professional fees (paid in cash) \$	Cash Bonus \$	Non-monetary \$	Superannuation \$	Performance Rights \$	Options \$	Total \$
Non-Executive Directors											
Paul Dickson	FY25	-	90,000	-	-	50,000	-	12,017	118,758	-	270,775
Pat Volpe	FY25	-	88,800	-	-	100,000	-	-	-	-	188,800
Ian Kiers	FY25	-	88,800	-	-	-	-	-	118,758	-	207,558
Executive Director											
Fernando Tallarico ¹	FY25	-	27,665	-	339,180	-	-	-	50,373	-	417,218
Other KMP											
Patrick Volpe ²	FY25	-	122,000	-	-	70,000	-	-	-	-	192,000
Total KMP	FY25	-	417,265	-	339,180	220,000	-	12,017	287,889	-	1,276,351

¹ Fernando Tallarico (resigned 31 May 2025) provided monthly geological consulting services to the Company pursuant to a services agreement with Cosenza Consultoria em Mineração Ltda for a monthly services fee of \$28,515 per month, and directors fee of \$2,515 per month.

² Patrick Volpe provides Company Secretarial and financial controller services to the Company via Archikan Holdings Pty Ltd <JAP A/C>, an entity which Patrick is a beneficial owner, for a monthly services fee of \$15,000 per month (excluding GST).

Remuneration Report (Continued)

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

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

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

² Patrick Volpe provides Company Secretarial and financial controller services to the Company via Archikan Holdings Pty Ltd <JAP A/C> , and entity which Patrick is a beneficial owner.

6. Share-Based Remuneration

(a) Issue of Shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2025.

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

There were no options issued to directors and other key management personnel as part of compensation during the year ended 30 June 2025.

(c) Performance Rights

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

Class	Name	Performance Rights awarded during the year ¹	Grant date	Fair value per right at grant date	Vesting Conditions	Expiry date	Rights vested during the year	Rights lapsed during the year ¹
Class A	Paul Dickson	250,000	17/04/2024	\$0.20	The satisfaction of each of the following: a. receipt of conditional listing approval from ASX, on terms satisfactory to the Company; and b. the holder remaining a director of the Company for a period of 12 months post-Listing.	17/04/2027	-	-
	Fernando Tallarico	250,000	17/04/2024	\$0.20		17/04/2027	-	(250,000)
	Ian Kiers	250,000	17/04/2024	\$0.20		17/04/2027	-	-
Class B	Paul Dickson	500,000	17/04/2024	\$0.147	The satisfaction of each of the following: a. the Company's 20-day volume weighted average share price (calculated across 20 consecutive trading days on which the Company's shares actually traded) (20-day VWAP) reaching 100% higher than the Offer price; and b. the holder remaining a director of the Company for a period of 24 months post-Listing.	17/04/2027	-	-
	Fernando Tallarico	500,000	17/04/2024	\$0.147		17/04/2027	-	(250,000)
	Ian Kiers	500,000	17/04/2024	\$0.147		17/04/2027	-	-
Class C	Paul Dickson	500,000	17/04/2024	\$0.108	The satisfaction of each of the following: a. the Company's 20-day VWAP reaching 250% higher than the Offer share price; and	17/04/2027	-	-
	Fernando Tallarico	500,000	17/04/2024	\$0.108		17/04/2027	-	(250,000)

Remuneration Report (Continued)

Class	Name	Performance Rights awarded during the year ¹	Grant date	Fair value per right at grant date	Vesting Conditions	Expiry date	Rights vested during the year	Rights lapsed during the year ¹
	Ian Kiers	500,000	17/04/2024	\$0.108	b. the holder remaining a director of the Company for a period of 24 months post-Listing.	17/04/2027	-	-
Class D	Paul Dickson	300,000	17/04/2024	\$0.04	On the Company completing 20,000m of auger drilling on a project area prospective for REE, of which drill holes return at least 1,000 metres of cumulative intersections with an average grade of 1,200ppm TREO (as verified by a Competent Person)	17/04/2027	-	-
	Fernando Tallarico	300,000	17/04/2024	\$0.04		17/04/2027	-	(250,000)
	Ian Kiers	300,000	17/04/2024	\$0.04		17/04/2027	-	-
Class E	Paul Dickson	500,000	17/04/2024	\$0.04		On the Company announcing to ASX a 10Mt Inferred Resource at a minimum grade of 1,000ppm TREO for a REE Project (as verified by a Competent Person)	17/04/2027	-
	Fernando Tallarico	500,000	17/04/2024	\$0.04		17/04/2027	-	(250,000)
	Ian Kiers	500,000	17/04/2024	\$0.04		17/04/2027	-	-

¹ 2,050,000 Performance Rights issued to Fernando Tallarico lapsed following his resignation as Director on 31 May 2025.

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above.

Key Management Personnel	Fixed Remuneration		Variable Remuneration		At Risk – STI (%)		At Risk – LTI (%)	
	2025	2024	2025	2024	2025	2024	2025	2024
Paul Dickson	38%	60%	-	-	18%	-	44%	40%
Pat Volpe	47%	36%	-	-	53%	-	-	64%
Ian Kiers	64%	69%	-	-	-	-	36%	31%
Fernando Tallarico	77%	84%	-	-	-	-	23%	16%
Patrick Volpe	64%	46%	-	-	36%	-	-	64%

This concludes the remuneration report, which has been audited.

Directors' Report

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

On behalf of the Directors.



