



AXEL REE LIMITED

ACN 665 921 273

Interim Consolidated Financial Report

For the Half-Year Ended

31 December 2025

For personal use only

CONTENTS

| | |
|---|----|
| Directors' Report | 3 |
| Auditor's Independence Declaration..... | 14 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 15 |
| Consolidated Statement of Financial Position | 16 |
| Consolidated Statement of Changes in Equity | 17 |
| Consolidated Statement of Cash Flows | 18 |
| Notes to the financial statements | 19 |
| Directors' Declaration..... | 26 |
| Independent Auditor's Report..... | 27 |
| Corporate Directory | 29 |

For personal use only

Directors' Report

The Directors present their interim consolidated report of Axel REE Limited (**Axel or the Company**) and the entities it controlled (**the Group**) for the half-year ended 31 December 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, Non-Executive Chairman
- Patrick John Volpe, Non-Executive Director
- Aidan Nania, Non-Executive Director (appointed 22 October 2025)
- Ian Reid, Non-Executive Director (appointed 3 March 2026)
- Ian Kiers, Non-Executive Director (resigned 21 October 2025)

Company Secretary

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

Principal Activities

The principal activities of the Company during the half-year included the exploration and development of critical minerals resource projects in Brazil.

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

Review of activities

The Company's primary focus is on discovering major critical minerals deposits, with the primary focus on exploring the Caladão REE-Gallium and Caldas REE projects.

Exploration activities

During the half-year ended 31 December 2025, Axel REE Limited (**the Company**) advanced its Brazilian critical minerals portfolio with activities focused on resource definition and metallurgical de-risking at the Caladão Rare Earth Elements (**REE**) and gallium Project in Minas Gerais, Brazil, and continued exploration and target advancement at the Caldas REE Project in the Poços de Caldas region.

Key achievements during the period included:

- the delivery of maiden Joint Ore Reserves Committee Code (**JORC**) Mineral Resource Estimates (**MREs**) for REE and Gallium;
- significant expansions in the MREs for REE (145% increase) and Gallium (339% increase);
- the confirmation of ionic adsorption clay REE mineralisation styles in parts of the weathering profile; and
- early-stage leach testwork that supports multiple potential REE extraction pathways, including an in situ recovery (**ISR**) development concept where conditions are favourable.

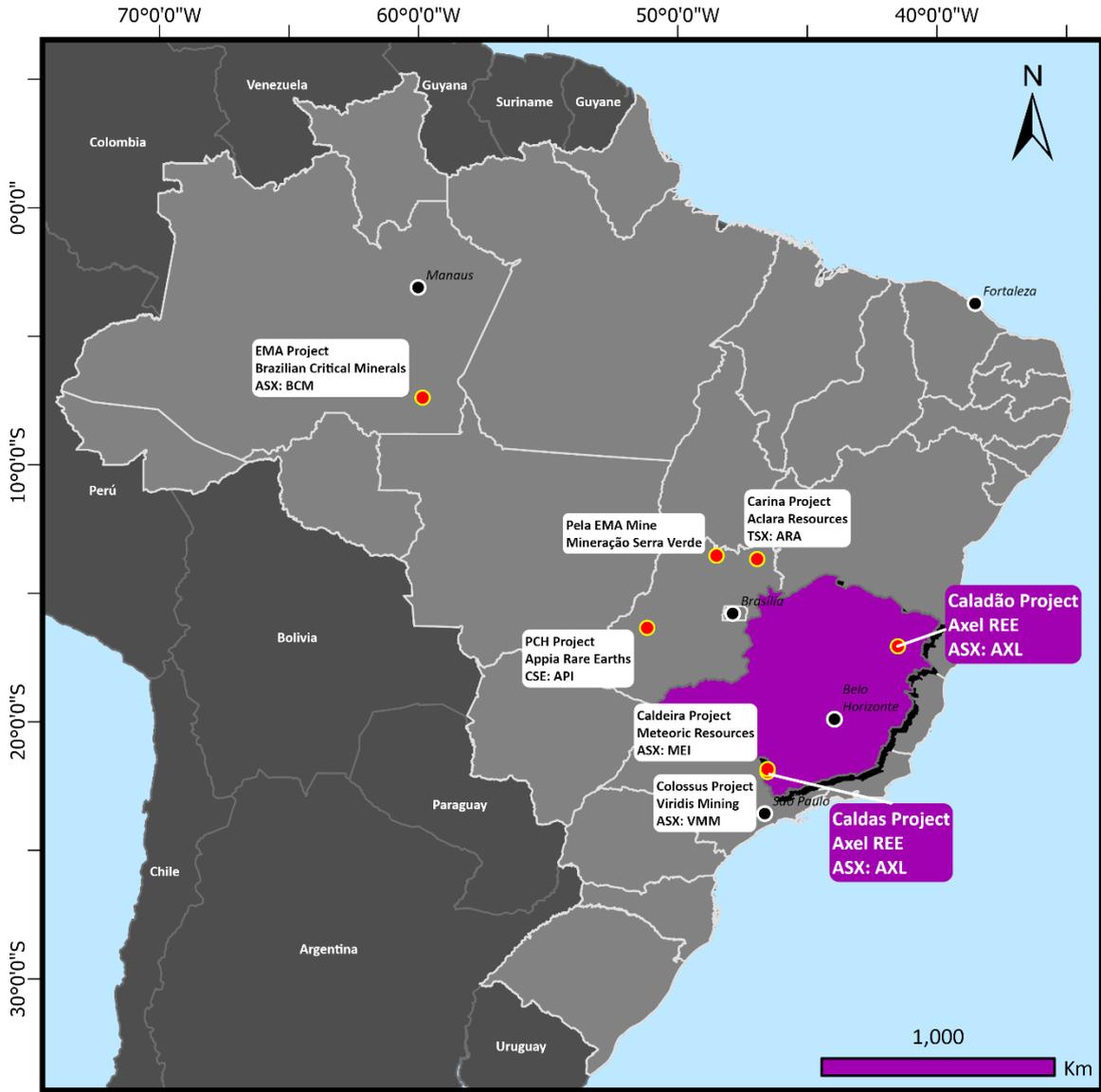


Figure 1. Axel REE Limited's 100%-owned projects in Brazil

For personal use only

Caladão REE-Gallium Project

Mineral Resource Estimates and Upgrades

On 1 October 2025, the Company reported a maiden JORC Inferred Rare Earth MRE for Caladão Area A, prepared by SRK Consulting, of 233.0 Mt at 2,143ppm Total Rare Earth Oxides (TREO) reported at a 450 ppm TREO cut-off. The estimate represents the first reportable foundation for Area A at Caladão, and provided a structured basis for ongoing geological and metallurgical work across regolith domains.

Following the Area A milestone, Axel REE Limited progressed resource estimation activities across Caladão Area B, including consultant engagement and the commencement of modelling and estimation work to incorporate the growing drilling and assay database into a reportable JORC resource outcome over additional deposits and targets within the broader Caladão system.

On 23 December 2025, the Company announced a district-scale resource growth outcome for Caladão, reporting a combined REE Inferred Mineral Resource of 572.0 Mt at 1,506 ppm TREO across Areas A and B. Area B was reported as 339.0 Mt at 1,075ppm TREO (Inferred) at a 500 ppm TREO cut-off. This district-scale outcome materially expanded the Company's reported REE endowment and provides a platform for subsequent upgrading activities, including further drilling, metallurgical definition of soluble and ionic components within the broader MRE, and prioritisation of wellfield-scale zones for ISR-style evaluation.

