

DRILL PROGRAM COMMENCES INSIDE THE POÇOS DE CALDAS CALDERA

HIGHLIGHTS:

- Maiden drill program to commence at the Caldas REE Project in the highly prospective Poços de Caldas Alkaline Intrusive
- Auger program will target five priority prospect zones covering 222km²
- The drill program will initially test the prospects inside the Caldera adjacent to Meteoric Resources and Viridis Mining's high-grade Ionic Adsorption Clay REE discoveries
- Previous geochem program at Caldas returned significant surface grab sample results up to 2,420ppm TREO with up to 488ppm NdPr and 30ppm DyTb
- New clay-rich zones have been identified along the edges of the Caldera that will also be drilled to test the depth of the saprolite profiles and for REE mineralisation
- This first phase drill program will identify targets for a phase two resource drilling program
- The Caldas Project is Axel's second exploration program, running concurrently with the initial 2,600m diamond drill program at Caladão
- Axel will provide regular progress updates on its IPO exploration strategy

Axel REE Limited (**ASX: AXL**, "Axel" or "the Company") is pleased to announce the commencement of a systematic auger drill program at its 100% owned and highly prospective Caldas Project (**Caldas**), located in the Poços de Caldas Alkaline Complex, a world-class rare earth elements (**REE**) intrusive in the southwest region of the State of Minas Gerais.

This unique Alkaline Complex has a diameter of over 30 km and hosts globally significant ionic adsorption clay (**IAC**) REE discoveries including Meteoric Resources NL's (**ASX:MEI**) Mineral Resource Estimate (**MRE**) of 740Mt @ 2,572ppm TREO (Measured + Inferred + Indicated)¹ and Viridis Mining & Minerals Limited's (**ASX:VMM**) MRE of 201Mt @ 2,590ppm TREO (Indicated + Inferred)².

Axel holds a significant land position at this Alkaline Complex, with 222km² in exploration permits and applications at the Caldas Project. Caldas is one of four prospective REE and niobium (**Nb**) projects 100% owned by the Company covering over 1,100km² across three states in Brazil.

Managing Director, Dr Fernando Tallarico, said:

"We are extremely excited to initiate this drill program in our Caldas Project, in a region of the recent high-grade discoveries of Meteoric Resources and Viridis Mining. We will commence exploration on our tenements from inside this extraordinary Alkaline Caldera and

¹ Meteoric Resources NL (ASX:MEI) ASX release 5 August 2024 "Updated Figueira Mineral Resource Estimate"

² Viridis Mining & Minerals Limited (ASX:VMM) ASX release 4 June 2024 "Globally Significant Maiden MRE for Colossus IAC"

progressively investigate our tenements along the edges and in the near surroundings, where we have already received encouraging surface sample results. The Complex and its adjacent areas are deeply weathered, and we have successfully located new thick clay-rich exposures, where we have proactively dug channels and sampled, with assays pending. These areas could form part of new discovery zones by Axel at Caldas.

Our novel premise that high-grade REE mineralisation could occur along the contact zone of the Alkaline Complex is coming to fruition, with these newly discovered weathered zones and prior geochem results supporting our program.

This auger program is part of our IPO strategy to aggressively advance our REE projects. Our 2,600m first phase diamond drilling program at the Caladão Project is in progress and we are excited to add a program at our Itiquira REE/Niobium Project in Central Brazil in due course.”

Previous exploration

Initial scouting completed following Axel’s IPO in July along the edges of the Alkaline Complex revealed zones of intense weathering developed along the contact zone with the host alkaline granite. The supergene profile has exposures up to 11m thick and is constantly very rich in kaolinite. Several channels were dug and samples were taken along these clay-rich profiles, with assays pending.