Paul Dickson

Chairman

Melbourne

Dated this 30th day of September 2025

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AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF AXEL REE LIMITED

In relation to our audit of the financial report of Axel REE Limited for the year ended 30 June 2025, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Perth

PKF PERTH

Simon Fermanis

SIMON FERMANIS
PARTNER

30 September 2025
PERTH, WESTERN AUSTRALIA

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Revenue and other income			
Interest income		424,168	9,172
		424,168	9,172
Administration expenses		(580,202)	(172,819)
Travel, marketing and investor relations expenses		(256,014)	(51,975)
Employee benefits expense		(458,157)	(280,542)
Exploration and evaluation expenses	3(a)	(1,686,019)	(937,684)
Interest expenses	3(b)	-	(24,066)
Corporate expenses		(242,000)	(178,106)
Depreciation of plant and equipment		(17,310)	-
Compliance costs		(113,368)	(284,535)
Share based payments expenses	3(c)	(287,889)	(341,961)
Operating loss before tax		(3,216,791)	(2,262,516)
Income tax expense		-	-
Loss for the period		(3,216,791)	(2,262,516)
Other comprehensive income/(loss)			
Exchange differences on translation of foreign operations	12(c)	(21,529)	(2,336)
Comprehensive loss for the period		(3,238,320)	(2,264,852)
Earnings per share for loss attributable to the ordinary equity holders of the Group			
	Note	Cents	Cents
Basic earnings per share	19	(1.89)	(3.0)
Diluted earnings per share	19	(1.89)	(3.0)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2025

	Note	2025 \$	2024 \$
CURRENT ASSETS			
Cash and cash equivalents	4	8,714,211	9,806,647
Trade and other receivables	5	203,179	32,587
Other assets	7	386,566	-
TOTAL CURRENT ASSETS		9,303,956	9,839,234
NON-CURRENT ASSETS			
Property, plant and equipment	6	139,903	-
Other assets	7	14,762	184,245
TOTAL NON-CURRENT ASSETS		154,665	184,245
TOTAL ASSETS		9,458,621	10,023,479
CURRENT LIABILITIES			
Trade, other payables and accruals	8	219,765	601,402
Funds received in advance of IPO	9	-	9,669,000
Provisions for employee benefits		10,416	
TOTAL CURRENT LIABILITIES		230,181	10,270,402
TOTAL LIABILITIES		230,181	10,270,402
NET ASSETS		9,228,440	(246,923)
EQUITY			
Issued Capital	11	13,293,762	1,692,968
Reserves	12	1,430,985	339,625
Accumulated losses		(5,496,307)	(2,279,516)
TOTAL EQUITY		9,228,440	(246,923)

The accompanying notes form part of these financial statements.

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Consolidated Statement of Changes in Equity

For the year ended 30 June 2025

2025	Share capital \$	Share based payment reserve \$	Foreign Exchange Translation Reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2024	1,692,968	341,961	(2,336)	(2,279,516)	(246,923)
Comprehensive income:					
- Loss for the year	-	-	-	(3,216,791)	(3,216,791)
- Foreign currency translation difference	-	-	(21,529)	-	(21,529)
Total comprehensive loss for the year	-	-	(21,529)	(3,216,791)	(3,238,320)
Transactions with owners in their capacity as owners:					
- Issue of equity securities	13,283,775	-	-	-	13,283,775
- Share issue costs	(1,682,981)	-	-	-	(1,682,981)
- Share based payments	-	1,112,889	-	-	1,112,889
Total transactions with owners	11,600,794	1,112,889	-	-	12,713,683
Balance at 30 June 2025	13,293,762	1,454,850	(23,865)	(5,496,307)	9,228,440

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

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2025

	Note	2025 \$	2024 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,826,914)	(551,281)
Payments for exploration and evaluation expenditure		(2,072,585)	(65,194)
Finance costs paid		-	(24,066)
Interest received		259,011	9,172
Net cash used in operating activities	18(b)	(3,640,488)	(631,369)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for acquisition of tenements		-	(319,169)
Payments for property, plant and equipment		(157,213)	-
Net cash used in investing activities		(157,213)	(319,169)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		3,614,776	1,280,000
Funds received in advance of IPO		-	9,669,000
Payments for share issue costs		(887,982)	(191,470)
Net cash provided by financing activities		2,726,794	10,757,530
Net increase/(decrease) in cash held		(1,070,907)	9,806,992
Cash and cash equivalents at beginning of year		9,806,647	1
Effects of exchange rate fluctuations on cash and cash equivalents		(21,529)	(346)
Cash and cash equivalents at end of year	18(a)	8,714,211	9,806,647

The accompanying notes form part of these financial statements.

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Notes to the financial statements

For the financial year ended 30 June 2025

1. General Information

The consolidated financial statements of the Group, being Axel REE Limited (**the Company** or **Parent**) and its subsidiaries (collectively, **the Group**), for the year ended 30 June 2025 were authorised for issue in accordance with a resolution of the directors on 29 September 2025.

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

The nature of the operations and principal activities of the Group are described in the directors' report. Information on the Group's structure and other related party relationships is provided in Note 16(b).

2. Statement of material accounting policy information

(a) Basis of preparation

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

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

(b) Statement of compliance

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

(c) Adoption of new and revised Accounting Standards

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

New standards and interpretations not yet adopted

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

Reporting basis and conventions

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

Critical accounting estimates

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

(d) Basis of consolidation

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

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Information regarding subsidiaries is disclosed in Note 16(a).

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

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

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

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

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

(e) Going concern

The financial report has been prepared on a going concern basis. In arriving at this position, the directors have had regard to the fact that the Company has, or in the directors' opinion will have access to, sufficient cash to fund exploration and other committed expenditure for a period of not less than 12 months from the date of this report.

The Group incurred a loss for the period of \$3,216,791 (2024: \$2,262,516) and net operating cash outflow of \$3,640,488 (2024: \$631,369). As at 30 June 2025, the Group's cash and cash equivalents decreased to \$8,714,211 (2024: \$9,806,647) and had a working capital surplus of \$9,073,775 (2024: deficit \$246,923).

The directors have prepared a cash flow forecast, which indicates that the Consolidated Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this report.