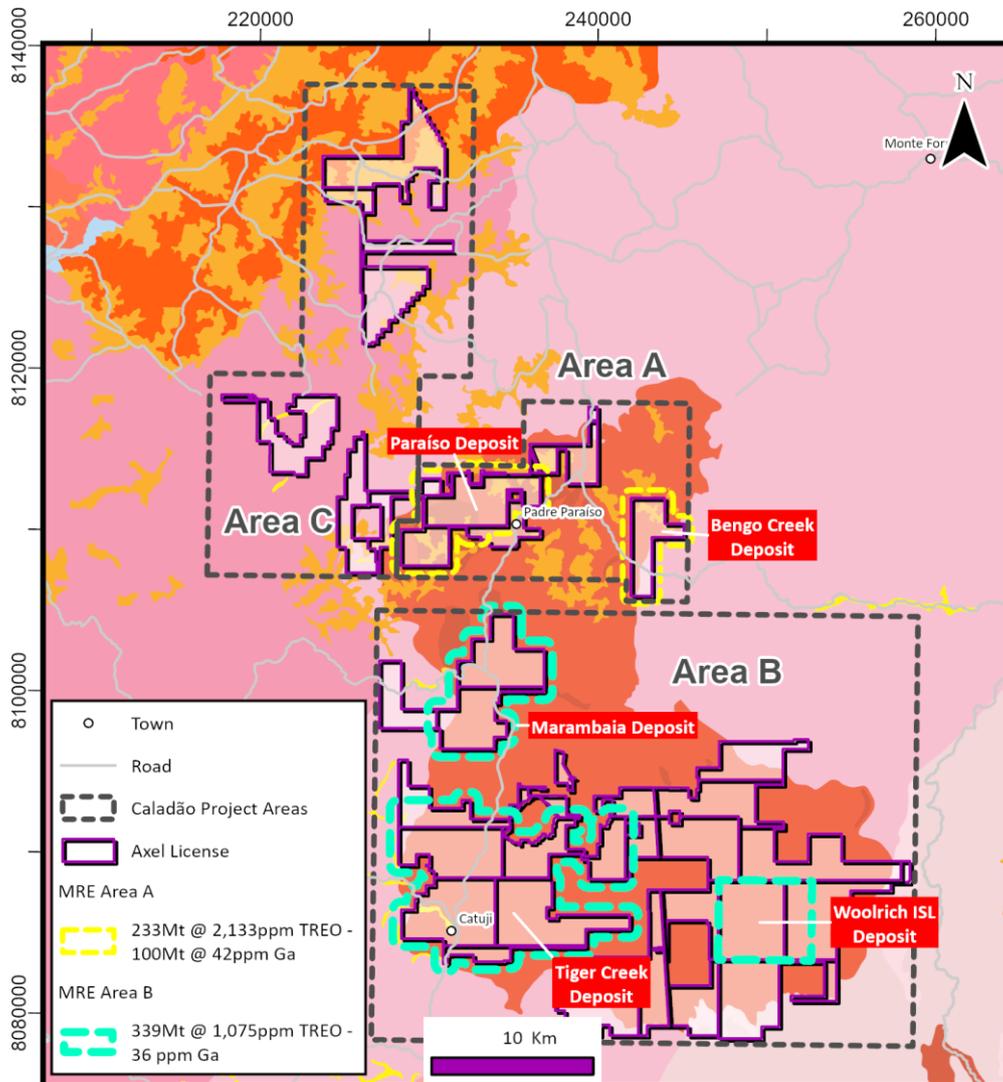


Figure 2. Location map of the Caladão Project showing MRE at Area A and Area B

For personal use only

| Deposit | JORC Category | Tonnes (Mt) | TREO (ppm) | Gallium (ppm) | NdPr (ppm) | DyTb (ppm) | MREO (ppm) |
|---------------------------|-----------------|-------------|--------------|---------------|------------|-------------|------------|
| Marambaia | Inferred | 126 | 1,154 | 35.8 | 261 | 12.9 | 274 |
| Tiger Creek | Inferred | 85 | 1,050 | 40.1 | 117 | 8.0 | 125 |
| Woolrich | Inferred | 128 | 1,013 | 35.1 | 179 | 10.9 | 190 |
| Total (Area B) MRE | Inferred | 339 | 1,075 | 36.6 | 194 | 10.9 | 205 |

Table 1. Mineral Resource Estimate Summary – Area B

| Deposit | JORC Category | Tonnes (Mt) | TREO (ppm) |
|---------------------------|-----------------|-------------|--------------|
| Caladão Area A | Inferred | 233 | 2,143 |
| Caladão Area B | Inferred | 339 | 1,075 |
| Total (Global) MRE | Inferred | 572 | 1,506 |

Table 2. Inferred REE MRE Area A & Area B

| Deposit | JORC Category | Tonnes (Mt) | Ga (ppm) |
|---------------------------|-----------------|-------------|-----------|
| Caladão Area A | Inferred | 100 | 42 |
| Caladão Area B | Inferred | 339 | 36.6 |
| Total (Global) MRE | Inferred | 439 | 38 |

Table 3. Inferred Gallium MRE Area A & Area B

Exploration Licence Expansion

During the reporting period, three exploration licences (867 hectares) adjacent to Area A at the Caladão Project were granted. The licences are contiguous with the existing Mineral Resource areas. An auger drilling program commenced over the granted areas to support geological assessment.

Metallurgical Breakthroughs – Woolrich ISR Target

On 26 November 2025, the Company announced highly encouraging metallurgical and hydrogeological test results from the Woolrich target within Area B. Woolrich is being evaluated for ISR potential, given its deep weathering and clay-hosted REE profile. Magnesium-sulphate leach testing on auger samples returned strong soluble TREO grades, including intercepts such as 10m @ 590 ppm soluble TREO (from 5 m depth, ending in 457 ppm) and 4m @ 514 ppm (ending in 629 ppm).

Soluble REE grades in the best Woolrich intervals (~464 ppm) are comparable to those at the operating Gerik ISL mine in Malaysia (486 ppm soluble TREO). Importantly, the Woolrich clay profile exhibits a magnet REE-enriched assemblage, with approximately 42% of the soluble TREO comprising magnet rare earth oxides (MREO) (NdPr, DyTb). This magnet-rich basket is expected to support improved project economics.