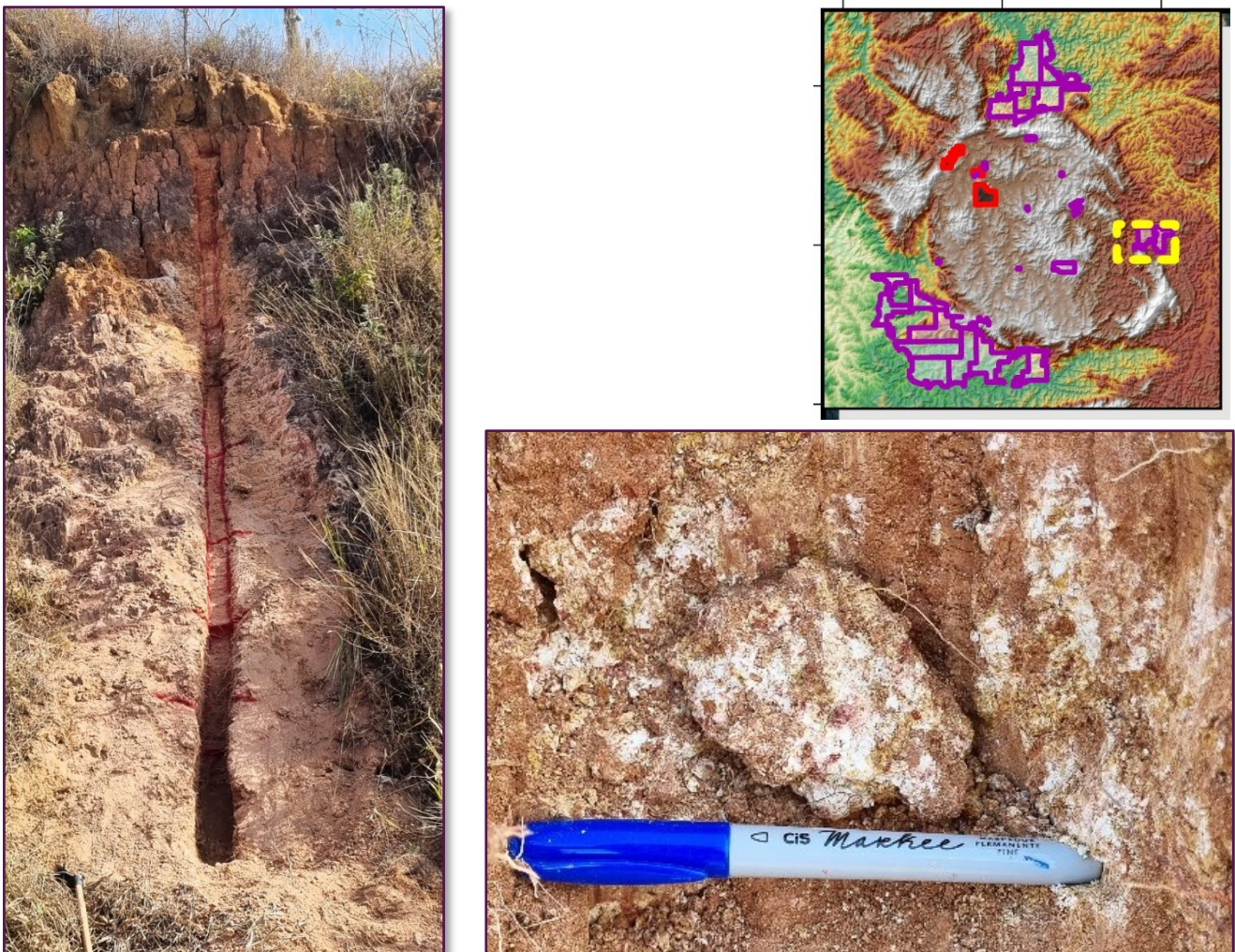


Figure 1: A 9-m channel sample taken over kaolinite weathing profile at the East-Caldas prospect, assays pending.

