



Pre-Quotation Disclosure

Axel REE Limited (**ASX: AXL**, “**Axel**” or “**the Company**”) provides the following confirmations to satisfy conditions for the admission of the Company to the Official List of the ASX and quotation of the Company’s securities.

Capitalised terms used in this announcement have the meaning given in the Company’s replacement prospectus dated 7 June 2024 (**Prospectus**).

Completion of Offer

The Company confirms that the Offer under the Prospectus closed on 20 June 2024 and the Company has issued 66,418,875 fully paid ordinary shares in the capital of the Company (**Shares**) to raise \$13,283,775.

Satisfaction of Conditions of the Offer

The Company confirms that the following conditions of the Offers have been satisfied:

- (a) Minimum Subscription to the Public Offer being reached; and
- (b) ASX granting conditional approval for the Company to be admitted to the Official List.

No Impediment

The Company confirms that there are no legal, regulatory, statutory or contractual impediments to AXL entering its tenements and carrying out exploration activities such that AXL will be able to spend its cash in accordance with its commitments for the purposes of Listing Rule 1.3.2(b).

Issue of Advisor Options

The Company confirms that the following unquoted securities have been issued:

- (a) 5,000,000 unquoted options exercisable at \$0.37 on or before 3 years from the date of the Company’s admission to the Official List to the Lead Manager (or its nominee); and
- (b) 5,000,000 unquoted options exercisable at \$0.30 on or before 3 years from the date of issue of securities to Pamplona (or its nominee).

Statement of Commitments

The Company intends to apply funds raised from the Offer, over the first two years following admission of the Company to the Official List of ASX as follows:

FUNDS AVAILABLE	FULL SUBSCRIPTION (\$13,283,775)	PERCENTAGE OF FUNDS (%)
Existing cash reserves ¹	\$536,777	3.88%
Funds raised from the Offer	\$13,283,775	96.12%
Total	\$13,820,552	100.00%
Allocation of funds		
Exploration at the Projects ²	\$9,650,000	69.82%
Expenses of the Offer ³	\$1,144,398	8.28%
General and administration costs ⁴	\$2,506,120	18.13%
Working capital ⁵	\$520,034	3.76%
Total	\$13,820,552	100.00%

Notes:

1. Refer to the Financial Information set out in Section 6 of the Prospectus for further details. The Company intends to apply these funds towards the purposes set out in this table, including the payment of the expenses of the Offer of which various amounts will be payable prior to completion of the Offer. Since 31 December 2023, the Company has expended approximately \$78,090 in progressing the in-principal application for admission to the Official List and preparing the Prospectus including independent expert reporting.
2. Refer to Section 5.5 of the Prospectus and the Independent Geologist's Report in Annexure A of the Prospectus for further details with respect to the Company's proposed exploration programs at the Projects. All exploration expenditure has been allocated to granted Tenements.
3. Represents the cash expenses of the Offer (net of GST recoverable) and excludes the value of Options to be issued to the Lead Manager (valued at \$385,000) and expenses of the Offer that have already been paid (\$180,843) Refer to Section 10.11 of the Prospectus for further details.
4. Administration costs include the general costs associated with the management and operation of the Company's business including administration expenses, management salaries, directors' fees, rent and other associated costs. As set out at Section 8.4 of the Prospectus, the Directors (other than Dr Fernando Tallarico, whom has agreed to accrue 50% of his directors' fees) have agreed to accrue all directors' fees from the date of their respective appointment dates until the date the Company is admitted to the Official List, at which time all accrued directors' fees will be paid. The payment of accrued directors' fees has been taken into account under the allocation of general and administration costs.
5. To the extent that:
 - (a) the Company's exploration activities warrant further exploration activities; or
 - (b) the Company identifies additional acquisition or investment opportunities,
 the Company's working capital will also be utilised to fund such further exploration activities and/or acquisition or investment costs (including due diligence investigations and expert's fees in relation to such acquisitions or investments) as applicable. Any amounts not so expended will be applied toward corporate and administration costs for the period subsequent to the initial two year period following Admission.