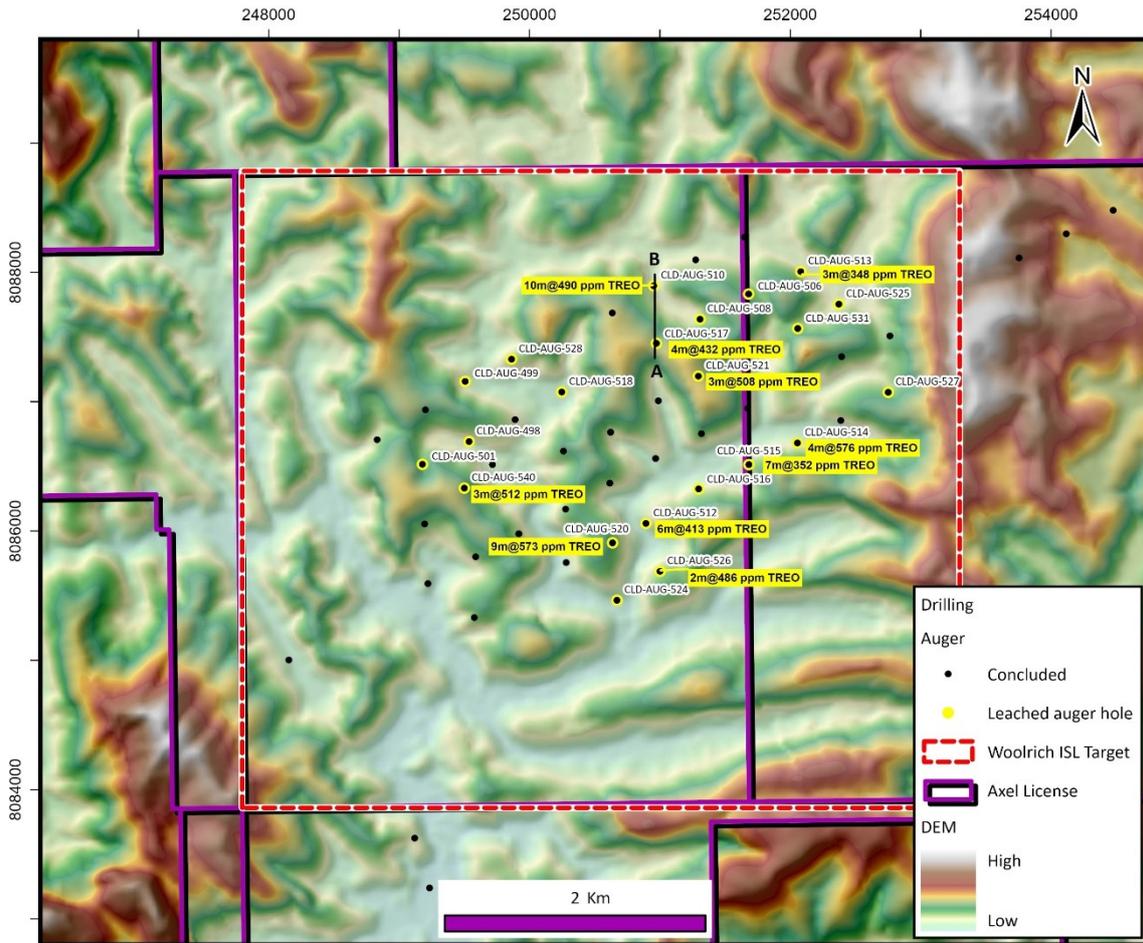


Figure 3. Location map of Soluble TREO results - Woolrich ISL Deposit

Higher soluble grades were observed at depth, consistent with ionic adsorption clay enrichment, indicating the potential to increase average recoverable grades as drilling progresses deeper into the saprolite. These ISR results provide a strong technical foundation as Axel REE advances feasibility studies. Ongoing work will integrate the leach data with geological models to refine the clay horizon continuity and identify optimal zones for future ISR pilot testing.

A comparison of Woolrich ISL's soluble TREO and MREO assemblage with selected Ionic Adsorption Clay (IAC) and ISR peers, including the Gerik ISR REE mine and several advanced scoping and prefeasibility-stage projects (EMA, Colossus, Caldera and Carina), is provided in Table 4 below.

For personal use only

| Company – Project | CAPEX (USD Million) | SOLUBLE TREO (ppm) | MREO/ TREO (%) | NdPr/ TREO (%) | DyTb/ TREO (%) |
|--|---------------------|--------------------|-------------------------|----------------|----------------|
| Axel REE – Caladão Project, Woolrich ISL | - | 464 | 42.0 | 40.0 | 2.0 |
| MCRE Resources/Southern Alliance Mining - Gerik ISR REE Mine | 20 | 486 | 30.0¹ | 27.0 | 3.0 |
| Brazilian Critical Minerals (ASX:BCM) – EMA Project | 55 | - | 41.5² | 40.6 | 0.9 |
| Viridis Mining (ASX:VMM) – Colossus Project | 358 | - | 39.0³ | 37.5 | 1.4 |
| Meteoric Resources (ASX:MEI) – Caldera Project | 443 | - | 31.6⁴ | 30.6 | 1.0 |
| Aclara Resources (TSX: ARA) – Carina Project | 680 | 459 | 31.5⁵ | 27.4 | 4.1 |

Table 4. Soluble MREO Comparison – Woolrich Deposit and Selected Peers*

*Note: all rare earths in solution will report in the final product, the Mixed Rare Earth Carbonate (MREC)

The successful leach results at Woolrich validate the ISR development concept for Caladão, indicating that Caladão’s ionic clay mineralisation could be economically recovered via in-situ mining techniques similar to those deployed in Chinese and Malaysian clay REE operations. Importantly, the Woolrich target also exhibits favorable site characteristics for ISR (flat lateritic plateau underlain by impermeable fresh granite acting as a hydrologic basement).

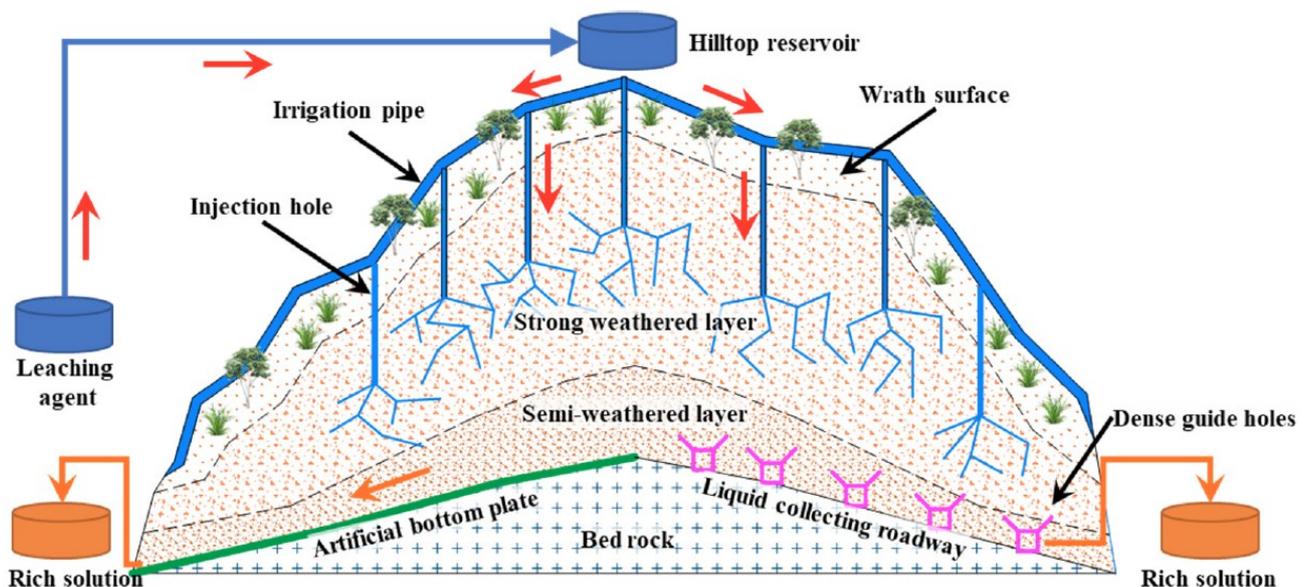


Figure 4. Schematic diagram of the ISL process for rare earth mineralisation

Source info: Hu, Mingbing & Shao, Yajian & Chen, Guoliang. (2025). Kinetics of Ion Exchange in Magnesium Sulfate Leaching of Rare Earths and Aluminum from Ionic Rare Earth Ores. Minerals. 15. 290. 10.3390/min15030290.

