



Prospectus

Brazilian Rare Earths Limited

ACN 649 154 870

For offers of fully paid ordinary shares in the Company (Shares)

This Prospectus has been issued to provide information on the offer of 34,013,606 Shares at an Offer Price of A\$1.47 per Share to raise A\$50,000,000 (before associated costs) (**Offer**).

It is proposed that the Offer will close at 5:00pm (Sydney time) on 7 December 2023. The Directors reserve the right to close the Offer earlier or to extend this date without notice. Applications must be received before that time.

This is an important document and requires your immediate attention. It should be read in its entirety. Please consult your professional adviser(s) if you have any questions about this Prospectus. Investment in the Shares offered pursuant to this Prospectus should be regarded as highly speculative in nature, and investors should be aware that they may lose some or all of their investment. Refer to Section 3 for a summary of the key risks associated with an investment in the Shares.

Australian legal advisor

Thomson Geer
Lawyers

Lead Manager and Underwriter



Co-Lead Manager



Important Notice

Offer

The Offer detailed in this Prospectus is an invitation to eligible Applicants to apply for fully paid ordinary shares (**Shares**) in the Company. This Prospectus is issued by the Company for the purpose of Chapter 6D of the Corporations Act.

The Offer comprises of:

- the Broker Firm Offer, which is open to eligible Australian retail clients and other eligible clients (subject to compliance with applicable laws) of Brokers;
- the Priority Offer, which is open to investors who have received an invitation to participate in the Offer from the Company and who have a registered address in Australia, or are otherwise Institutional Investors in other Permitted Jurisdictions (or as may otherwise be permitted by the law and accepted by the Company); and
- the Institutional Offer, which consists of an offer to Institutional Investors in the Permitted Jurisdictions.

Prospectus

This Prospectus is dated, and was lodged with ASIC on, 13 November 2023. Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The expiry date of this Prospectus is 5:00pm (Sydney time) on that date which is thirteen (13) months after the date of this Prospectus. No Shares will be issued on the basis of this Prospectus after that expiry date.

An application will be made to ASX within seven (7) days of the date of this Prospectus for Official Quotation of the Shares the subject of the Offer.

No person is authorised to give any information or to make any representation in connection with the Offer, other than as is contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company, the Directors, or any other person in connection with the Offer. You should rely only on the information in this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Not Investment Advice

The information detailed in this Prospectus is not investment or financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice. The Company is not licensed to provide financial product advice in respect of its Shares or any other financial products.

Disclaimer

The lead manager and underwriter of the Offer, being Canaccord Genuity (Australia) Limited ACN 075 071 466 (**Lead Manager and Underwriter**) and its related bodies corporate and affiliates, and officers, directors, employees, agents and advisers of each of the foregoing (collectively, **Lead Manager Parties**), take no responsibility for the Offer and make no recommendations as to whether any person should participate in the Offer nor do they make any representations or warranties (express or implied) concerning the Offer, and they disclaim (and by accepting this Prospectus you disclaim) any fiduciary relationship between them and the recipients of this Prospectus, or any duty to the recipients of this Prospectus or participants in the Offer or any other person. The Lead Manager Parties have not authorised, permitted or caused the issue, submission, dispatch or provision of this Prospectus. The disclaimer above does not purport to disclaim any warranty or liability which cannot be disclaimed by law.

Determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal requirements and the discretion of the Company and the Lead Manager and Underwriter. The Company, Lead Manager and Underwriter and their respective affiliates, officers, employees and advisers disclaim any liability in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

Consider Risks of Investments

This Prospectus is important and should be read in its entirety prior to deciding whether to invest in Shares. There are risks associated with an investment in Shares and some of the key risks are detailed in Section 3. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in Shares. There may also be risks in addition to these that should be considered in light of your personal circumstances.

If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in Shares.

No person named in this Prospectus warrants or guarantees the Company's performance, the repayment of capital by the Company or any return on investment made pursuant to this Prospectus.

As detailed in Section 1.20, the Company will apply for the Shares to be quoted on the ASX. The Company, the Company's share

registry (Xcend Pty Ltd (**Share Registry**)) and the Lead Manager and Underwriter, disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

Foreign Investors

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer or to otherwise permit an offering of the Shares, in any jurisdiction outside Australia. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. The Shares are not being offered to any investor outside Australia, other than certain eligible investors in certain jurisdictions detailed in Section 1.22 (or as may otherwise be permitted by law and accepted by the Company).

In particular, this Prospectus does not constitute an offer to sell, or a solicitation of any offer to buy, securities in the United States. In particular, the Shares have not been, and will not be, registered under the US Securities Act of 1933 (**US Securities Act**) or the securities laws of any State or other jurisdiction of the United States, and may not be offered or sold in the United States, except in transactions exempt from or not subject to the registration requirements of the US Securities Act and any other applicable US securities laws. This Prospectus may only be distributed in the United States to Institutional Investors by the Lead Manager and Underwriter and only if this Prospectus is accompanied by the US Offering Circular.

Refer to Section 1.22 for more details on selling restrictions that apply to the Offer and the sale of Shares in jurisdictions outside Australia.

Financial Information

The financial information included in this Prospectus has been prepared and presented in accordance with the recognition and measurement principles prescribed by Australian Accounting Standards (which are consistent with International Financial Reporting Standards), except where otherwise stated.

The financial information is presented in abbreviated form. It does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports. The financial information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information detailed in Section 6.

Past Performance

This Prospectus includes information regarding past performance of the Company. Prospective investors should be aware that past performance should not be relied upon as being indicative of future performance.

Electronic Prospectus and Application Forms

This Prospectus will be made available in electronic form only to persons in Australia by being posted on the Company's website at www.brazilianrareearth.com. Eligible persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the relevant Application Form (free of charge) from the Company's registered office during the Offer Period by contacting the Offer Information Line on 02 7208 8033 (within Australia) or +61 2 7208 8033 (outside Australia) from 8:30am to 5:00pm (Sydney time) Monday to Friday (excluding public holidays). Details of the Company's registered office are detailed in the Corporate Directory. The Offer constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and relevant Application Form within Australia (unless otherwise determined by the Board, subject to applicable laws).

The Corporations Act prohibits any person from passing on to another person the Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

The electronic copy of this Prospectus available from the Company's website will not include an Application Form. The Company (or Lead Manager and Underwriter or the Co-Lead Manager) will provide this Prospectus together with the Application Form to persons selected to apply to participate in the Offer. Applicants must complete and return the Application Form with the requisite Application Monies by following the instructions detailed on the Application Form.