(f) Segment reporting

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

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

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

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

(g) Exploration and evaluation expenditure

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

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

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely, which may be based on

assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. Exploration and evaluation costs, including the costs of acquiring licences, are expensed as incurred.

(h) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

Translation of group entities’ financial statements

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

- (i) Assets and liabilities are translated at the closing rates at the date of the Statement of Financial Position.
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

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

(i) Share based payment transactions

Equity-settled share-based payments are measured at the fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Profit and Loss and Other Comprehensive Income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

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

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

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Notes to the financial statements
(Continued)

(j) Fair value of Assets and Liabilities

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

3. Expenses

	2025 \$	2024 \$
(a) Exploration and evaluation expense comprise:		
Costs to acquire mineral exploration tenements	-	872,490
Operational exploration expenses	1,686,019	65,194
Total exploration and evaluation expense	1,686,019	937,684
(b) Interest expense comprises:		
Interest on convertible notes	-	24,066
Total interest expense	-	24,066
(c) Share based payments expense comprise:		
Options issued to director and KMP	-	278,250
Performance rights issued to Directors	287,889	63,711
Total share based payments expense	287,889	341,961

4. Cash and cash equivalents

	2025 \$	2024 \$
Cash at bank	8,714,211	137,647
Cash received in advance of IPO ¹	-	9,669,000
Total cash and cash equivalents	8,714,211	9,806,647

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

5. Trade and other receivables

	2025 \$	2024 \$
GST receivable	38,022	18,435
Interest on term deposits not matured	165,157	-
Other receivables	-	14,152
Total trade and other receivables	203,179	32,587

Notes to the financial statements
(Continued)

6. Property, plant and equipment

	Machines and equipment \$	Vehicles \$	Computers \$	Total \$
Opening balance – 30 June 2024	-	-	-	-
Additions	94,928	55,702	6,583	157,213
Disposals	-	-	-	-
Depreciation expense	(9,608)	(6,357)	(1,345)	(17,310)
Total property, plant and equipment at 30 June 2025	85,320	49,345	5,238	139,903

7. Other current and non-current assets

	2025 \$	2024 \$
Prepayments – exploration (current)	386,566	-
Related party receivable (non-current)	14,762	184,245

In 2024 financial year pursuant to the asset sale agreement, the Company and Foxfire Metals agreed that 7,004,206 of the Convertible Note conversion shares would be applied to satisfy the Consideration of \$420,192 for the acquisition of the Projects, and Foxfire Metals shall be indebted to the Company in the amount of up to \$184,245. During the year ended 30 June 2025, the amount was offset against Foxfire Metals payables.

During the 2024 financial year, the Company incurred exploration costs of \$14,762 on behalf of Foxfire Lithium Ltda, an entity related to Director Pat Volpe.

8. Trade and other payables

Trade payables are unsecured and are usually paid within 30 days of recognition. Where trade payables are settled via electronic cash transfer, they are derecognised when the group has no ability to withdraw, stop or cancel the payment, has lost the practical ability to access the cash as a result of the electronic payment instruction, and the risk of a settlement not occurring is insignificant. The carrying amounts of trade and other payables are considered to be reasonable approximations of their fair values, due to their short-term nature.

	2025 \$	2024 \$
Foxfire Metals Pty Ltd ¹	-	133,129
Accrued expenses	71,085	166,745
Other trade payables	148,680	301,528
Total trade and other payables	219,765	601,402

¹832,059 Consideration Shares were agreed to be issued to Foxfire Metals Pty Ltd (**Foxfire Metals**) six months after Admission at an issue price of \$0.16 per Share. During the reporting period, the Company and Foxfire Metals agreed to offset the value of the Consideration Shares (\$133,129) against amounts owed by Foxfire Metals to the Company, in lieu of issuing the Consideration Shares.

9. Share subscriptions held in trust

	2025 \$	2024 \$
Initial public offer share subscriptions held in trust ¹	-	9,669,000
Total share subscriptions held in trust	-	9,669,000

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

10. Income tax

(a) The components of income tax expense comprise	2025 \$	2024 \$
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	2025 \$	2024 \$
Loss before income tax from continuing operations	3,216,791	2,262,516
Tax at the Australian tax rate of 30% (2024:25%)	965,037	565,629
Tax effect of:		
Tax rates in other jurisdictions	245,472	-
Non-deductible share based payments expenses	86,367	85,490
Other non-deductible expenses	58,227	(74,511)
Transfer to/(utilisation of) tax losses available not brought to account	580,858	576,608
Total income tax benefit/(expense)	-	-

(c) Deferred tax asset/liabilities comprise	2025 \$	2024 \$
Deferred tax assets	1,155,829	580,858
Deferred tax assets not recognised	(1,155,829)	(580,858)
	-	-

The Group applied a 30% corporate tax rate in 2025 (2024: 25%) because it did not qualify as a base rate entity during the reporting period.

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.

11. Issued Capital

	2025 Shares	2025 \$	2024 Shares	2024 \$
Ordinary Shares fully paid	174,454,487	13,293,762	108,035,612	1,692,968

Movements in ordinary share capital

2024				
Ordinary shares fully paid	Date	\$ per share	No.	\$
Opening balance	1-Jul-23	-	1	1
Issue of shares	9-Oct-23	\$Nil	89,961,666	398,433
Issue of shares	19-Nov-24	\$0.06	9,873,945	592,437
Issue of shares	18-Jan-24	\$0.16	8,000,000	1,280,000
Issue of shares	21-Mar-24	\$0.06	200,000	12,000
Share issue costs	-	-	-	(191,470)
Closing balance	30-Jun-24		108,035,612	1,692,968

2025				
Ordinary shares fully paid	Date	\$ per share	No.	\$
Opening balance	30-Jun-24		108,035,612	1,692,968
Issue of shares	15-Jul-24	\$0.20 ⁽¹⁾	66,418,875	13,283,775
Share issue costs			-	(1,682,981)
Closing balance	30-Jun-25		174,454,487	13,293,762

(1) On 15 July 2024, the Company issued 66,418,875 shares at \$0.20 pursuant to the Company's Initial Public Offer.