ISR Development Pathway - Commercial and Technical Strategy Progress

The Company’s technical strategy during the period continued to focus on assessing an ISR-style development pathway for the Caladão Project. This approach centres on identifying wellfield candidates where ionic rare earths can be mobilised under benign lixiviants and recovered via modular processing. The strategy prioritises a low-capex, low-opex pathway, aiming to reduce mining intensity and leverages simple reagent systems where geological and

For personal use only

hydrogeological conditions are favourable. Bench-scale leach results will be progressed through staged programs to expand soluble-REE datasets, refine target selection, and support the design of controlled pilot wellfield trials.

In this context, Woolrich and other priority targets within the broader Caladão system are being evaluated as potential ISR candidates. The staged evaluation pathway is expected to progress from bench-scale soluble fraction definition to permeability and hydrogeological assessment, pilot wellfield design and execution, and replication across multiple identified target areas, subject to ongoing results.

Gallium and Scandium Co-Recovery

Gallium remained a parallel value driver during the reporting period, with the Company advancing both resource definition and early-stage indications of recoverability within shallow oxidised and lateritic horizons at Caladão.

In August 2025, the Company reported a maiden JORC Inferred gallium MRE prepared by SRK Consulting for Caladão of 100 Mt at 42ppm Ga (35ppm Ga cut-off), establishing a reportable gallium inventory at project scale. The subsequent district-scale Caladão resource statement reported a combined gallium Inferred Mineral Resource of 439.0Mt at 38ppm Ga across Areas A and B.

Caldas REE Project

During the reporting period, Axel REE Limited continued to advance its Caldas Rare Earth Elements (REE) Project, located within the Poços de Caldas Alkaline Complex in Minas Gerais State, Brazil. Auger drilling programs at the Caldas North and Caldas East prospects returned highly encouraging results, confirming broad, near-surface REE mineralisation consistent with ionic-adsorption clay (IAC) style deposits. Significant intercepts included 6 metres at 1,370 ppm TREO (33% MREO, 26% HREO) at Caldas North, and 10 metres at 1,552 ppm TREO (24% MREO) at Caldas East. These results indicate lateral continuity of REE-enriched saprolite across multiple domains around the Caldera margin and reinforce the project's credentials as a district-scale discovery.

For personal use only

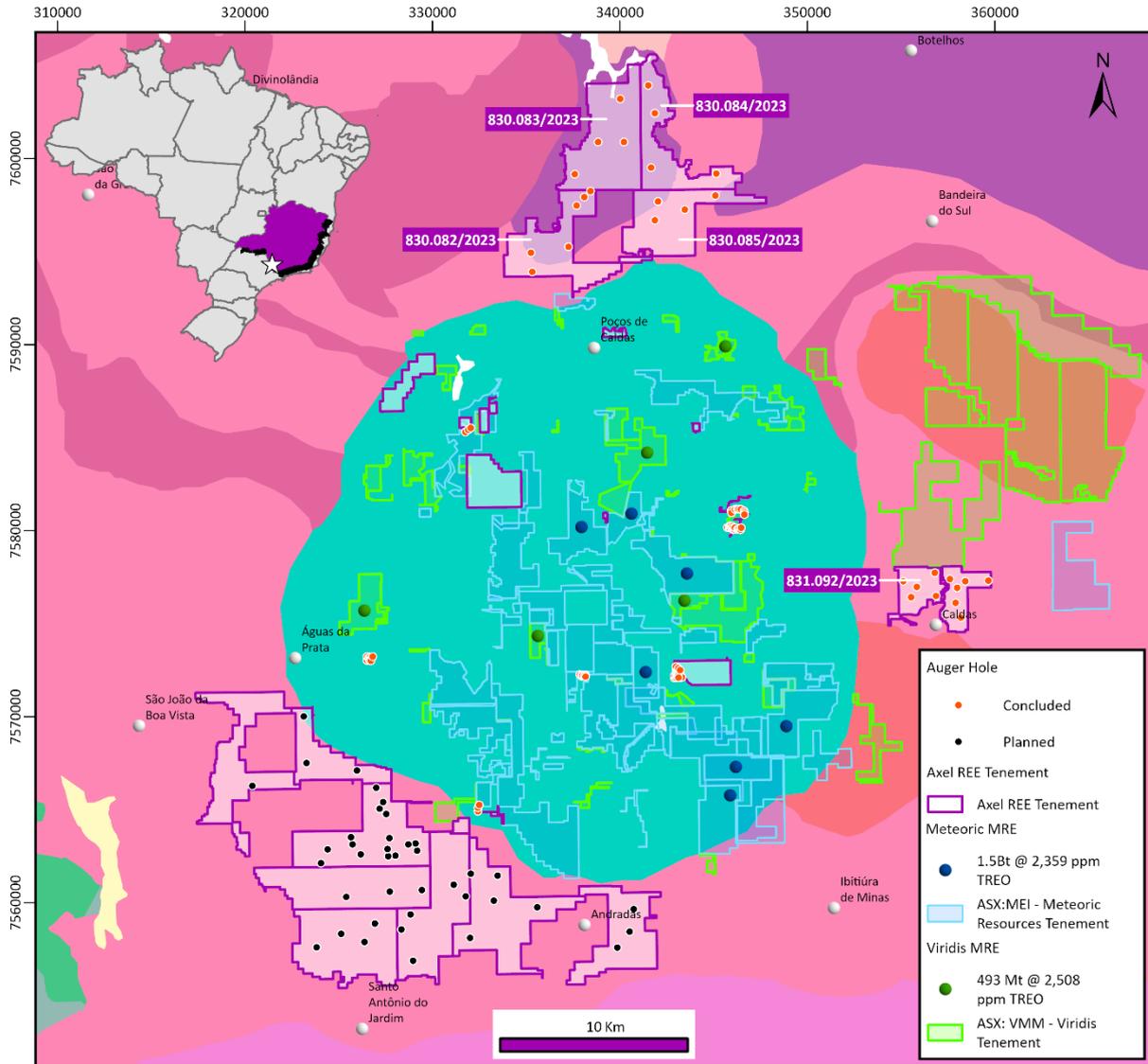


Figure 5. Location of the Caldas Project

Building on these positive outcomes, the Company commenced an additional auger drilling program at the Caldas South prospect, targeting REE mineralisation along the outer margin of the Caldera. A total of 40 auger holes are planned for this initial phase, designed to test high-priority targets developed over granitic and gneissic basement rocks where deep tropical weathering has resulted in thick saprolite profiles favourable for IAC-style mineralisation. The Caldas Project tenements cover more than 228 km² across the northern, southern, and central sectors of the Poços de Caldas Alkaline Complex, providing comprehensive geological coverage of this system.

| Hole ID | From | To | Interval | TREO ppm | MREO ppm | MREO % | NdPr ppm | DyTb ppm | HREO ppm | HREO % |
|--------------------|------|----|----------|----------|----------|--------|----------|----------|----------|--------|
| CAL-AUG-062 | 1 | 2 | 1 | 1,145 | 382 | 33 | 360 | 23 | 218 | 19 |
| CAL-AUG-079 | 1 | 7 | 6 | 1,370 | 453 | 33 | 418 | 35 | 365 | 26 |