Set out below is a further breakdown of the Company's proposed exploration expenditure budget over the first two years following admission of the Company to the Official List of ASX:

EXPLORATION BUDGET			
	YEAR 1	YEAR 2	TOTAL
	(\$)	(\$)	(\$)
CALADÃO PROJECT			
Project planning, administration and permits	225,000	210,000	435,000
Surface sampling and geological mapping	-	125,000	125,000
Drilling	1,650,000	990,000	2,640,000
Assay	1,375,000	870,000	2,245,000
Geological review and mineral resource estimation	30,000	190,000	220,000
Sub-Total	3,280,000	2,385,000	5,665,000
CALDAS PROJECT			
Project planning, administration and permits	190,000	190,000	380,000
Surface sampling and geological mapping	155,000	-	155,000
Geophysics	135,000	-	135,000
Drilling	715,000	715,000	1,430,000
Assay	110,000	595,000	705,000
Geological review and mineral resource estimation	-	190,000	190,000
Sub-Total	1,305,000	1,690,000	2,995,000
ITIQUEIRA PROJECT			
Project planning, administration and permits	120,000	135,000	255,000
Surface sampling and geological mapping	40,000	-	40,000
Geophysics	70,000	-	70,000
Drilling	-	195,000	195,000
Assay	15,000	65,000	80,000
Geological review and mineral resource estimation	-	190,000	190,000
Sub-Total	245,000	585,000	830,000
CORRENTE PROJECT			
Project planning, administration and permits	20,000	20,000	40,000
Surface sampling and geological mapping	-	40,000	40,000
Geophysics	-	65,000	65,000
Drilling	-	-	-
Assay	-	15,000	15,000
Geological review and mineral resource estimation	-	-	-
Sub-Total	20,000	140,000	160,000
Total	4,850,000	4,800,000	9,650,000

The above tables are a statement of current intentions as of the date of this announcement. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

Updated Pro-Forma Statement of Financial Position

Below is the updated pro-forma statement of financial position based on the actual amount of funds (\$13,283,775) raised under the Offer.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	REVIEWED 31 DEC 23 (\$)	SUBSEQUENT EVENT ADJUSTMENTS (\$)	PRO FORMA ADJUSTMENTS (\$)	PRO FORMA BALANCE AFTER OFFER (\$)
Assets				
Cash and cash equivalents	656,037	(119,259)	12,039,377	12,576,155
Trade and other payables	193,517	(8,732)	-	184,785
Total current assets	849,554	(127,991)	12,039,377	12,760,940
Total assets	849,554	(127,991)	12,039,377	12,760,940
Liabilities				
Current liabilities				
Trade and other payables	140,532	217,783	-	358,315
Total Current Liabilities	140,532	217,783	-	358,315
Total Liabilities	140,532	217,783	-	358,315
Net Assets	709,022	(345,774)	12,039,377	12,402,625
Equity				
Issued capital	1,702,227	40,607	11,991,528	13,734,362
Reserves		-	1,701,750	1,701,750
Retained earnings	(993,205)	(386,381)	(1,653,901)	(3,033,487)
Total equity	709,022	(345,774)	12,039,377	12,402,625

Statement of Capital Structure

	FULL SUBSCRIPTION
Shares on issue at date of lodgement of the Prospectus	108,035,612
Shares issued pursuant to the Public Offer	66,418,875
Total Shares currently on Issue post-Offer	174,454,487

Notes:

- The material rights and liabilities attaching to the Shares are summarised in Section 10.2 of the Prospectus.
- The Shares on issue at date of lodgement of the Prospectus:
 - 1 Share issued on incorporation of the Company at an issue price of \$1;
 - 89,961,666 Shares which were issued for nil cash consideration to the shareholders of Foxfire Metals (**FM Shareholders**), on the basis of one Share for every one share held in Foxfire Metals under a bonus issue to enable the FM Shareholders to continue to participate in the development of the Projects; and
 - 8,000,000 Shares issued at an issue price of \$0.16 per Share pursuant to an initial seed capital raising which raised \$1,280,000; and
 - 10,073,945 Shares which were issued upon conversion of Convertible Notes.
- 66,418,875 Shares issued at an issue price of \$0.20 per Share under the Offer.
- The Company will issue the Foxfire Consideration Shares to Foxfire Metals approximately 6 months after the date of admission of the Company to the Official List. Refer to Section 9.2 of the Prospectus for further information.

Options

	FULL SUBSCRIPTION
Options on issue at date of lodgement of the Prospectus	3,500,000
Options issued to Advisers	10,000,000
Total Options currently on Issue post-Offer	13,500,000

Notes:

1. Refer to Section 10.3 of the Prospectus for a summary of the terms and conditions of the Options.
2. Comprising:
 - (a) 5,000,000 Options exercisable at \$0.30 each within three years from the date of admission of the Company to the Official List; and
 - (b) 5,000,000 Options exercisable at \$0.37 each within three years from the date of issue.

Performance Rights

	FULL SUBSCRIPTION
Performance Rights issued to Directors at date of lodgement of the Prospectus	6,150,000
Total Performance Rights on Issue post-Offer	6,150,000

Notes:

1. Refer to Section 10.5 of the Prospectus for a summary of the terms and conditions of the Performance Rights

Restricted Securities

The Company confirms the following securities will be subject to restriction pursuant to the ASX Listing Rules for the period outlined below.