By returning an Application Form with the requisite Application Monies or making a payment of Application Monies you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Offer as detailed in this Prospectus.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus. In such circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications under this Prospectus will not be processed by the Company until after the Exposure Period. No preference will be conferred upon Applications received during the Exposure Period.

Cooling Off Rights

Cooling off rights do not apply to an investment in Shares acquired under this Prospectus. This means that, in most circumstances, you cannot withdraw your application to acquire Shares under this Prospectus once it has been accepted.

No incorporation by reference

No document or information (such as is included on the Company's website) is incorporated by reference into this Prospectus.

Speculative Investment

The Shares offered pursuant to this Prospectus should be considered highly speculative. There is no guarantee that the Shares offered pursuant to this Prospectus will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Shares in the future.

Prospective investors should carefully consider whether the Shares offered pursuant to this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 3 for details relating to the key risks applicable to an investment in the Shares.

Using this Prospectus

Persons wishing to subscribe for Shares offered by this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses, and prospects of the Company and the rights and liabilities attaching to the Shares offered pursuant to this Prospectus. If persons considering subscribing for Shares offered pursuant to this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser for advice.

Privacy Statement

To apply for Shares you will be required to provide certain personal information to the Company and the Share Registry. The Company and the Share Registry will collect, hold, use, disclose and otherwise handle your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request, and to carry out appropriate administration in relation to your Application and your needs as an investor. The Corporations Act and taxation law require some of this personal information to be collected. If you do not provide the information requested, the Company may not be able to accept or process your Application.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes detailed in this Privacy Statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third-party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities and as otherwise permitted or required by law.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with its legal and regulatory requirements.

In some cases, your personal information may be disclosed by the Company to recipients located in the other countries such as storage of subscribers' data for the purpose of web mail broadcasts. Otherwise, your personal information is not generally disclosed to recipients located overseas except with your consent or where otherwise permitted or required by law.

The Company's Privacy Policy at www.brazilianrareearth.com includes additional information about the way the Company handles personal information, including how to seek access or correction of your personal information, and how to complain if you believe we have breached our privacy obligations and how we will handle your complaint. For further information you may also contact our Privacy Officer by email at stephen@brazilianrareearth.com or by mail to Privacy Officer, Brazilian Rare Earths Limited, Level 1, 1024 Ann Street Fortitude Valley QLD 4006 Australia.

Your personal information will be provided to the Share Registry to assist in managing the Company's Share register. The Share Registry's Privacy Policy is available on the Share Registry's website, <https://www.xcend.co/privacy-policy>. Questions about the Share Registry's Privacy Policy can also be emailed to support@xcend.co.

Forward-Looking Statements and Information

This Prospectus contains "forward-looking statements" and "forward-looking information", including statements and forecasts which include (without limitation) expectations regarding industry growth and other trend

Important Notice continued

projections, forward-looking statements about the Project, future strategies, results and outlook of BRE and the opportunities available to BRE. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “is expecting”, “budget”, “outlook”, “scheduled”, “target”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might”, or “will” be taken, occur or be achieved. Such information is based on assumptions and judgments of BRE regarding future events and results. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, targets, performance or achievements of BRE to be materially different from any future results, targets, performance or achievements expressed or implied by the forward-looking information.

Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risk factors associated with an investment in the Company are detailed in Section 3. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

Forward-looking information and statements are (further to the above) based on the reasonable assumptions, estimates, analysis and opinions of BRE made in light of its perception of trends, current conditions and expected developments, as well as other factors that BRE believes to be relevant and reasonable in the circumstances at the date such statements are made, but which may prove to be incorrect. Although BRE believes that the assumptions and expectations reflected in such forward-looking statements and information (including as described throughout this Prospectus) are reasonable, readers are cautioned that this is not exhaustive of all factors which may impact on the forward-looking information. BRE does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws, regardless of whether new information, future events or any other factors affect the information detailed in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking information or statements detailed in this Prospectus will actually occur and prospective investors are cautioned not to place undue reliance on these forward-looking information or statements.

Proximate Statements

This Prospectus may contain references to other parties either nearby or proximate to the Project and includes references to topographical or geological similarities to that of the Project. It is important to note that such discoveries or geological similarities do not in any way guarantee that the Company will have any success or similar successes on the Project, if at all.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company.

Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data detailed in charts, graphs and tables is based on information available at the date of this Prospectus.

Competent Person's Statement

The information in this Prospectus that relates to Mineral Resources and the rare earth elements Exploration Target is based on, and fairly represents, information and supporting documentation prepared by Mr Adam Karst P.G., a Competent Person who is a registered member of the Society of Mining, Metallurgy and Exploration which is a Recognised Overseas Professional Organisation. Mr Karst has sufficient experience that is relevant to the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr Karst has given his prior written consent to the form and context in which the Mineral Resources, the rare earth elements Exploration Target and the supporting information are presented in this Prospectus and has not withdrawn his consent before lodgement of this Prospectus with ASIC.

The information in this Prospectus that relates to exploration results and the bauxite Exploration Target is based on, and fairly represents, information and supporting documentation prepared by Ms Sonia Konopa, a Competent Person who is a Fellow of the AusIMM (membership number 101561). Ms Konopa has sufficient experience that is relevant to the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Ms Konopa has given her prior written consent to the form and context in which the exploration results, the bauxite Exploration Target and the supporting information are presented in this Prospectus and has not withdrawn her consent before lodgement of this Prospectus with ASIC.

Currency

All financial amounts contained in this Prospectus are expressed as Australian currency unless otherwise stated. All references to “\$”, “AUD” or “A\$” are references to Australian dollars.

All references in this Prospectus to “US\$” or “USD” are references to United States of America dollars.

All references in this Prospectus to “R\$” or “BRL” are references to Brazilian Reals.

Effect of rounding

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any discrepancies between totals and sums of components in tables in this Prospectus are due to rounding.

Time

All references to time in this Prospectus are references to the time in Sydney, New South Wales, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Prospectus are detailed in the glossary in Section 11.