Table 5. Summary of significant auger (AUG) REE intercepts (1,000ppm TREO cutoff)

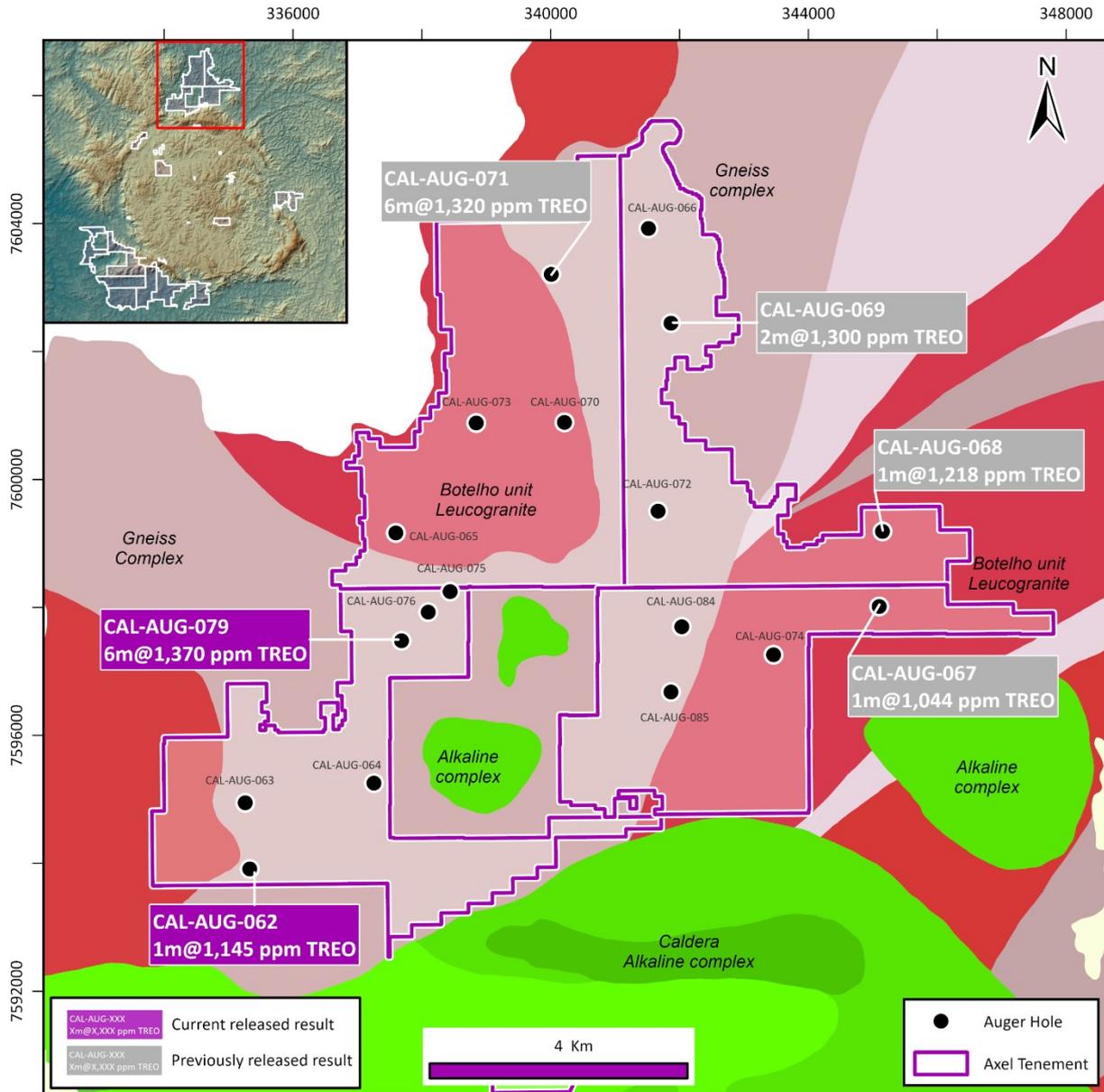


Figure 6. TREO results - Caldas North prospects

The Company plans to compile all datasets from the Caldas North, East, Central and South prospects to frame an Exploration Target for the Caldas Project in accordance with the JORC Code (2012). This work will define the lateral continuity and thickness of REE-enriched saprolite and characterise grade distribution. In parallel, Axel plans to advance metallurgical testwork on representative composite samples, focusing on ionic-adsorption clay processing routes typical for clay-hosted deposits in the region.

The Company remains committed to executing its exploration strategy and advancing resource definition at Caldas, contributing to the development of non-China supply chains for critical rare earth elements.

For personal use only

Activities Subsequent to Reporting Date

On 11 February 2026, Axel REE Limited announced the results of acid leach testwork from the Caladão Project on three composite samples under consistent conditions using oxalic acid, hydrochloric acid (HCl) and sulphuric acid (H₂SO₄) at pH 1 with increasing acidity with time up to 64g/l at 50°C for up to 72 hours. Oxalic acid delivered the strongest overall performance, with gallium recoveries increasing progressively over time and continuing to improve at the conclusion of the test period. This represents a substantial improvement on earlier ANSTO testwork, which achieved approximately 25% gallium extraction after five days using sulphuric acid at ambient temperature (refer ASX Announcement dated 30 July 2025).

Importantly, leach kinetics using oxalic acid had not reached a plateau after 72 hours across any tested material types, indicating that full recovery was not achieved within the test period. This suggests the potential for further optimisation of leach conditions and supports continued flowsheet development toward higher recoveries, scale-up evaluation and downstream metal recovery studies.

A key breakthrough from this phase of testwork was the identification of scandium in the leach solutions. Scandium is a high-value, strategically important rare earth element used in advanced aluminium alloys and solid oxide fuel cells, among other applications.

The ability to co-leach scandium and gallium from shallow oxidised horizons could add a meaningful value stream alongside Axel REE Limited's rare earth development strategy at the Caladão Project.

The results support the Company's multi-product development strategy approach at the Caladão Project comprising:

- (a) low-cost modular ISR of ionic rare earths via magnesium sulphate leaching and modular processing, and
- (b) a parallel process for extracting gallium and scandium from shallow oxidised material, where further optimisation continues to enhance recovery and practical downstream extraction methods.