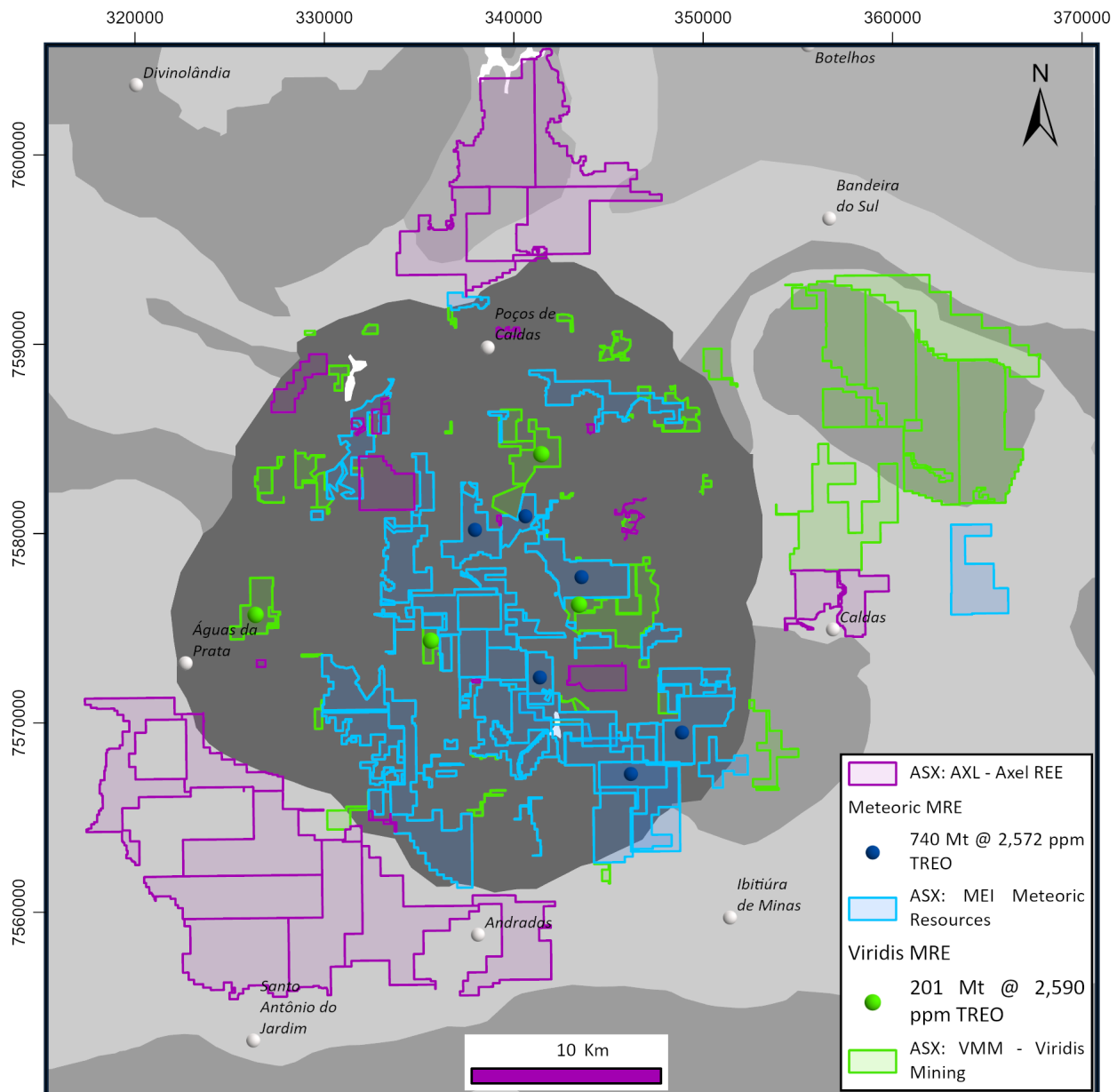


Figure 2: Poços de Caldas Alkaline Complex with world-class REE discoveries neighbouring Axel's Caldas Project areas

Previous surface sampling in 13 of our 28 licenses in the Caldas Project, returned very encouraging geochemical results, with TREO values of up to 2,420ppm and a high proportion of high-value magnetic rare earths (21% MREO) including 488ppm NdPr and 30ppm DyTb. All the tenements previously tested were mineralised with significant REE values above 1,000ppm TREO cutoff from tenements inside the Alkaline Caldera, along the contact zone, and in the near adjacent areas.