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Letter from the Chairman



Dear Investor,

On behalf of the Board of Directors, it is my pleasure to invite you to become a shareholder in Brazilian Rare Earths Limited (**BRE** or the **Company**). The Directors believe that the Offer represents an attractive opportunity to invest in a company with a highly prospective large-scale rare earth and critical minerals project located in Bahia, Brazil. Our aim is to develop this project and build a leading rare earth and critical minerals company to create long term value for shareholders, our communities and stakeholders.

Rare earth elements (**REE**) are critical for the transition to a more sustainable and efficient economy that is underpinned by electrification and advanced clean technologies. These elements, especially the heavy rare earth elements Dysprosium-Terbium (**DyTb**) and the light rare earths Neodymium-Praseodymium (**NdPr**) play a pivotal role in the development of high-performance permanent magnets that can power an array of essential technologies such as electric vehicles, wind turbines, robotics, medical equipment, and many other important technologies. As our world accelerates its shift toward electrification, these permanent magnets are vital building blocks that assist these technologies to perform with higher durability, efficiency and performance.

Brazil is a country rich in natural resources with a successful history of supporting world class mining projects from a range of leading international natural resource companies including Rio Tinto, BHP, Vale, Anglo American and South32. These companies operate world-class mining projects that are sustained by skilled workforces, modern infrastructure, and a stable investing environment.

Brazil provides an attractive location for exploration and development, with our project offering several key advantages:

- **Prime Strategic Location:** Our large-scale rare earth project is near critical infrastructure, including clean hydro-electric power, well-connected highways, and an efficient export port.
- **Rare Earth Province:** BRE has control of 1,410km² of highly prospective tenements across this new leading world-class rare earth province and so far, BRE has only explored less than 5% of this area.
- **Highly Valuable Critical Minerals:** BRE has discovered a compelling portfolio of valuable critical elements, including niobium, scandium, uranium and rare earth elements.
- **Large JORC Resource with Growth Opportunity:** Our project has a JORC estimated resource of 510Mt at a grade of 1,513ppm total rare earth oxide (**TREO**). This resource has the potential to grow as we accelerate exploration programs across our extensive tenements.
- **High-grade REE-Nb-Sc Mineralisation:** Transformative discovery of exceptionally high-grade rare earth, niobium, scandium and uranium (**REE-Nb-Sc**) magmatic mineralisation.

BRE's key exploration focus is at the Monte Alto project where our dedicated exploration team has delineated a JORC estimated resource of 25.2Mt at a grade of 10,022ppm TREO. This compelling resource is shallow, free dig and early metallurgical test work indicates that simple, low-cost processing techniques could be used to produce a valuable rare earth concentrate product.

Significantly, within the boundaries of the Monte Alto project area, our exploration team has recently discovered exceptionally high-grade REE-Nb-Sc hard rock magmatic mineralisation. The REE-Nb-Sc mineralisation is present across extensive large outcrops and corestones with average grades of 32.7% TREO, niobium of 1.1% Nb₂O₅, uranium of 4,025ppm U₃O₈ and scandium of 219ppm Sc₂O₃. Our current exploration model is that this high-grade REE-Nb-Sc mineralisation may represent the 'source' rock for the Monte Alto deposit. Our exploration team is actively testing this model with an extensive regional diamond drilling program.

BRE has achieved notable success in the broader regional exploration program, with the discovery of Ionic Adsorption Clay (IAC) style rare earth deposits which are known for their high proportion of heavy rare earth elements. BRE's deposits have recorded rare earth grades that are comparable to those found in southern China, currently the world's dominant major source of heavy rare earths.

The success of BRE's exploration program to date is a credit to the talented and experienced team of professionals that operate the Company led by the Managing Director and co-founder of BRE, Bernardo da Veiga. We are highly committed to upholding the highest standards of operational excellence, environmental stewardship and social responsibility. We are equally dedicated to forging strong partnerships with local communities, ensuring their support and involvement in our project.

An investment in BRE is subject to risks, given that our project is in the exploration phase. These risks encompass fluctuations in prices, changes in the demand and supply dynamics of our potential products, exploration, development and operational risks, foreign exchange movements, regulatory approvals, funding requirements for any project development, the impact of changes in Brazilian taxation and other matters. Please refer to Section 3 for a more detailed description of the key risk factors.

The Offer is an initial public offering of 34,013,606 Shares at an Offer Price of A\$1.47 per Share to raise A\$50,000,000 (before associated costs). The Offer proceeds will be used to fund exploration programs, corporate costs and feasibility and engineering studies.

This Prospectus contains detailed information about the Offer and the relevant risk factors. I encourage you to read it carefully before making an investment decision.

On behalf of the Board of Directors, I look forward to welcoming you as a valued Shareholder.

Yours sincerely,



Todd Hannigan
Executive Chairman

Key Offer Information

Indicative Timetable	
Lodgement of this Prospectus with ASIC	13 November 2023
Exposure Period begins	13 November 2023
Exposure Period ends (unless extended)	20 November 2023
Opening Date of the Offer (unless the Exposure Period is extended)	21 November 2023
Closing Date of the Offer	7 December 2023
Allotment Date	15 December 2023
Despatch of holding statements	18 December 2023
Admission to Official List of the ASX	19 December 2023
Commence trading of Shares on ASX	21 December 2023

Note:

The above dates (and where applicable, the times) are indicative only and may change. The Company, in consultation with its advisers, reserves the right to amend any and all of the above dates without notice (including, without limitation, subject to the Listing Rules and the Corporations Act, to close the Offer or any part of it early, to extend the Closing Date, to accept late Applications (either generally or in particular cases) or to cancel the Offer before Shares are issued by the Company). If the Offer is cancelled before the issue of Shares, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. Eligible Applicants are encouraged to submit their Applications as soon as possible after the Offer opens. Admission to the Official List of ASX is subject to ASX's discretion and is not guaranteed.