CLASS	NUMBER	RESTRICTION PERIOD
Fully paid ordinary shares	26,401,723	12 months escrow from their date of issue
Fully paid ordinary shares	73,633,889	24 months escrow from the date of the Company's admission to the Official List
Options	13,500,000	24 months escrow from the date of the Company's admission to the Official List
Performance Rights	6,150,000	24 months escrow from the date of the Company's admission to the Official List

Statement of Waivers and Confirmations

1. Confirmation of ASX Listing Rule 6.1

ASX confirms that the terms of the 6,150,000 Performance Rights to be issued by the Company to the directors of the Company are appropriate and equitable for the purposes of listing rule 6.1, on the following conditions:

- (a) the Company discloses in its initial public offering prospectus:
 - (i) the party or parties to whom the Performance Rights are to be issued and the number of Performance Rights to be issued to them or each of them;

- (ii) any relationship the recipient of the Performance Rights or an associate of the recipient has with the entity;
- (iii) in respect of those Performance Rights proposed to be issued to remunerate and incentives the directors of the Company:
 - (A) a statement to that effect;
 - (B) details of the role (if any) the director will play in meeting the respective performance milestones;
 - (C) details of the existing total remuneration package of the director;
 - (D) if the director or any of their associates hold securities in the entity, details of those securities and the consideration they paid or provided for those securities;
 - (E) an explanation why it is considered necessary or appropriate to further remunerate or incentivise the director to achieve the applicable performance milestone;
 - (F) details of how the Company determined the number of Performance Rights to be issued to the director and why it considers that number to be appropriate and equitable;
- (iv) The number of ordinary shares that the Performance Rights will convert into if the applicable performance milestone is met and the impact that will have on the entity's capital structure.
- (v) The full terms of the Performance Rights including:
 - (A) the Performance Rights are not quoted.
 - (B) the Performance Rights are not transferrable.
 - (C) the Performance Rights do not confer any right to vote, except as otherwise required by law
 - (D) the Performance Rights do not permit the holder to participate in new issues of capital such as bonus issues and entitlement issues.
 - (E) the Performance Rights do not carry an entitlement to a dividend
 - (F) the Performance Rights do not permit the holder to participate in a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
 - (G) the Performance Rights do not carry an entitlement to participate in the surplus profit or asset of the Company upon winding up of the Company.
 - (H) each of the Performance Rights are converted into one fully paid ordinary share on achievement of the relevant milestone
 - (I) if the relevant class of Performance Rights is not converted into a share by the relevant expiry date then all the Performance Rights of that class lapse.
- (vi) The Company makes an announcement immediately upon the satisfaction of any milestones, the conversion of any of the Performance Rights and the expiry of any of the Performance Rights.
- (vii) The terms and conditions of the Performance Rights, including without limitation the relevant milestones that have to be satisfied before each Performance Rights converted into an ordinary share, are not to be changed without the prior approval of ASX and the Company's shareholders.
- (viii) Upon conversion of the Performance Rights into ordinary shares, the Company will apply to the ASX for quotation of the shares within the requisite time period.

- (ix) The Company discloses the following in each annual report, annual audited financial accounts, half-yearly report issued by the Company in respect of any period during which any of the Performance Rights remain on issue or were converted or cancelled:
- (A) the number of Performance Rights on issue during the relevant period;
 - (B) a summary of the terms and conditions of the Performance Rights, including without limitation the number of ordinary shares into which they are convertible and the relevant milestones;
 - (C) whether any of the Performance Rights were converted or cancelled during that period; and
 - (D) whether any milestones were met during the period.

2. Confirmation of ASX Listing Rule 1.1 Condition 12

ASX has granted the Company a waiver from listing rule 1.1 condition 12 to the extent necessary to permit the Company to have on issue 6,150,000 Performance Rights with a nil exercise price issued to the directors of the Company on the condition that the terms and conditions of the Performance Rights are disclosed in the Company's initial public offering prospectus.

Refer to Section 10 of the Prospectus for a summary of the terms and conditions of the Performance Rights.

This announcement was authorised by the Board of Directors.

For enquiries regarding this release please contact:

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About Axel REE

Axel REE is an exploration company which is primarily focused on exploring the Caladão, Caldas, Itiquira and Corrente rare earth elements (REE) projects in Brazil. Together, the project portfolio covers over 1,105km² of exploration tenure in Brazil, the equal third largest country globally in terms of REE resources.

The Company's mission is to explore and develop REE and other critical minerals in vastly underexplored Brazil, which are crucial for the advancement of modern technology and the transition towards a more sustainable global economy. Axel's strategy includes extensive exploration plans, aimed at fully realising the potential of its current projects and seeking new opportunities.