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. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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.

12. Reserves

	2025 \$	2024 \$
Share options reserve	1,103,250	278,250
Share rights reserve	351,600	63,711
Foreign currency translation reserve	(23,865)	(2,336)
	1,430,985	339,625

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(a) Share options reserve

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

During the 2025 and 2024 financial years movements in the share options reserve were:

Movements in unlisted share options	Unlisted Options ex. \$0.30 expiring 17 April 2027 No.	Unlisted Options ex. \$0.37 expiring 17 April 2027 No.	Unlisted Options ex. \$0.37 expiring 17 July 2027 No.	Unlisted Options ex. \$0.30 expiring 23 July 2027 No.	AXLO Options ex. \$0.20 expiring 7 February 2028 No.
Number of options granted at 1 July 2023	-	-	-	-	-
Options issued to Director and KMP	1,750,000 ¹	1,750,000 ¹	-	-	-
Number of options on issue at 30 June 2024	1,750,000	1,750,000	-	-	-
Number of options granted at 1 July 2024	1,750,000	1,750,000	-	-	-
Pro rata entitlement offer options issued	-	-	-	-	79,400,590 ²
Options issued to Corporate Advisors	-	-	5,000,000 ⁴	5,000,000 ⁵	23,000,000 ³
Number of options on issue at 30 June 2025	1,750,000	1,750,000	5,000,000	5,000,000	102,400,590

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

² On 7 February 2025, the Company completed a Bonus Options entitlement issue of 79,400,590 quoted options (ASX:AXLO) exercisable at \$0.20 expiring 7 February 2028.

³ 23,000,000 AXLO listed options were issued during the reporting period for the provision of corporate advisory and investor relations services. In accordance with AASB 2, the options were measured at the fair value of services received.

⁴ 5,000,000 free unlisted options were issued to advisors exercisable at \$0.37 and expiring 3 years from the date of the Company being admitted to the Official List (**Class C Options**).

⁵ 5,000,000 free unlisted options were issued to advisors exercisable at \$0.30 and expiring 3 years from the date of issue (**Class D Options**).

The weighted average exercise price of options on issue at 30 June 2025 was \$0.22 (2024: \$Nil).

The weighted average remaining contractual life of options on issue at 30 June 2025 was 2.66 years (2024: 2.79 years).

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

	Class A Options	Class B Options	Class C Options	Class D Options
Number of Options	1,750,000	1,750,000	5,000,000	5,000,000
Underlying share price	\$0.20	\$0.20	\$0.20	\$0.20
Exercise price	\$0.30	\$0.37	\$0.37	\$0.30
Expected volatility	100%	100%	100%	100%
Life of Options (years)	3	3	3	3
Expected dividend	Nil	Nil	Nil	Nil
Early exercise multiple	2.0	2.0	2.0	2.0
Risk free rate	3.7%	3.7%	3.7%	3.7%
Fair Value per Option	\$0.082	\$0.077	\$0.077	\$0.082

Movements in options	2025	2024
	\$	\$
Balance at beginning of year	278,250	-
Options granted to advisors as a part of IPO capital raising fees	795,000	-
Listed options granted during the period	30,000	-
Options granted to director and officer	-	278,250
Balance at end of period	1,103,250	278,250

(b) Share rights reserve

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

During the 2025 and 2024 financial years movements in the share rights reserve were:

Movements in performance rights	No.
Number of performance rights granted at 1 July 2023	-
Performance rights issued to Directors	6,150,000
Number of performance rights on issue at 30 June 2024	-
Number of performance rights granted at 1 July 2024	-
Performance rights lapsed during the period ¹	(2,050,000)
Number of performance rights on issue at 30 June 2025	4,100,000

¹ 2,050,000 Performance Rights held by Dr Fernando Tallarico lapsed following his resignation as director of the Company on 31 May 2025.

Movements in performance rights	2025	2024
	\$	\$
Balance at beginning of year	63,711	-
Amortisation of the performance rights	347,027	-
Lapse of Dr Fernando Tallarico performance rights	(59,138)	63,711
Balance at end of period	351,600	63,711

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

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

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

- (a) Class A Performance Rights were deemed a fair value of the IPO price (\$0.20) following an assessment of the likelihood of success.
- (b) Class D and Class E Performance Rights were each deemed a fair value of \$0.04 based on the achievability of the performance milestones being contingent on exploration activities post successful listing.

The Performance Rights milestones are set out below.

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

(c) Foreign exchange translation reserve

The foreign exchange translation reserve records exchange differences arising on translation of foreign subsidiaries. Movements in the foreign exchange translation reserve during the 2025 and 2024 financial years were:

	2025 \$	2024 \$
Balance at beginning of year	(2,336)	-
Movement during the period	(21,529)	(2,336)
Balance at end of period	(23,865)	(2,336)

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13. Capital Management

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

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

14. Commitments for expenditures

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

	2025 \$	2024 \$
Less than one year	84,105	129,829
Greater than one year and less than five years	100,512	129,829
	184,617	259,658

15. Contingent assets and liabilities

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

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

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

16. Related Parties

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

(a) Subsidiaries

	Country of incorporation	Equity holding (%)	
		2025	2024
Axel REE Ltda	Brazil	100%	100%

(b) Ultimate parent

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

During the period Axel REE Limited transferred AUD2,035,000 to Axel REE LTDA (100%-owned subsidiary) pursuant to Board-approved cash calls to fund exploration and operating expenses. The transfers were recorded as contributions to social capital in Axel REE Ltda, with no interest or fixed repayments.