Indicative Capital Structure on Admission¹

Offer Price per Share under the Offer	A\$1.47
Total Shares on issue upon Admission	214,107,429
▪ Shares on issue as at the date of this Prospectus	146,469,750
▪ Estimated Shares to be issued on the conversion of the Convertible Notes ²	33,624,073
▪ Shares offered under the Offer	34,013,606
Total Options on issue upon Admission	10,095,400
▪ Management Performance Options ³	9,562,350
▪ Director Options ⁴	533,050

Notes:

1. Refer to Section 1.7 for further details relating to the indicative capital structure of the Company on Admission.
2. Subject to the total number of Shares to be issued pursuant to the Notes Conversion which may vary depending on the total interest accrued on the Founder Notes at the time of the Notes Conversion. Refer to Section 9.6(c) for further details on the Convertible Notes and the Notes Conversion.
3. Management Performance Options (with nil exercise price and being subject to certain vesting conditions) have been issued to executive Directors and senior management of the Company or their nominees (as detailed in Sections 4.4(b) and 4.4(c)) and certain employees, contractors and other staff of the Company (or their nominees) who are not Directors or related parties of the Company, pursuant to the Employee Incentive Plan and on the terms in Section 9.4.
4. Director Options (with nil exercise price and being subject to certain vesting conditions) have been issued to non-executive Directors (or their nominees) as detailed in Section 4.4(b), pursuant to the Employee Incentive Plan and on the terms in Section 9.3.

Questions

All enquiries in relation to this Prospectus should be directed to the Offer Information Line on 02 7208 8033 (within Australia) from 8:30am to 5:00pm (Sydney time), Monday to Friday. If you are eligible to participate in the Offer and are calling from outside Australia, you should call +61 2 7208 8033 from 8:30am to 5:00pm (Sydney time), Monday to Friday.

If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.



Investment Overview

Investment Overview

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Shares offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of Shares.

A. Introduction

TOPIC	SUMMARY	MORE INFORMATION
Who is issuing this Prospectus?	Brazilian Rare Earths Limited (BRE or Company), a public company incorporated in Australia with Australian Company Number 649 154 870.	Section 2.1
What is the Offer?	<p>The Offer is an initial public offering of Shares at an Offer Price of A\$1.47 per Share to raise A\$50 million (before associated costs).</p> <p>The Shares issued pursuant to the Offer will rank equally with existing Shares on issue.</p> <p>For details relating to the rights and liabilities of the Shares, refer to Section 9.1.</p>	Section 1.1
Why is the Company issuing this Prospectus?	<p>The purpose of this Prospectus is to:</p> <ul style="list-style-type: none"> ▪ raise A\$50 million pursuant to the Offer (before associated costs); ▪ assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for Admission; ▪ position the Company to seek to achieve the objectives detailed in Section 2.4; ▪ facilitate the sale of approximately 33,624,073 Shares (in aggregate and subject to variation in that number as detailed in Section 9.6(c)) to be issued to Noteholders (and/or their respective nominee(s)) upon conversion of the Convertible Notes in accordance with the Notes Conversion within 12 months of their issue without the requirements for a future disclosure document (or cleansing notice) being prepared in connection with such sales (refer to Section 9.6(c) for further information on the Notes Conversion and refer to Section 1.23 for information in relation to anticipated ASX escrow which is expected to apply to certain of those Shares); ▪ provide a liquid market for the Shares to trade and an opportunity for others to invest in the Company; and ▪ provide the Company with the benefits of an increased profile that arises from being a listed entity. 	Section 1.5

Investment Overview continued

B. Company and business overview

TOPIC	SUMMARY	MORE INFORMATION
What does the Company do?	BRE is a mineral exploration company focused on the discovery and development of critical mineral resources in Brazil.	Section 2.1
What is the Rocha da Rocha project?	<p>The Rocha da Rocha Project comprises of:</p> <ul style="list-style-type: none"> ▪ ninety six granted exploration permits; ▪ one application for an exploration permit; ▪ four applications for mining permits; ▪ two disponibilidades;¹ and ▪ an option to acquire a further three granted exploration permits, registered or applied for under Brazil's National Mining Agency Agency (Rocha da Rocha Project or Project). <p>The granted exploration permits within the Rocha da Rocha Project cover a total combined area of 140,988ha (1,410km²) in the Rocha da Rocha Critical Minerals Province, located in Bahia, Brazil. The Project is a large-scale greenfields discovery of REE mineralisation, that includes high-grade REE-Nb-Sc mineralisation, saprolite monazite enriched mineralisation, and ionic clay style REE mineralisation. In addition, the Project appears to be highly prospective for niobium, scandium, uranium, bauxite and other critical minerals.</p> <p>BRE has rapidly consolidated this rare earth province through a series of transactions and currently controls or has entered into agreements pursuant to which it will (upon their completion) control² the Rocha da Rocha Project.</p>	Section 2.7
What are the Mineral Resources for the Rocha da Rocha Project?	<p>In April 2023 the Company estimated a Mineral Resource pursuant to the JORC Code of 510Mt at 1,513ppm TREO, containing approximately 772kt of contained TREO.</p> <p>The Mineral Resource includes two components:</p> <ul style="list-style-type: none"> ▪ At an 800ppm TREO-CeO₂ cut-off grade, the high-grade core of the Monte Alto deposit contains 25.2Mt at an average grade of 10,022ppm TREO. Testwork indicates this deposit has a simple monazite mineralogy with reasonable prospects for extraction by gravity separation methods to produce a valuable, high grade, export concentrate. However, no forecast is made of whether that will occur, given that the Mineral Resource estimate is in the inferred category under JORC and as no scoping or feasibility studies have been completed. ▪ At a 200ppm TREO-CeO₂ cut-off grade, other target areas total 485Mt at an average grade of 1,071ppm TREO. Initial testwork indicates this material has reasonable prospects for REE extraction by leaching. 	Section 2.13

1. Refer to paragraph 27.25 of the Independent Solicitor's Report in Section 8 for an explanation of the bidding procedure commonly known as "disponibilidade".

2. Including the agreements summarised in:

- Sections 9.6(e) and 9.6(f), concerning the Amargosa Tenements Acquisition; and
- Section 9.6(g), concerning the Alpha Tenement Acquisition.