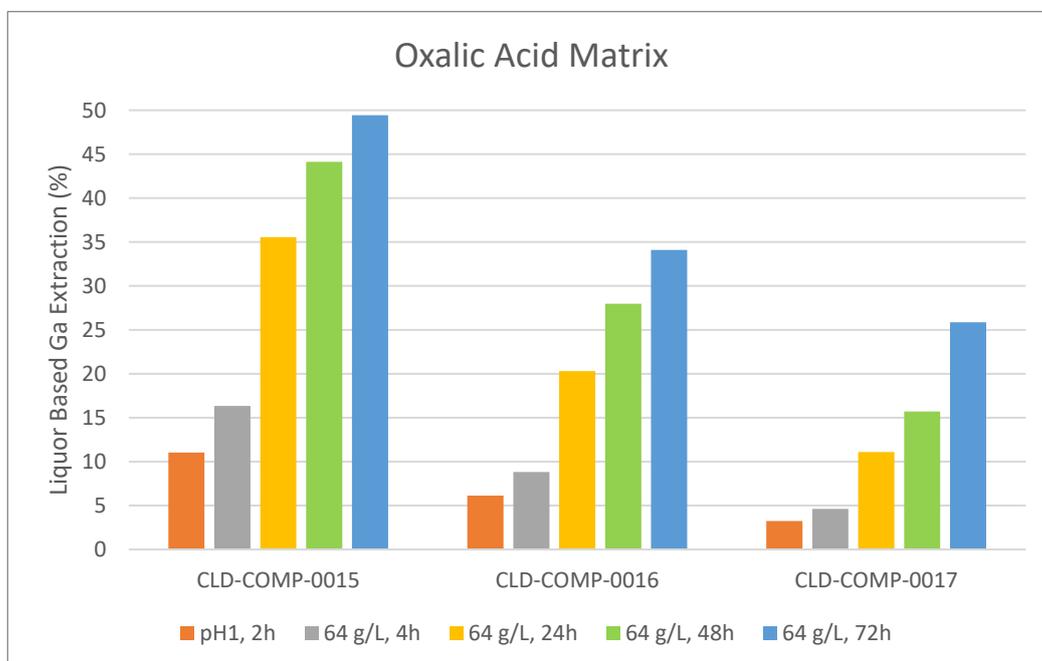


Figure 7. Gallium extraction by oxalic acid progressing with time

Competent Persons Statement

The information in this report that relates to the Caladão Gallium and Rare Earths Mineral Resource is based on and fairly represents information compiled by Mr. Antonio de Castro (acts as AXEL's Senior Consulting Geologist through

For personal use only

the consultancy firm, ADC Geologia Ltda) and Mr. Leonardo Rocha (associate of GE21 Consultoria Mineral Ltda). Mr. de Castro is a member of the Australasian Institute of Mining and Metallurgy, and Mr. Rocha is a member of Australasian Institute of Geoscientists. 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 geological and mineralisation model database (including all drilling information). Mr. Rocha is the Competent Person for the construction of the 3D geology/mineralisation model plus the mineral resource estimation. Mr Rocha undertook a site visit to the Caladão Project between 11th to 13th November 2025. Mr de Castro has planned, managed and/or conducted work programmes for the Caladão Project, including drilling. He has visited the site on numerous occasions. Mr. de Castro and Mr. Rocha consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

Compliance Statement

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

Operating result

The consolidated net loss after income tax for the half year was \$1,594,512 (2024: \$1,354,960).

Significant changes in the state of affairs

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

Dividends

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year (2025: nil).

Events occurring after balance sheet date

On 3 March 2026, Mr Ian Reid was appointed Non-Executive Director.

Other than as stated above, there have been no subsequent events that require adjustment to, or disclosure in, the Financial Statements of the Group for the half-year ended 31 December 2025.

Likely developments and expected results of operations

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

Auditor's Independence Declaration

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

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

On behalf of the Directors.



Paul Dickson
Chairman
Melbourne

For personal use only



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

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

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF AXEL REE LIMITED

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

13 March 2026
PERTH, WESTERN AUSTRALIA

For personal use only

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2025

| | Note | 31 Dec 2025 \$ | 31 Dec 2024 \$ |
|---|------|----------------------|----------------------|
| Revenue and other income | | | |
| Interest income | | 169,616 | 197,633 |
| | | 169,616 | 197,633 |
| Administration and other expenses | | (184,612) | (181,554) |
| Travel, marketing and investor relations expenses | | (262,754) | (71,415) |
| Employee benefits expense | | (196,118) | (154,619) |
| Exploration and evaluation expenses | 3(a) | (1,031,480) | (723,407) |
| Corporate expenses | | (107,625) | (120,076) |
| Depreciation of plant and equipment | | (12,525) | (5,039) |
| Compliance costs | | - | (113,368) |
| Share based payments expenses | 3(b) | 30,986 | (183,115) |
| Operating loss before tax | | (1,594,512) | (1,354,960) |
| Income tax expense | | - | - |
| Loss for the period | | (1,594,512) | (1,354,960) |
| Other comprehensive income/(loss) | | | |
| Exchange differences on translation of foreign operations | | (55,076) | (21,303) |
| Comprehensive loss for the period | | (1,649,588) | (1,376,263) |
| Earnings per share for loss attributable to the ordinary equity holders of the Group | | | |
| | Note | Cents | Cents |
| Basic earnings per share | 11 | (0.91) | (0.80) |
| Diluted earnings per share | 11 | (0.91) | (0.80) |

The accompanying notes form part of these financial statements.

For personal use only

Consolidated Statement of Financial Position

As at 31 December 2025

| | Note | 31 Dec 2025 \$ | 30 Jun 2025 \$ |
|------------------------------------|------|----------------------|----------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 7,103,946 | 8,714,211 |
| Trade and other receivables | 5 | 210,434 | 203,179 |
| Other assets | 6 | 366,971 | 386,566 |
| TOTAL CURRENT ASSETS | | 7,681,351 | 9,303,956 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 125,524 | 139,903 |
| Other assets | 6 | 14,407 | 14,762 |
| TOTAL NON-CURRENT ASSETS | | 139,931 | 154,665 |
| TOTAL ASSETS | | 7,821,282 | 9,458,621 |
| CURRENT LIABILITIES | | | |
| Trade, other payables and accruals | 7 | 172,943 | 219,765 |
| Provisions for employee benefits | | 10,473 | 10,416 |
| TOTAL CURRENT LIABILITIES | | 183,416 | 230,181 |
| TOTAL LIABILITIES | | 183,416 | 230,181 |
| NET ASSETS | | 7,637,866 | 9,228,440 |
| EQUITY | | | |
| Issued Capital | 8 | 13,425,762 | 13,293,762 |
| Reserves | 9 | 1,231,313 | 1,430,985 |
| Accumulated losses | | (7,019,209) | (5,496,307) |
| TOTAL EQUITY | | 7,637,866 | 9,228,440 |

The accompanying notes form part of these financial statements.

For personal use only

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2025

| 31 December 2025 | Share capital \$ | Share based payment reserve \$ | Foreign Exchange Translation Reserve \$ | Accumulated losses \$ | Total \$ |
|--|---------------------|-----------------------------------|--|--------------------------|------------------|
| Balance at 1 July 2025 | 13,293,762 | 1,454,850 | (23,865) | (5,496,307) | 9,228,440 |
| Comprehensive income: | | | | | |
| - Loss for the period | - | - | - | (1,594,512) | (1,594,512) |
| - Foreign currency translation difference | - | - | (55,076) | - | (55,076) |
| Total comprehensive loss for the period | - | - | (55,076) | (1,594,512) | (1,649,588) |
| Transactions with owners in their capacity as owners: | | | | | |
| - Issue of ordinary fully paid shares | 132,000 | - | - | - | 132,000 |
| - Share based payments | - | (72,986) | - | - | (72,986) |
| Total transactions with owners | 132,000 | (72,986) | - | - | 59,014 |
| Reclassification between reserves | - | (71,610) | - | 71,610 | - |
| Balance at 31 December 2025 | 13,425,762 | 1,310,254 | (78,941) | (7,019,209) | 7,637,866 |

| 31 December 2024 | 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 period | - | - | - | (1,354,960) | (1,354,960) |
| - Foreign currency translation difference | - | - | (21,303) | - | (21,303) |
| Total comprehensive loss for the period | - | - | (21,303) | (1,354,960) | (1,376,263) |
| Transactions with owners in their capacity as owners: | | | | | |
| - Issue of ordinary fully paid shares | 13,283,775 | - | - | - | 13,283,775 |
| - Share issue costs | (1,682,981) | - | - | - | (1,682,981) |
| - Share based payments | - | 978,115 | - | - | 978,115 |
| Total transactions with owners | 11,600,794 | 978,115 | - | - | 12,578,909 |
| Balance at 31 December 2024 | 13,293,762 | 1,320,076 | (23,639) | (3,634,476) | 10,955,723 |