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(c) Key management personnel

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

	2025 \$	2024 \$
Short-term employment benefits ¹	637,265	345,590
Consulting fees ²	339,180	74,924
Share-based payments ³	287,889	341,961
Post-employment benefits	12,017	26,953
Total compensation	1,276,351	789,428

¹Short-term employment benefits comprises directors' fees/salaries for the reporting period, as well as company Secretary/ Financial Controller fees (Patrick A Volpe).

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

³Refer Note 3 and Note 12 for share-based payments provided to directors.

(d) Other transactions with related parties

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

- During the period, 832,059 Consideration Shares that were agreed to be issued to Foxfire Metals Pty Ltd (**Foxfire Metals**) six months after Admission at an issue price of \$0.16 per Share. On 31 December 2024, the Company and Foxfire Metals agreed to offset the value of the Consideration Shares (\$133,129) against amounts owed by Foxfire Metals to the Company, in lieu of issuing the Consideration Shares. Patrick John Volpe is a director and substantial shareholder of Foxfire Metals.
- On 28 May 2025, the Company also agreed to offset an amount receivable from Foxfire Metals of \$51,156 against an amount payable to Foxfire Metals.

(ii) Royalty Agreements

- In accordance with the asset sale agreement executed on 6 February 2024, Pat Volpe and Carlos Teles carlos are entitled to receive royalty revenues over all of the present and future tenements held by the Company or its wholly owned subsidiaries. Refer to Note 15 - Contingent Assets and Liabilities for further information on the asset sale agreement and royalty terms.

Financial risk management objectives

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

Market risk
Foreign currency risk

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

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

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30 June 2025	Profit or loss		Equity	
	+10% A\$	-10% A\$	+10% A\$	-10% A\$
BRL	(40,161)	40,161	(163,648)	163,648

30 June 2024	Profit or loss		Equity	
	+10% A\$	-10% A\$	+10% A\$	-10% A\$
BRL	(40,795)	38,795	(2,283)	2,283

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group's principal financial instruments comprise cash. The main purpose of these financial instruments is to fund expenditure on the Group's operations.

At reporting date the Company had the following financial assets exposed to interest rate risk:

	2025 \$	2024 \$
Cash	8,714,211	9,806,647

The weighted average interest rate of cash is 4.87% (2024: 0.72%).

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. At 30 June 2025, the Group had sufficient liquid assets to meet its financial obligations.

The Group manages this risk through the following mechanisms:

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

Remaining contractual maturities

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

30 June 2025	<1 year \$	1-5 years \$	>5 years \$	Total contractual cash flows \$	Carrying amount of liabilities \$
Trade, other payables and accruals	219,765	-	-	219,765	219,765
	219,765	-	-	219,765	219,765

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

Credit Risk

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

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

Fair value of financial instruments

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

Sensitivity analysis

The following table summarise the sensitivity of the Group's financial assets to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post-tax profit/(loss) and equity would have been affected as shown. The analysis has been performed on the same basis for 2025 and 2024. None of the Group's financial liabilities are interest bearing.

Financial assets	Carrying Amount \$	Interest rate risk (-1%)		Interest rate risk (1%)	
		Net profit \$	Equity \$	Net profit \$	Equity \$
30 June 2025 –					
Cash	8,714,211	(87,142)	(87,142)	87,142	87,142
30 June 2024 –					
Cash	9,806,647	(98,066)	(98,066)	98,066	98,066

17. Operating segments

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

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Notes to the financial statements
(Continued)

Operating segment information

30 June 2025	Australia A\$	Brazil A\$	Total A\$
Segment income	423,983	185	424,168
Other expenses	(2,004,293)	(1,636,666)	(3,640,959)
Loss before income tax expense	(1,580,310)	(1,636,481)	(3,216,791)
Income tax expense	-	-	-
Loss after income tax expense	(1,580,310)	(1,636,481)	(3,216,791)
Assets			
Segment assets	8,957,432	501,189	9,458,621
Total Assets	8,957,432	501,189	9,458,621
Liabilities			
Segment liabilities	131,174	99,007	230,181
Total Liabilities	131,174	99,007	230,181
30 June 2024			
	Australia A\$	Brazil A\$	Total A\$
Segment income	9,170	2	9,172
Other expenses	(1,374,388)	(897,300)	(2,271,688)
Loss before income tax expense	(1,365,218)	(897,298)	(2,262,516)
Income tax expense	-	-	-
Loss after income tax expense	(1,365,218)	(897,298)	(2,262,516)
Assets			
Segment assets	9,999,859	23,620	10,023,479
Total Assets	9,999,859	23,620	10,023,479
Liabilities			
Segment liabilities	10,269,638	764	10,270,402
Total Liabilities	10,269,638	764	10,270,402

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Notes to the financial statements
(Continued)

Cash flow information

	2025 \$	2024 \$
(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	8,714,211	9,806,647
(b) Reconciliation of cash flow from operations with loss after income tax		
Profit/(loss) before income tax expense	(3,216,791)	(2,262,516)
Non-cash flows in loss from ordinary activities		
Depreciation	17,310	-
Accruals	-	299,538
Non-cash share based payments expense	317,889	341,961
Changes in operating assets and liabilities		
(increase)/decrease in receivables and other assets	(520,804)	(31,387)
Increase/(decrease) in payables	(238,092)	1,021,035
Net cash (outflow)/inflow from operating activities	(3,640,488)	(631,369)

Non-cash financing and investing activities

During the year, the Group settled payables to Foxfire Metals Pty Ltd (**Foxfire Metals**) of \$184,245 by offsetting it against receivables of \$184,245 due from Foxfire Metals. As this transaction did not give rise to cash flows, it is excluded from the statement of cash flows.