TOPIC	SUMMARY	MORE INFORMATION
What is the Company's interest in the Rocha da Rocha Project?	<p>The Company holds, via its wholly owned Brazilian subsidiaries, the following interests in the Rocha da Rocha Project:</p> <ul style="list-style-type: none"> ▪ The legal interest in the BRE Tenements held by BRE's wholly owned Brazilian subsidiaries. ▪ The beneficial interest in the Alpha Tenements held subject to the Alpha Tenement Acquisition Agreement and is currently awaiting finalisation of the legal transfer of the Alpha Tenements to one of BRE's wholly owned Brazilian subsidiaries. ▪ The binding agreement for one of BRE's wholly owned Brazilian subsidiaries to acquire the Amargosa Tenements (other than the Optioned Permits) and the right to explore those tenements pursuant to the Amargosa Tenement Acquisition Agreement. ▪ The option for one of BRE's wholly owned Brazilian subsidiaries to acquire additional Amargosa Tenements (being the Optioned Permits) pursuant to the Amargosa Option Agreement. <p>The details of the BRE Tenements, the Alpha Tenements and the Amargosa Tenements, including details as to their standing and status are summarised in Section 8. The terms of the Alpha Tenement Acquisition Agreement, Amargosa Tenement Acquisition Agreement and Amargosa Option Agreement are summarised in Sections 9.6(e) to 9.6(g).</p>	Sections 2.1, 2.7 and 9.6(e) to 9.6(g) and the Independent Solicitor's Report in Section 8
What are the Company's strategy and objectives?	<p>BRE's core objective is to explore and potentially develop its extensive critical mineral interests across the Rocha da Rocha Critical Minerals Province. The long term-aim is to create significant value for Shareholders by developing a leading rare earth and critical mineral company. BRE's near term exploration strategy is to identify and delineate the highest value mineralisation across this province.</p>	Section 2.4
How does the Company expect to fund its operations?	<p>The Company believes that its existing cash reserves and the funds proposed to be raised from the Offer will provide the Company with sufficient working capital to achieve its stated objectives during the two year period following Admission, as detailed in Sections 1.6, 2.4 and 2.17 of this Prospectus.</p>	Sections 1.6, 2.4 and 2.17

Investment Overview continued

TOPIC	SUMMARY	MORE INFORMATION
How does the Company generate revenue and what are its key costs?	<p>The Company is an early-stage exploration company, which has no present source of revenue. The Company does not derive any income from mineral exploration activities, nor does it anticipate any such income in the immediate future.</p> <p>The significant costs are anticipated to be, exploration and evaluation expenditure, the acquisition of the Amargosa Tenements from a subsidiary of Rio Tinto under the Amargosa Tenement Acquisition Agreement, undertaking preliminary mining, metallurgical and geotechnical studies, permitting and legal costs, the costs of the Offer, working capital and administrative and compliance costs. The above costs are indicative only and will be subject to modification on an on-going basis depending on the results obtained from the Company's activities and other factors relevant to the Board's discretion as to usage of funding.</p>	Sections 1.6 and 2.17
What are the key strengths and competitive advantages of the Company?	<p>BRE provides a compelling investment thesis, with the investment highlights including:</p> <p>World class rare earths province</p> <ul style="list-style-type: none"> Controlling position, or agreements to acquire control, of ~1,410km² of highly prospective tenements across a globally significant rare earths province. Diverse, high-grade rare earth opportunities that include high-grade REE-Nb-Sc mineralisation, weathered saprolite enriched with monazite, and ionic adsorption clay style mineralisation. <p>Large JORC Resource with outstanding growth potential</p> <ul style="list-style-type: none"> Inferred JORC Mineral Resource estimate of 510Mt at 1,513ppm TREO. The Monte Alto Project is a shallow, free-dig, rare earth resource of 25.2Mt at 1% TREO forming part of the above resource. Currently the resource is open at depth and in all directions. Included in the Monte Alto Project resource is a high-grade core of 4.1Mt at 3.2% TREO with an excellent proportion of magnet rare earth oxides at 26% of the TREO. JORC Exploration Target of an approximate tonnage of 8 to 12Bt at an approximate grade of between 1,000 and 1,500ppm TREO. The potential quantity and grade of this Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. Currently less than 5% of BRE's tenement area explored by BRE. 	Section 2.2

TOPIC	SUMMARY	MORE INFORMATION
What are the key strengths and competitive advantages of the Company? continued	<p>High-grade REE-Nb-Sc mineralisation</p> <ul style="list-style-type: none"> ▪ Discovery of high-grade REE-Nb-Sc hard rock magmatic mineralisation over extensive areas and at multiple locations throughout the province. ▪ High-grade REE-Nb-Sc mineralisation with average grades of 32.7% TREO with high levels of magnet rare earth elements with 55,997ppm NdPr and 2,844ppm DyTb. ▪ High-grade REE-Nb-Sc mineralisation also contains up to 1.5% of niobium and up to 269ppm of scandium. ▪ Highest grade REE mineralisation, with a grade of 40.5% TREO, recently discovered over 7km to the south of the Monte Alto Project. <p>Agreement to acquire Rio Tinto exploration project</p> <ul style="list-style-type: none"> ▪ Agreement to acquire highly advanced Rio Tinto exploration project with approximately 760km² of tenements near BRE. ▪ Approximately 57,000m of historical drilling with valuable geological data including 1,388 surface geological samples, detailed topography and geophysical surveys, and long lead time environmental base line surveys. <p>Excellent jurisdiction with highly developed infrastructure</p> <ul style="list-style-type: none"> ▪ Highly developed infrastructure includes low-cost, clean hydro-electric power, high-capacity transmissions lines, well-connected paved highways, and an efficient export port less than 150km away. <p>Experienced exploration team with a successful exploration model</p> <ul style="list-style-type: none"> ▪ BRE's Chief Geologist, Alexandre Rocha da Rocha, is an accomplished exploration geologist who discovered and delineated the Serra Verde ionic rare earth deposit in Brazil. The exploration model used at Serra Verde has been enhanced and successfully applied at BRE. ▪ Experienced management team and board with extensive combined experience across exploration geology, resource estimation, mine permitting, financing, acquisitions, project engineering, project development, commissioning and mine operations. 	Section 2.2