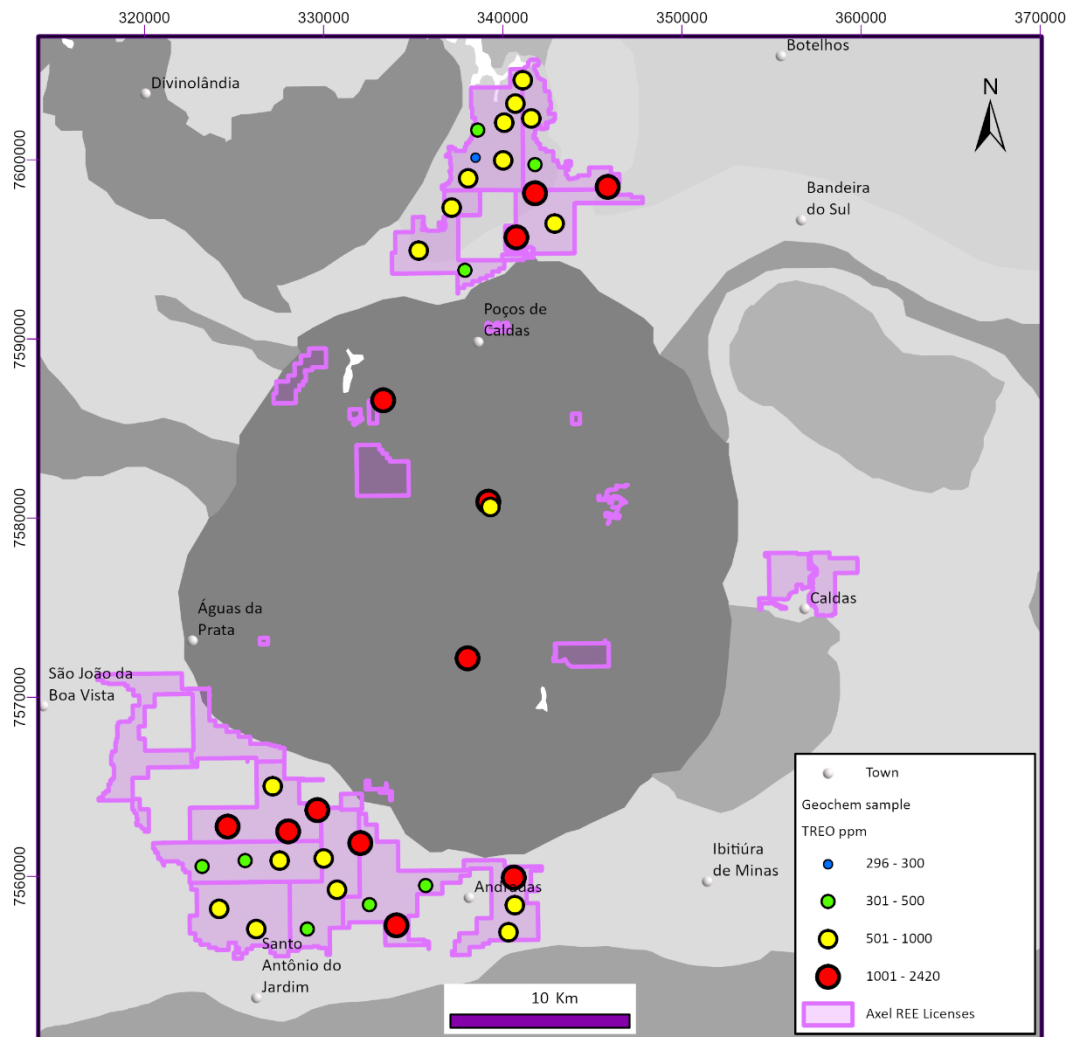


Figure 3 – Map of the Poços de Caldas Alkaline Complex, showing the distribution of Axel's tenements and initial surface sampling results.

The Company will keep shareholders updated on the progress of the Caldas and Caladão drill programs and further exploration programs planned as it continues its IPO strategy to systematically explore its prospective REE and REE/Nb projects.

The Company also acknowledges the recent volatile market conditions and movements in value of REE amongst geopolitical uncertainty, and is evaluating strategies to create value for shareholders. The Company will keep shareholders updated in due course.