18. Earnings per share

	2025 \$	2024 \$
Loss after income tax benefit attributable to the Group	(3,216,791)	(2,262,516)
	2025 \$	2024 \$
Weighted average number of ordinary shares outstanding during the year used in calculation of Basic EPS	170,451,158	74,320,775
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	170,451,158	74,320,775

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

	2025 \$	2024 \$
Basic earning per share (cents)	(1.89)	(3.00)
Diluted earnings per share (cents)	(1.89)	(3.00)

19. Remuneration of Auditors

	2025 \$	2024 \$
Audit services	42,500	25,000
Non-audit services – PKF Corporate	-	52,800

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

20. Parent entity disclosures

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

	2025 \$	2024 \$
Results		
(Loss)/profit for the year	(1,580,310)	(1,365,218)
Other comprehensive loss	-	-
Total comprehensive (loss)/profit for the year	(1,580,310)	(1,365,218)
Financial Position		
Current assets	8,905,230	9,815,614
Non-current assets	52,202	184,245
	8,957,432	9,999,859
Current Liabilities	131,174	10,269,638
Non-current liabilities	-	-
	131,174	10,269,638
Net assets	8,826,258	(269,779)
	2025 \$	2024 \$
Issued capital	10,333,936	770,478
Share based payments reserve	1,454,850	341,961
Accumulated losses	(2,962,528)	(1,382,218)
	(8,826,258)	(269,779)

21. Events subsequent to the reporting date

On 18 July 2025, Axel REE Limited completed a dual listing and started trading on the Frankfurt Stock Exchange (FSE) under the ticker code FSE.HN8.

There have been no other subsequent events that required adjustment to or disclosure in the or the Financial Statements of the Group for the year ended 30 June 2025.

Consolidated Entity Disclosure Statement

As at 30 June 2025

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

Basis of preparation

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

Key assumptions and judgements

Determination of tax residency

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

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

Australian tax residency

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

Foreign tax residency

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

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Directors' Declaration

In the opinion of the Directors:

- the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of Group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date; and
 - complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- the financial statements and notes also comply with International Financial Reporting Standards; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* and as recommended under ASX Corporate Governance Council's Corporate Governance Principles for the financial year ended 30 June 2025.



Paul Dickson
Chairman
Melbourne,
30 September 2025

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AXEL REE LIMITED

Report on the Financial Report

Opinion

We have audited the financial report of Axel REE Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement, and the directors' declaration of the Company and the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

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

- i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2025 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

Independence

We are independent of the 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 (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matter

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial report of the current year. This matter was 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 this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

Valuation and recognition of share-based payments

Why significant

The Group has share-based payment arrangements in place, including listed and unlisted options as well as performance rights with both market and non-market vesting conditions. For the year ended 30 June 2025, the Group recognised share-based payment expenses of \$287,889 (30 June 2024: \$341,961). In addition, corporate expense of \$30,000 (30 June 2024: nil) was recognised in respect of listed options granted as consideration for services provided during the year. Share based payments for capital raising costs of \$795,000 (30 June 2024: nil) was recognised as part of IPO capital raising fees.

The accounting for these arrangements is complex and involves significant judgment in:

- Determining the grant date fair value of options and performance rights, including the selection of valuation models and key assumptions (e.g. share price volatility, risk-free rate, expected life).
- Assessing vesting conditions, including the treatment of awards subject to market and non-market performance conditions.
- Accounting for lapse of performance rights on resignation of a director.

Given the level of judgment required and the material impact of these arrangements on the financial statements, we considered this area to be a key audit matter.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Evaluating the Group’s accounting policies and assessing their compliance with AASB 2 Share-based Payment;
- Assessing management’s determination of grant dates and recognition of listed options issued as consideration for services provided;
- For performance rights, testing the amortisation schedules prepared by management, including assessing whether expense recognition was consistent with the vesting conditions, and testing the accounting treatment of performance rights that lapsed on the resignation of a director (reversal for non-market conditions, no reversal for market conditions); and
- Evaluating the adequacy of the disclosures in the financial statements relating to share-based payments.

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Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2025, 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, with the exception of the Remuneration Report.

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 Directors' for the Financial Report

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

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

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

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

In preparing the financial report, the Directors are responsible for assessing the 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 have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Axel REE Limited for the year ended 30 June 2025, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

PKF Perth

PKF PERTH

Simon Fermanis

SIMON FERMANIS
PARTNER

30 September 2025
PERTH, WESTERN AUSTRALIA

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Supplementary Information

The information set out below was applicable as at 25 September 2025.

Distribution of equity securities – ordinary shares

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

	No. of holders	No. of shares	Percentage
1 to 1,000	14	2,128	0.00%
1,001 to 5,000	19	72,845	0.04%
5,001 to 10,000	92	779,182	0.45%
10,001 to 100,000	269	13,551,309	7.77%
101,000 and over	232	160,049,023	91.74%
Total	626	174,454,487	100.00%
Unmarketable parcels	60	239,456	0.14%

Distribution of equity securities – Quoted Options (AXLO)

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

	No. of holders	No. of options	Percentage
1 to 1,000	12	1,415	0.00%
1,001 to 5,000	83	318,457	0.31%
5,001 to 10,000	38	293,571	0.29%
10,001 to 100,000	282	12,828,542	12.53%
101,000 and over	125	88,958,605	86.87%
Total	540	102,400,590	100.00%
Unmarketable parcels	269	3,833,208	3.74%

Voting rights

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

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

Share buy-back

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

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

Rank	Name	No. of shares	%
1	MR PETER ROBERT JUSTIN CLARKE	3,400,000	3.37%
2	DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	3,367,909	3.34%
3	MR ROB PEEBLES <ROB PEEBLES FAMILY A/C>	2,525,272	2.50%
4	CITICORP NOMINEES PTY LIMITED	2,470,092	2.45%
5	ROSEPRIM SUPER PTY LTD <ROSEPRIM SUPER FUND A/C>	2,462,504	2.44%