Investment Overview continued

TOPIC	SUMMARY	MORE INFORMATION
What are the Company's objectives which it is seeking to achieve from admission to ASX and the Offer and why is the Company seeking to raise funds?	<p>The Company is seeking a listing on ASX to provide a platform from which it could gain broad investment support to implement its growth strategy. A listing on ASX will provide:</p> <ul style="list-style-type: none"> ▪ funding for exploration at the Project; ▪ funding to complete the acquisition from Rio Tinto Brazil of the Amargosa Tenements; ▪ access to capital markets which will improve financial flexibility for future growth opportunities; ▪ a liquid market for its Shares and an opportunity for others to invest in the Company; and ▪ the benefits of an increased profile that arise from being a listed entity. 	Sections 1.5, 2.4 and 2.17
What are the Company's financial prospects and position?	<p>The pro forma historical consolidated statement of financial position of the Company as at 30 June 2023 is set out in Section 6.</p> <p>Further relevant financial information in respect to the Company is detailed in Section 6. Refer also to Section 1.8, which confirms why the Company is not able to make financial forecasts in this Prospectus.</p>	Sections 1.8 and 6
How will the Company report to Shareholders on the performance of its activities?	<p>The Company will send to Shareholders an annual report and will also release information to Shareholders in accordance with the continuous and periodic disclosure requirements of the Listing Rules.</p> <p>Further information regarding the Company will be available on the ASX announcements platform at www.asx.com.au and will also be available on the Company's website at www.brazilianrareearths.com.</p>	Important Information and Section 9.14
Will the Company pay dividends?	<p>As a critical mineral exploration company, the Company has no source of revenue or profits and makes no forecast of whether it will generate revenue or profits in future. Accordingly, at the date of this Prospectus, the Company does not intend, or expect, to declare or pay any dividends in the foreseeable future.</p> <p>Any future determination as to the payment of dividends by the Company will be at the sole discretion of the Directors and will depend on the availability of distributable earnings and the operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.</p> <p>The Company does not have a dividend reinvestment plan in place.</p>	Section 2.18

C. Key risks

TOPIC	SUMMARY	MORE INFORMATION
What are the key risks of investing in the Company?	<p>Selected key risks of investing in the Company are detailed below. The list of risks is not exhaustive and further details of these risks and other risks associated with an investment in the Company are detailed in Section 3.</p> <ul style="list-style-type: none"> ▪ Mineral exploration and development. The business of mineral exploration, development and production is subject to a high level of risk. Mineral exploration and development requires significant amounts of expenditure over extended periods of time with no guarantee of revenue, and exploration and development activities may be impeded by circumstances and factors beyond the Company's control. There can be no assurances that exploration and development at the Project, or any other projects that may be acquired by the Company in the future, will result in the discovery of mineral deposits which are capable of being exploited economically. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited. ▪ Operational risk. The operations of the Company may be affected by various factors that are beyond the control of the Company, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages, delays in procuring, or increases in the costs of consumables, commodities, plant and equipment, fire, and other incidents beyond the control of the Company. These risks and hazards could also result in damage to, or destruction of, facilities and equipment, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. These factors are substantially beyond the control of the Company and, if they eventuate, may have an adverse effect on the financial performance of the Company and the value of its assets. ▪ Mineral Resource estimation risk. Mineral Resource estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Determining Mineral Resource estimates is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate. 	Section 3

Investment Overview continued

TOPIC	SUMMARY	MORE INFORMATION
What are the key risks of investing in the Company? continued	<ul style="list-style-type: none"> ▪ Future capital requirements. The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Project is successfully developed and production commences. The future capital requirements of the Company will depend on many factors including its business development activities. Given the early stage of the Project, no forecast is made of whether the Project may be developed or may become feasible, however one of the requirements to successfully develop the Project and for production to commence, would involve the Company obtaining financing in addition to the amounts raised pursuant to the Offer. Any additional financing may be dilutive to Shareholders, may be undertaken at prices lower than the then market price (or Offer Price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve security over the Company's assets or restrictions on financing and operating activities. ▪ Title risk. The Group's exploration and development activities are dependent upon the grant, maintenance and renewal of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintenance, renewal and granting of these tenement rights depend on the Group being successful in obtaining required statutory approvals and complying with regulatory processes. A failure to obtain these statutory approvals or comply with these regulatory processes may adversely affect the Group's title to mineral tenements, may prevent or impede the grant, acquisition or advancement of, or the conduct of activities within, mineral tenements and may have a material adverse effect on the business, results of operations, financial condition and prospects of the Group. Refer to Sections 2.15 and 2.16 and the Independent Solicitor's Report in Section 8 for further information. ▪ Supply chain and logistics risks. Supply chain disruptions and the general level of economic uncertainty experienced during events such as the COVID-19 pandemic and other global events such as the conflict in the Ukraine and the Middle East, continue to impact the cost and availability of commodities, freight, materials, equipment and other services required for the ongoing Company operations. While the direct impact of the COVID-19 pandemic on the Company and its operations has subsided, uncertainty remains regarding the potential for further disruptions and interruptions from similar such events, which may have an adverse impact on the Company and its plans. 	Section 3

TOPIC	SUMMARY	MORE INFORMATION
What are the key risks of investing in the Company? continued	<ul style="list-style-type: none"> ▪ Sovereign risk. The Company's mineral tenements are located in Brazil. Brazil is a federal presidential democratic republic. The political conditions in Brazil are generally stable, however, changes may occur in the political, fiscal and legal systems which may affect the ownership or operations of the Company or its Group such as changes in exchange rates, control or fiscal regulations, regulatory regimes, political insurrection or labour unrest, inflation or economic recession. ▪ Environmental risk. The minerals and mining industry has become subject to increasing environmental regulations and liability. The operations and proposed activities of the Company are subject to State and Federal laws, regulations and permits concerning the environment. If such laws are breached or modified, the Company could be required to cease its operations and/or incur significant liabilities including penalties, due to past or future activities. ▪ Limited operating history. The Company has incurred operating losses since its inception and does not have a significant history of business operations. It is therefore not possible to evaluate the Company's prospects based on past performance. No assurance can be given that the Company will achieve commercial viability through the successful exploration and/or mining of the Project, or any tenements which are subsequently applied for or acquired by the Company. Unless and until the Company is able to realise value from its project interests, it is likely to incur ongoing operating losses. ▪ General risks. The Company is subject to various general risks, including, but not limited to, the following: <ul style="list-style-type: none"> › Economic risk; › Equity market conditions risk; › Commodity price risk; › Climate change risk; › Cyber security risk; and › Macro-economic risks. 	Section 3