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2025

| | 31 Dec 2025 \$ | 31 Dec 2024 \$ |
|--|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Interest received | 143,708 | 197,633 |
| Payments to suppliers and employees | (742,088) | (1,151,997) |
| Payments for exploration and evaluation expenditure | (1,011,885) | (744,710) |
| Net cash used in operating activities | (1,610,265) | (1,699,074) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Payments for purchase of plant and equipment | - | (151,294) |
| Net cash used in investing activities | - | (151,294) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from the issue of shares | - | 3,614,775 |
| Payments for share issue costs | - | (887,981) |
| Net cash provided by financing activities | - | 2,726,794 |
| Net increase in cash held | (1,610,265) | 876,426 |
| Cash and cash equivalents at beginning of year | 8,714,211 | 9,806,647 |
| Effects of exchange rate fluctuations on cash and cash equivalents | - | - |
| Cash and cash equivalents at end of year | 7,103,946 | 10,683,073 |

The accompanying notes form part of these financial statements.

For personal use only

Notes to the financial statements

For the half year ended 31 December 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 half-year ended 31 December 2025 were authorised for issue in accordance with a resolution of the directors on 13 March 2026.

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

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

2. Statement of material accounting policy information

(a) Basis of preparation

The interim consolidated financial statements for the six months ended 31 December 2025 have been prepared in accordance with AASB 134 Interim Financial Reporting. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 30 June 2025. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

(b) 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.

(c) Basis of consolidation

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

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Information regarding subsidiaries is disclosed in Note 10(a).

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

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

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

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

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

3. Expenses

| | 31 Dec 2025 \$ | 31 Dec 2024 \$ |
|--|----------------------|----------------------|
| (a) Exploration and evaluation expense comprise: | | |
| Operational exploration expenses | 1,031,480 | 723,407 |
| Total exploration and evaluation expense | 1,031,480 | 723,407 |
| (b) Share based payments expense comprise: | | |
| Performance rights expensed to profit and loss | 72,496 | 183,115 |
| Reversal of previously recognised share-based payment expense as the service condition was not met | (103,482) | - |
| Total share based payments expense | (30,986) | 183,115 |

4. Cash and cash equivalents

| | 31 Dec 2025 \$ | 30 Jun 2025 \$ |
|--|----------------------|----------------------|
| Cash at bank | 7,103,946 | 8,714,211 |
| Total cash and cash equivalents | 7,103,946 | 8,714,211 |

5. Trade and other receivables

| | 31 Dec 2025 \$ | 30 Jun 2025 \$ |
|--|----------------------|----------------------|
| Net GST receivable | 19,369 | 38,022 |
| Interest on term deposits not matured | 191,065 | 165,157 |
| Total trade and other receivables | 210,434 | 203,179 |

6. Other current and non-current assets

| | 31 Dec 2025 \$ | 30 Jun 2025 \$ |
|--|----------------------|----------------------|
| Prepayments – exploration (current) | 366,971 | 386,566 |
| Related party receivable (non-current) | 14,407 | 14,762 |
| Total other assets | 381,378 | 401,328 |

7. Trade and other payables

| | 31 Dec 2025 \$ | 30 Jun 2025 \$ |
|---------------------------------------|----------------------|----------------------|
| Accrued expenses | 61,075 | 71,085 |
| Other trade payables | 111,868 | 148,680 |
| Total trade and other payables | 172,943 | 219,765 |

8. Issued Capital

| | 31 Dec 2025 No. | 30 Jun 2025 No. |
|----------------------------|-----------------------|-----------------------|
| Ordinary Shares fully paid | 175,954,487 | 174,454,487 |

For personal use only

Movements in ordinary shares

| Ordinary shares fully paid | Date | \$ per share | 30 June 2025 | |
|---|--------------------|--------------|--------------------|-------------------|
| | | | No. | \$ |
| Opening balance | 01-Jul-2024 | | 108,035,612 | 1,692,968 |
| Issue of shares – initial public offering | 15-Jul-2024 | \$0.20 | 66,418,875 | 13,283,775 |
| Share issue costs | | | - | (1,682,981) |
| Closing balance | 30-Jun-2025 | | 174,454,487 | 13,293,762 |

| Ordinary shares fully paid | Date | \$ per share | 31 December 2025 | |
|---|--------------------|--------------------|--------------------|-------------------|
| | | | No. | \$ |
| Opening balance | 01-Jul-2025 | | 174,454,487 | 13,293,762 |
| Issue of shares – exercise of vested performance rights | 12-Nov-2025 | Nil ⁽¹⁾ | 1,500,000 | 132,000 |
| Closing balance | 31-Dec-2025 | | 175,954,487 | 13,425,762 |

⁽¹⁾ On 12 November 2025, 1,500,000 ordinary shares were issued to directors upon the exercise of vested performance rights.

9. Reserves

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

| | 31 Dec 2025 \$ | 30 Jun 2025 \$ |
|--------------------------------------|----------------------|----------------------|
| Share options reserve | 1,193,250 | 1,103,250 |
| Share rights reserve | 117,004 | 351,600 |
| Foreign currency translation reserve | (78,941) | (23,865) |
| | 1,231,313 | 1,430,985 |

(a) Share options reserve

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

Movements in the share options reserve were:

| Movements in share options | 31 Dec 2025 \$ | 30 Jun 2025 \$ |
|--|----------------------|----------------------|
| Balance at beginning of year | 1,103,250 | 278,250 |
| Options granted to Lead Manager and Corporate Advisor on IPO | - | 795,000 |
| Listed options vested during the period | 90,000 | 30,000 |
| Balance at end of period | 1,193,250 | 1,103,250 |

| Movements in share options | Ex. (\$) | 31 Dec 2025 No. | 30 Jun 2025 No. |
|---|----------|-----------------------|-----------------------|
| Balance at beginning of period | | 115,900,590 | - |
| Options granted to Lead Manager and Corporate Advisor on IPO ⁽¹⁾ | \$0.30 | | 6,750,000 |
| Options granted to Lead Manager and Corporate Advisor on IPO ⁽²⁾ | \$0.37 | | 6,750,000 |
| Listed Options issued under pro rata entitlement issue ⁽³⁾ | \$0.20 | - | 79,400,590 |
| Listed Options issued to Corporate Advisors ⁽⁴⁾ | \$0.20 | - | 23,000,000 |
| Balance at end of period | | 115,900,590 | 115,900,590 |

Options comprise:

1. 6,750,000 unlisted Options exercisable at \$0.30 per Option expiring three years from the date of issue (**Class A and D options**).
2. 5,000,000 unlisted Options exercisable at \$0.37 and expiring 3 years from the date of the Company's Admission to the Official List of the ASX (**class C options**). 1,750,000 unlisted Options exercisable at \$0.37 per Option expiring three years from the date of issue (**class B options**).
3. 79,400,590 quoted options (ASX:AXLO) issued under a pro rata bonus entitlement issue exercisable at \$0.20 expiring 7 February 2028.
4. 23,000,000 quoted options (ASX:AXLO) issued 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.