Rank	Name	No. of shares	%
6	HARSHELL INVESTMENTS PTY LTD <KAPLAN FAMILY A/C>	2,000,000	1.98%
7	UBS NOMINEES PTY LTD	2,000,000	1.98%
8	LEOPOLDINO OLMEDO	2,000,000	1.98%
9	MR JONATHAN CHARLES MINOR & MS CHERLE-LYNN MCCONNELL <MCCONNELL-MINOR FAMILY A/C>	1,700,000	1.69%
10	EVOLUTION CAPITAL ADVISORS PTY LTD	1,500,000	1.49%
11	MR ARTHUR IOANNOU & MS OLIVIA KEENE <IMAX SUPERFUND A/C>	1,237,500	1.23%
12	MR CHRISTOPHER IAN SWITZER <C SWITZER FAMILY A/C>	1,152,000	1.14%
13	MISHTALEM PTY LTD	1,105,046	1.10%
14	IMAX BUSINESS GROUP PTY LTD	1,037,500	1.03%
15	MR COLIN MACKAY	1,000,000	0.99%
16	BRILAC PTY LIMITED <BRILAC FAMILY A/C>	1,000,000	0.99%
17	ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	1,000,000	0.99%
18	RUPERT CLARKE & CO PTY LTD	1,000,000	0.99%
19	MR MICHAEL JOHN DONNELLY & MRS KYLIE JAYNE DONNELLY <M DONNELLY SUPERFUND A/C>	990,468	0.98%
20	FORTY SECOND SHELLEY NOMINEES PTY LTD <GROSMAN SUPER FUND A/C>	960,000	0.95%
	TOTAL	33,908,291	33.63%
	OTHER QUOTED SHARES	66,912,307	66.37%
	TOTAL QUOTED SHARES	100,820,598	
	RESTRICTED SHARES (UNQUOTED)	73,633,889	
	TOTAL SHARES	174,454,487	

Substantial shareholders

The Company has received the following substantial shareholder notices as at 25 September 2025:

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

Twenty largest shareholders – quoted share options

Rank	Name	No. of shares	%
1	DIMENSIONAL HOLDINGS PTY LTD	14,750,000	14.40%
2	CAP HOLDINGS PTY LTD <CAP A/C>	13,700,000	13.38%
3	ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	5,800,000	5.66%
4	BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	5,000,000	4.88%
5	MR MICHAEL ANDREW ROSENBAUM	4,064,955	3.97%
6	DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	3,150,000	3.08%
7	EVOLUTION CAPITAL PTY LTD	3,000,000	2.93%
8	GROWTHTECH INTERNATIONAL PTY LTD	2,500,000	2.44%
9	CPS CAPITAL NO 5 PTY LTD	2,100,000	2.05%
10	CITICORP NOMINEES PTY LIMITED	1,548,856	1.51%
11	CERTANE CT PTY LTD <BC2>	1,386,431	1.35%
12	MR PETER ROBERT JUSTIN CLARKE	1,087,778	1.06%
13	ROLO SUPER PTY LTD <ROLO S/F ACCOUNT>	1,044,383	1.02%

Rank	Name	No. of shares	%
14	HARSHELL INVESTMENTS PTY LTD <KAPLAN FAMILY A/C>	1,000,000	0.98%
15	MR DENI ROLEVSKI	1,000,000	0.98%
16	UBS NOMINEES PTY LTD	1,000,000	0.98%
17	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	942,493	0.92%
18	GOFFACAN PTY LTD	888,638	0.87%
19	FUM INVESTMENT HOLDINGS PTY LTD	829,121	0.81%
20	EVOLUTION CAPITAL ADVISORS PTY LTD	816,227	0.80%
TOTAL		65,608,882	64.07%
OTHER QUOTED OPTIONS		36,791,708	35.93.93%
TOTAL SHARES		102,400,590	

Quoted options (AXLO)

As at 25 September 2025, the Company had the following quoted AXLO options on issue:

	No. of options	No. of holders
AXLO listed Options ex. \$0.20 expiring 7 February 2028	102,400,590	540

Unquoted options

As at 25 September 2025, the Company had the following unquoted options on issue:

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

Restricted securities

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

Fully paid ordinary shares

Description of securities	No. of securities
Shares – restricted until 23 July 2026	73,633,889