Investment Overview continued

D. Directors and related party interests and arrangements and other significant interests

TOPIC	SUMMARY	MORE INFORMATION																				
Who are the Directors of the Company?	<p>At the date of this Prospectus and upon Admission, the Board will comprise:</p> <ul style="list-style-type: none">▪ Mr Todd Hannigan – Executive Chairman▪ Dr Bernardo da Veiga – Managing Director & CEO▪ Ms Kristie Young – Non-Executive Director▪ Ms Camila Ramos – Non-Executive Director	Sections 4.1 and 4.2																				
Who is the management team of the Company?	<p>At the date of this Prospectus and upon Admission, the senior management team will comprise:</p> <ul style="list-style-type: none">▪ Mr Todd Hannigan – Executive Chairman;▪ Dr Bernardo da Veiga – Managing Director & CEO;▪ Mr Alexandre Magno Rocha da Rocha – Chief Geologist▪ Mr Stephen Kelly – Company Secretary and CFO (Australia)▪ Mr Renato Gonzaga – CFO (Brazil)	Section 4.3																				
What interests in the Company are held by Directors and are they participating in the Offer?	<p>Securities held by each of the Directors as at the date of this Prospectus are as follows:</p> <table><tr><th>DIRECTOR</th><th>SHARES</th><th>CONVERTIBLE NOTES</th><th>OPTIONS¹</th></tr><tr><td>Bernardo da Veiga and his associates³</td><td>17,586,625</td><td>–</td><td>3,824,975</td></tr><tr><td>Todd Hannigan and his associates³</td><td>24,577,875²</td><td>–</td><td>2,868,775</td></tr><tr><td>Kristie Young and her associates</td><td>–</td><td>20,000⁴</td><td>266,525</td></tr><tr><td>Camila Ramos and her associates</td><td>–</td><td>–</td><td>266,525</td></tr></table> <p>Notes:</p> <ol style="list-style-type: none">1. These Options comprise of Management Performance Options and Director Options which were issued to executive Directors and non-executive Directors (respectively) (and/or their respective nominee(s)) prior to the date of this Prospectus as detailed in Sections 4.5 and 4.6, pursuant to the Employee Incentive Plan and on the terms in Section 9.4 (for the Management Performance Options) and in Section 9.3 (for the Director Options).2. 24,577,875 Shares held by DITM Holdings Pty Ltd, being a company controlled and owned by Mr Hannigan and his spouse.3. In addition to these Securities, Rare Earths Americas Pty Ltd, being a company in which Mr Hannigan and Dr da Veiga are minority shareholders and Dr. da Veiga is also a director, holds 5,024,600 Shares as at the date of this Prospectus. Refer to Sections 4.4(d) and 9.6(g) for further information.4. 20,000 Convertible Notes held by Ms Young’s partner.	DIRECTOR	SHARES	CONVERTIBLE NOTES	OPTIONS ¹	Bernardo da Veiga and his associates ³	17,586,625	–	3,824,975	Todd Hannigan and his associates ³	24,577,875 ²	–	2,868,775	Kristie Young and her associates	–	20,000 ⁴	266,525	Camila Ramos and her associates	–	–	266,525	Section 4.4
DIRECTOR	SHARES	CONVERTIBLE NOTES	OPTIONS ¹																			
Bernardo da Veiga and his associates ³	17,586,625	–	3,824,975																			
Todd Hannigan and his associates ³	24,577,875 ²	–	2,868,775																			
Kristie Young and her associates	–	20,000 ⁴	266,525																			
Camila Ramos and her associates	–	–	266,525																			

TOPIC	SUMMARY	MORE INFORMATION																				
What interests in the Company are held by Directors and are they participating in the Offer? continued	<p>On completion of the Offer, based on the intentions of the Directors as at the date of this Prospectus, the direct and indirect interest of the Directors in Securities is anticipated to be as follows:</p> <table><tr><th>DIRECTOR</th><th>MAXIMUM SHARES¹</th><th>OPTIONS²</th><th>MAXIMUM VOTING POWER IN COMPANY UPON ADMISSION³</th></tr><tr><td>Todd Hannigan and his associates</td><td>24,577,875⁴</td><td>2,868,775</td><td>12.24%</td></tr><tr><td>Bernardo da Veiga and his associates⁵</td><td>17,586,625</td><td>3,824,975</td><td>9.55%</td></tr><tr><td>Kristie Young and her associates</td><td>41,518⁶</td><td>266,525</td><td>0.14%</td></tr><tr><td>Camila Ramos and her associates⁵</td><td>–</td><td>266,525</td><td>0.12%</td></tr></table> <p>Notes:</p> <ol style="list-style-type: none">Includes the existing interests of Directors in Shares as at the date of this Prospectus and, in the case of Ms Young, the Shares that are proposed to be issued to her pursuant to the Offer. This table does not include the 5,024,600 Shares held by Rare Earths Americas Pty Ltd, being a company in which Mr Hannigan and Dr da Veiga are minority shareholders and Dr. da Veiga is also a director (refer to Sections 4.4(d) and 9.6(g)).These Options comprise of Management Performance Options and Director Options which have been issued to executive Directors and non-executive Directors (respectively) (and/or their respective nominee(s)) as detailed in Sections 4.5 and 4.6, pursuant to the Employee Incentive Plan and on the terms in Section 9.4 (for the Management Performance Options) and in Section 9.3 (for the Director Options).Maximum Voting Power is calculated on a fully diluted basis (and assuming that the Convertible Notes convert into 33,624,073 Shares pursuant to the Notes Conversion on the Allotment Date). The actual Voting Power may vary if that conversion of the Convertible Notes occurs at a different time, due to that impacting on the number of Shares to be converted from interest due on the Founder Notes, as detailed in Section 9.6(c).Includes 24,577,875 Shares held by DITM Holdings Pty Ltd at the date of this Prospectus. Todd Hannigan does not intend to participate in the Offer. Refer to Section 4.4(d) for information regarding the proposed issue of Shares to Mr Hannigan's father pursuant to the Offer.Dr da Veiga and Ms Ramos do not intend to participate in the Offer.Includes 31,313 Shares to be issued pursuant to the Notes Conversion in relation to the 20,000 Convertible Notes held as at the date of this Prospectus by Ms Young's partner and 10,205 Shares intended to be issued to Ms Young pursuant to the Offer.	DIRECTOR	MAXIMUM SHARES ¹	OPTIONS ²	MAXIMUM VOTING POWER IN COMPANY UPON ADMISSION ³	Todd Hannigan and his associates	24,577,875 ⁴	2,868,775	12.24%	Bernardo da Veiga and his associates ⁵	17,586,625	3,824,975	9.55%	Kristie Young and her associates	41,518 ⁶	266,525	0.14%	Camila Ramos and her associates ⁵	–	266,525	0.12%	Section 4.4
DIRECTOR	MAXIMUM SHARES ¹	OPTIONS ²	MAXIMUM VOTING POWER IN COMPANY UPON ADMISSION ³																			
Todd Hannigan and his associates	24,577,875 ⁴	2,868,775	12.24%																			
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Kristie Young and her associates	41,518 ⁶	266,525	0.14%																			
Camila Ramos and her associates ⁵	–	266,525	0.12%																			