The fair value of 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 |

Share rights reserve

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

| | 31 Dec 2025 | 30 Jun 2025 |
|---|------------------|------------------|
| Movements in performance rights | | |
| Balance at beginning of year | 4,100,000 | 6,150,000 |
| Performance rights lapsed during the period | (1,300,000) | (2,050,000) |
| Performance rights converted into ordinary shares | (1,500,000) | - |
| Number of performance rights on issue | 1,300,000 | 4,100,000 |

On 1 October 2025, the vesting conditions in relation to 1,500,000 (restricted) Performance Rights were satisfied and exercised by Non-Executive Chairman Paul Dickson and former director Ian Kiers (resigned 21 October 2025). The Performance Rights were converted into restricted fully paid ordinary shares in the Company.

On 13 November 2025, 1,300,000 performance rights held by former director Ian Kiers lapsed and were cancelled unvested.

| | 31 Dec 2025 \$ | 30 Jun 2025 \$ |
|---|----------------------|----------------------|
| Movements in performance rights | | |
| Balance at beginning of year | 351,600 | 63,711 |
| Amortisation of performance rights | 72,496 | 347,027 |
| Conversion of performance rights to ordinary shares | (132,000) | - |
| Lapse of performance rights | (103,482) | (59,138) |
| Reclassification between reserves | (71,610) | - |
| Balance at end of period | 117,004 | 351,600 |

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

| | Class B Performance Rights | Class C Performance Rights |
|--|---|---|
| Number of Performance Rights | 1,500,000 (500,000 remains at 31 December 2025) | 1,500,000 (500,000 remains at 31 December 2025) |
| 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 Rights | \$0.147 | \$0.108 |

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

- (a) Class A Performance Rights were deemed a fair value of the IPO price (\$0.20) following an assessment of the likelihood of success and completion of the IPO in July 2024.
- (b) Class D and Class E Performance Rights were each deemed a fair value of \$0.04 based on the achievability of the performance milestones being contingent on exploration activities in progress.

The Performance Rights milestones are set out below.

| Class | Performance Milestones |
|-------|---|
| A | 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 | 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 | 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 | 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 | 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) |

At 31 December 2025, no Class A or Class E performance rights remained on issue following vesting and conversion into ordinary shares during the period (500,000 and 1,000,000 rights, respectively). Class B (500,000), Class C (500,000) and Class D (300,000) performance rights remained outstanding at reporting date.

For personal use only

(b) Foreign exchange translation reserve

The foreign exchange translation reserve records exchange differences arising on translation of foreign subsidiaries. Movements in the foreign exchange translation reserve during the period were:

| | 31 Dec 2025 \$ | 30 Jun 2025 \$ |
|---------------------------------|----------------------|----------------------|
| Balance at beginning of year | (23,865) | (2,336) |
| Movement during the period | (55,076) | (21,529) |
| Balance at end of period | (78,941) | (23,865) |

10. Related Parties

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

(a) Subsidiaries

| | Country of incorporation | Equity holding (%) | |
|---------------|-----------------------------|--------------------|----------------|
| | | 31 Dec 2025 | 30 Jun 2025 |
| Axel REE Ltda | Brazil | 100% | 100% |

(b) Ultimate parent

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

11. Earnings per share

| | 31 Dec 2025 \$ | 31 Dec 2024 \$ |
|---|----------------------|----------------------|
| Loss after income tax benefit attributable to the Group | (1,594,512) | (1,354,960) |

| | 31 Dec 2025 \$ | 31 Dec 2024 \$ |
|---|----------------------|----------------------|
| Weighted average number of ordinary shares outstanding during the year used in calculation of Basic EPS | 174,853,944 | 167,956,988 |
| Weighted average number of potential ordinary shares outstanding during the year used in calculation of Diluted EPS | 174,853,944 | 167,956,988 |

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

| | 31 Dec 2025 \$ | 31 Dec 2024 \$ |
|------------------------------------|----------------------|----------------------|
| Basic earning per share (cents) | (0.91) | (0.80) |
| Diluted earnings per share (cents) | (0.91) | (0.80) |

12. Contingent assets and liabilities

There have been no changes to the Company's commitments or contingencies since the period ended 30 June 2025.

13. Operating segments

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

For personal use only

Operating segment information

| 31 December 2025 | Australia A\$ | Brazil A\$ | Total A\$ |
|---------------------------------------|--------------------------|-----------------------|----------------------|
| Segment revenue | 169,458 | 158 | 169,616 |
| Other expenses | (746,922) | (1,017,206) | (1,764,128) |
| Loss before income tax expense | (577,464) | (1,017,048) | (1,594,512) |
| Income tax expense | - | - | - |
| Loss after income tax expense | (577,464) | (1,017,048) | (1,594,512) |
| Assets | | | |
| Segment assets | 7,252,296 | 568,986 | 7,821,282 |
| Total Assets | 7,252,296 | 568,986 | 7,821,282 |
| Liabilities | | | |
| Segment liabilities | 78,353 | 105,063 | 183,416 |
| Total Liabilities | 78,353 | 105,063 | 183,416 |

| 31 December 2024 | Australia A\$ | Brazil A\$ | Total A\$ |
|---------------------------------------|--------------------------|-----------------------|----------------------|
| Segment revenue | 197,540 | 93 | 197,633 |
| Other expenses | (968,095) | (584,498) | (1,552,593) |
| Loss before income tax expense | (770,555) | (584,405) | (1,354,960) |
| Income tax expense | - | - | - |
| Loss after income tax expense | (770,555) | (584,405) | (1,354,960) |
| Assets | | | |
| Segment assets | 10,533,741 | 536,295 | 11,070,036 |
| Total Assets | 10,533,741 | 536,295 | 11,070,036 |
| Liabilities | | | |
| Segment liabilities | 75,164 | 39,149 | 114,313 |
| Total Liabilities | 75,164 | 39,149 | 114,313 |

14. Events subsequent to the reporting date

On 3 March 2026, Mr Ian Reid was appointed Non-Executive Director.

Other than as stated above, there have been no subsequent events that required adjustment to or disclosure in the Financial Statements of the Group for the half year ended 31 December 2025.

Directors' Declaration

In the opinion of the Directors:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Paul Dickson
Chairman
Melbourne,
13 March 2026

For personal use only

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF AXEL REE LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Axel Ree Limited (the company) and controlled entities (consolidated entity) which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, and notes to the financial statements, including material accounting policy information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2025, or during the half year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and
- (a) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

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

Independence

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



Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2025 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

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

PKF Perth

PKF PERTH

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

SIMON FERMANIS
PARTNER

13 MARCH 2026
PERTH, WESTERN AUSTRALIA

For personal use only

Corporate Directory

Directors

Mr Paul Dickson - Non-Executive Chairman

Mr Patrick J Volpe – Non-Executive Director

Mr Aidan Nania – Non-Executive Director

Mr Ian Reid – Non-Executive Director

Company Secretary

Mr Patrick A 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

Suite 5, Level 12

530 Collins Street

Melbourne VIC 3000

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

For personal use only