Unlisted options

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

Schedule of exploration tenements at 30 June 2025

Tenement Number	Area (ha)	Holder	Location	Interest	Expiry Date
830500/2023	1460.5	Axel REE Ltda	Piauí	100%	28-Jul-2026
830882/2023	8.12	Axel REE Ltda	Piauí	100%	28-Jul-2026
830883/2023	57.57	Axel REE Ltda	Piauí	100%	Application pending
830886/2023	47.58	Axel REE Ltda	São Paulo	100%	28-Jul-2026
830888/2023	7.77	Axel REE Ltda	São Paulo	100%	28-Jul-2026
830889/2023	442.8	Axel REE Ltda	São Paulo	100%	28-Feb-2027
830890/2023	363.73	Axel REE Ltda	Minas Gerais	100%	28-Jul-2026
830891/2023	5.63	Axel REE Ltda	Minas Gerais	100%	28-Jul-2026
830893/2023	24.65	Axel REE Ltda	Minas Gerais	100%	28-Jul-2026
803030/2023	1997.87	Axel REE Ltda	Minas Gerais	100%	23-Mar-2026
803031/2023	1977.23	Axel REE Ltda	Minas Gerais	100%	30-Mar-2026
803032/2023	1957.15	Axel REE Ltda	Minas Gerais	100%	30-Mar-2026
820286/2023	16.56	Axel REE Ltda	Minas Gerais	100%	26-Oct-2026
820287/2023	899.49	Axel REE Ltda	Minas Gerais	100%	26-Oct-2026
820319/2023	1603.14	Axel REE Ltda	Minas Gerais	100%	26-Sep-2026
830082/2023	1549.63	Axel REE Ltda	Minas Gerais	100%	27-Feb-2026
830083/2023	1995.5	Axel REE Ltda	Minas Gerais	100%	7-Feb-2026
830084/2023	1327.5	Axel REE Ltda	Minas Gerais	100%	7-Mar-2026
830085/2023	1454.03	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026
830451/2023	1919.96	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026
830452/2023	148.72	Axel REE Ltda	Minas Gerais	100%	28-Mar-2026
830453/2023	1502.79	Axel REE Ltda	Minas Gerais	100%	19-Jun-2026
830454/2023	1299.51	Axel REE Ltda	Minas Gerais	100%	23-Mar-2026
830455/2023	1227.51	Axel REE Ltda	Minas Gerais	100%	23-May-2026
830456/2023	1080.58	Axel REE Ltda	Minas Gerais	100%	28-Mar-2026
830457/2023	1317.8	Axel REE Ltda	Minas Gerais	100%	14-Oct-2027
830458/2023	1714	Axel REE Ltda	Minas Gerais	100%	23-Mar-2026
830459/2023	1599.56	Axel REE Ltda	Minas Gerais	100%	9-May-2026
830460/2023	1435.97	Axel REE Ltda	Minas Gerais	100%	28-Jul-2026
830461/2023	1914.17	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026
830462/2023	1978.71	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026
830463/2023	1917.61	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026
830464/2023	1991.16	Axel REE Ltda	Minas Gerais	100%	23-Mar-2026
830465/2023	1912.78	Axel REE Ltda	Minas Gerais	100%	19-Jun-2026
830466/2023	1968.93	Axel REE Ltda	Minas Gerais	100%	18-Apr-2026
830467/2023	826.86	Axel REE Ltda	Minas Gerais	100%	20-Sep-2028
830468/2023	910.99	Axel REE Ltda	Minas Gerais	100%	20-Sep-2027
830469/2023	1972.5	Axel REE Ltda	Minas Gerais	100%	23-Mar-2026
830505/2023	1033.42	Axel REE Ltda	Minas Gerais	100%	4-May-2026
830506/2023	786.64	Axel REE Ltda	Minas Gerais	100%	4-May-2026
830515/2023	1963.87	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026

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Tenement Number	Area (ha)	Holder	Location	Interest	Expiry Date
830516/2023	1947.1	Axel REE Ltda	Minas Gerais	100%	3-Apr-2026
830527/2023	386.89	Axel REE Ltda	Minas Gerais	100%	23-Mar-2026
830880/2023	357.8	Axel REE Ltda	Minas Gerais	100%	Application pending
830881/2023	32.34	Axel REE Ltda	Minas Gerais	100%	Application pending
830884/2023	24.43	Axel REE Ltda	Minas Gerais	100%	28-Jul-2026
830885/2023	695.36	Axel REE Ltda	Minas Gerais	100%	Application pending
830887/2023	25.17	Axel REE Ltda	São Paulo	100%	28-Feb-2027
830895/2023	102.82	Axel REE Ltda	São Paulo	100%	28-Feb-2027
831084/2023	1950.77	Axel REE Ltda	São Paulo	100%	23-May-2026
831086/2023	1886.07	Axel REE Ltda	Minas Gerais	100%	31-May-2026
831087/2023	1998.07	Axel REE Ltda	Minas Gerais	100%	23-May-2026
831088/2023	1956.82	Axel REE Ltda	Minas Gerais	100%	23-May-2026
831089/2023	1983.83	Axel REE Ltda	Minas Gerais	100%	23-May-2026
831090/2023	1333.64	Axel REE Ltda	Minas Gerais	100%	23-May-2026
831092/2023	1085.01	Axel REE Ltda	Minas Gerais	100%	31-May-2026
833340/2023	936.03	Axel REE Ltda	Minas Gerais	100%	Application pending
866051/2023	9892.33	Axel REE Ltda	Mato Grosso	100%	8-Mar-2026
866052/2023	9989.08	Axel REE Ltda	Mato Grosso	100%	6-Jun-2026
866054/2023	9944.86	Axel REE Ltda	Mato Grosso	100%	6-Jun-2026
866055/2023	9753.55	Axel REE Ltda	Mato Grosso	100%	6-Jun-2026
831458/2020	1574.47	Foxfire Metals Ltda ¹	Minas Gerais	100%	27-Nov-2027
831515/2020	884.39	Lobo Guara Mineracao e Representacao Eireli ¹	Minas Gerais	100%	Application pending
831524/2020	1023.9	Lobo Guara Mineracao e Representacao Eireli ¹	Minas Gerais	100%	Application pending

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

Compliance Statement under ASX Listing Rule 4.10.19

The Company confirms that it used cash and assets in a form readily convertible to cash, at the time it was admitted to the ASX (being 19 July 2024) to the date of this Annual Report, in a way that was consistent with its business objectives as stated in its Replacement Prospectus dated 7 June 2024.

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2025 is available on the Company's website at www.axelreelimited.com.au.

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Corporate Directory

Directors

Mr Paul Dickson - Non-Executive Chairman
Mr Pat Volpe – Non-Executive Director
Mr Ian Kiers – Non-Executive Director

Company Secretary

Mr Patrick Volpe

Registered Office & Principal Place of Business

832 High Street
Kew East VIC 3102

Ph: +61 3 9249 9589

Email: companysecretary@axelreelimited.com.au

Auditor

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

Share Registry

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

Stock Exchange

Australian Securities Exchange (**ASX**)
ASX Code: **AXL**
Frankfurt Stock Exchange (**FSE**)
FSE Code: **HN8**

Company Website

www.axelreelimited.com.au

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