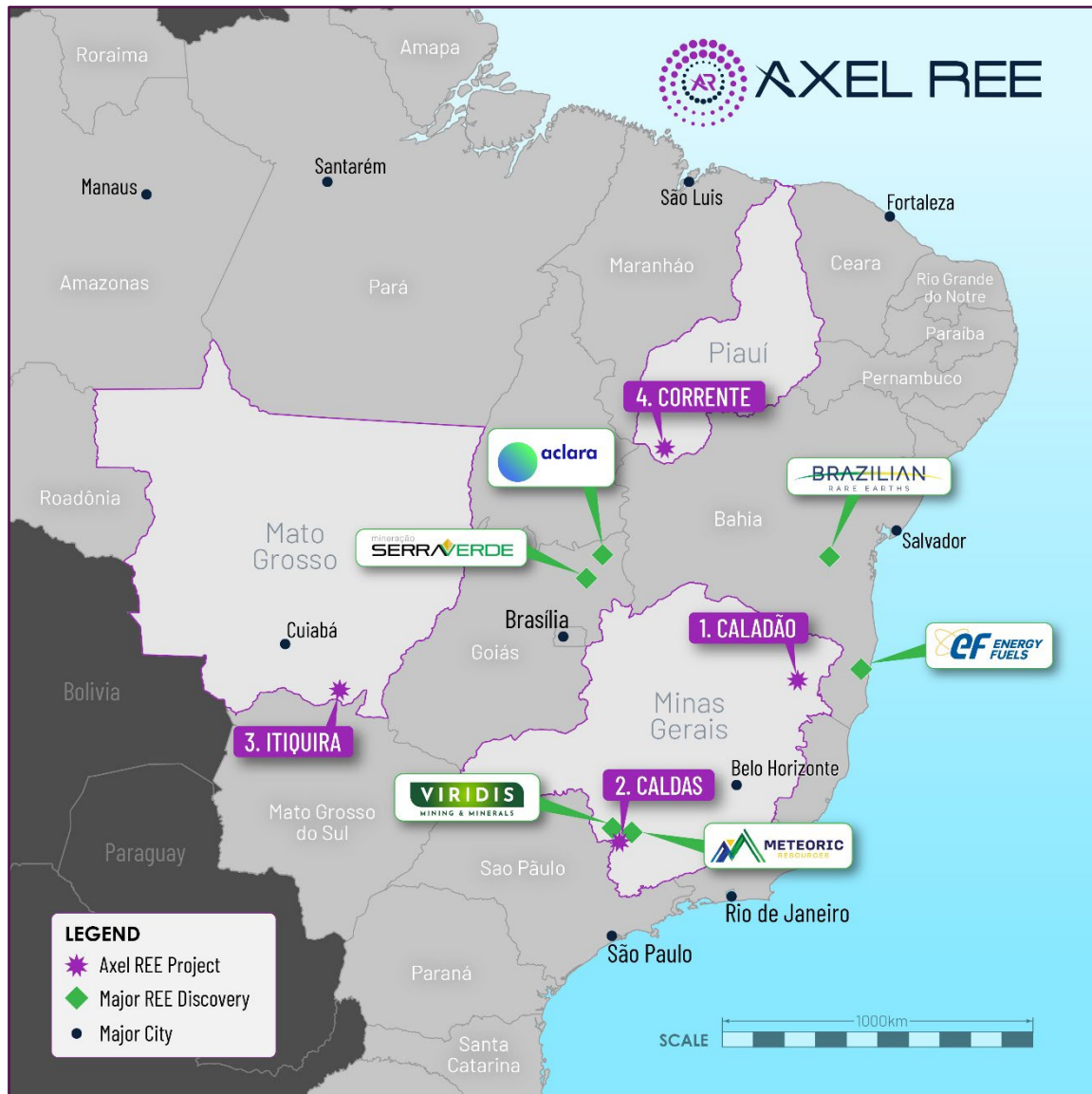


Figure 4: Map of Axel's 100% owned projects in Brazil prospective for REE and REE/Niobium (Itiquira).

This announcement was authorised by the Board of Directors.

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Reference to Previous Announcements

The information in this announcement that relates to exploration results is extracted from the Company's Replacement Prospectus dated 7 June 2024 (**Prospectus**). The Company confirms that it is not aware of any new information or data that materially affects the information contained in the Prospectus and, in the case of estimates of mineral resources, that all material assumptions and technical parameters underpinning the estimates in the Prospectus continue to apply and have not materially changed.

Competent Persons Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources, or Ore Reserves is based on information compiled by Dr Fernando Tallarico, who is a member of the Association of Professional Geoscientists of Ontario, and Dr Paul Woolrich, who is a Competent Person and a Member of the Australian Institute of Mining and Metallurgy (**AusIMM**). Dr Tallarico is a full-time employee of the company. Dr. Tallarico and Dr Woolrich have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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. Dr Tallarico and Dr Woolrich consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

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 Reserves.

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.