Investment Overview continued

TOPIC	SUMMARY	MORE INFORMATION																			
What benefits and interests are payable to Directors and other persons connected with the Company or the Offer?	At the time of Admission, the remuneration of the Directors will be as follows:	Sections 4.4 and 9.9																			
	<table> <tr> <th>DIRECTOR</th><th>ANNUAL REMUNERATION (A\$)¹</th><th>NUMBER OF OPTIONS²</th></tr> <tr> <td colspan="3">NON-EXECUTIVE DIRECTORS</td></tr> <tr> <td>Ms Kristie Young</td><td>122,100</td><td>266,525</td></tr> <tr> <td>Ms Camila Ramos</td><td>98,000</td><td>266,525</td></tr> <tr> <td colspan="3">EXECUTIVE DIRECTORS</td></tr> <tr> <td>Dr Bernardo da Veiga³</td><td>436,000</td><td>3,824,975</td></tr> <tr> <td>Mr Todd Hannigan⁴</td><td>280,000</td><td>2,868,775</td></tr> </table> <p>Notes:</p> <ol style="list-style-type: none"> 1. Inclusive of superannuation (where applicable). 2. These Options comprise of Management Performance Options and Director Options which have been issued to executive Directors and non-executive Directors (respectively) (and/or their respective nominee(s)) as detailed in Sections 4.4(b) and 4.4(c), pursuant to the Employee Incentive Plan and on the terms in Section 9.4 (for the Management Performance Options) and in Section 9.3 (for the Director Options). 3. In addition to his base remuneration, Dr da Veiga is entitled to: <ol style="list-style-type: none"> (i) an annual short term incentive bonus of up to 150% of his annual base remuneration subject to Dr da Veiga achieving key performance indicators set by the Board each year at its absolute discretion; and (ii) a one-time bonus of 100 per cent of his annual base remuneration if the Company completes a Relevant IPO Transaction on or before 31 December 2023. 4. In addition to his base remuneration, Mr Hannigan is entitled to: <ol style="list-style-type: none"> (i) an annual short term incentive bonus of up to 100% of his annual base remuneration subject to Mr Hannigan achieving key performance indicators set by the Board each year at its absolute discretion; and (ii) a one-time bonus of 100 per cent of his annual base remuneration if the Company completes a Relevant IPO Transaction on or before 31 December 2023. <p>Refer to Section 4.4(a) for further information.</p> <p>Other senior executives' remuneration at the time of Admission is detailed in Section 4.4(c).</p> <p>Advisers and other service providers are entitled to fees for services and other interests detailed in Section 9.10.</p>		DIRECTOR	ANNUAL REMUNERATION (A\$) ¹	NUMBER OF OPTIONS ²	NON-EXECUTIVE DIRECTORS			Ms Kristie Young	122,100	266,525	Ms Camila Ramos	98,000	266,525	EXECUTIVE DIRECTORS			Dr Bernardo da Veiga ³	436,000	3,824,975	Mr Todd Hannigan ⁴
DIRECTOR	ANNUAL REMUNERATION (A\$) ¹	NUMBER OF OPTIONS ²																			
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EXECUTIVE DIRECTORS																					
Dr Bernardo da Veiga ³	436,000	3,824,975																			
Mr Todd Hannigan ⁴	280,000	2,868,775																			
Who are the significant existing Shareholders and what will their interests be after completion of the Offer?	<p>As at the date of this Prospectus, based on the Company's register of Shareholders, the following persons have an interest in 5% or more of the Shares on issue:</p> <ol style="list-style-type: none"> 1. Kuda Huraa Mining Ventures and Global Investments Corp; 2. DITM Holdings Pty Ltd; 3. Bernardo Sanchez Agapito da Veiga; 4. Kitabella Pty Ltd; 5. Dominic Paul Allen; and 6. Anastasios Arima. 	Section 9.8																			

TOPIC	SUMMARY	MORE INFORMATION																														
Who are the significant existing Shareholders and what will their interests be after completion of the Offer? continued	<p>The persons who may hold an interest in 5% or more of the Shares upon admission of the Company to the Official List are currently unknown. However, based on the information known as at the date of this Prospectus, upon Admission the following Shareholders are expected to have an interest in 5% or more of the Shares on issue (noting that substantial shareholdings may be impacted by allocations of Shares under the Offer):</p> <table> <tr> <th>SHAREHOLDER</th><th>NUMBER OF SHARES</th><th>% OF SHARES ON ADMISSION¹</th></tr> <tr> <td>Kuda Huraa Mining Ventures and Global Investments Corp^{2,3}</td><td>27,975,783</td><td>13.07%</td></tr> <tr> <td>DITM Holdings Pty Ltd^{2,4}</td><td>24,577,875</td><td>11.48%</td></tr> <tr> <td>Bernardo Sanchez Agapito da Veiga²</td><td>17,586,625</td><td>8.21%</td></tr> <tr> <td>Whitehaven Coal Limited⁵</td><td>17,128,595</td><td>8.00%</td></tr> <tr> <td>Kitabella Pty Ltd^{2,6}</td><td>16,907,100</td><td>7.90%</td></tr> <tr> <td>Dominic Paul Allen²</td><td>16,580,423</td><td>7.74%</td></tr> <tr> <td>Anastasios Arima²</td><td>16,235,514</td><td>7.58%</td></tr> <tr> <td>Hancock Prospecting Pty Limited⁷</td><td>13,708,006</td><td>6.40%</td></tr> <tr> <td>Total</td><td>150,699,921</td><td>70.38%</td></tr> </table> <p>Notes:</p> <ol style="list-style-type: none"> Assuming 33,624,073 Shares are issued pursuant to Notes Conversion on the Allotment Date and assuming 34,013,606 Shares are issued under the Offer and that no further Shares are issued or cancelled prior to Admission. The percentages in the table above may vary if the conversion of the Convertible Notes occurs at a different time than anticipated, due to that impacting on the number of Shares to be converted from interest due on the Founder Notes, as detailed in Section 9.6(c). It is not anticipated that these Shareholders will participate in the Offer. Dominic Allen was previously a Director of the Company, but he resigned from that role with effect from 28 August 2023. Refer also to Section 4.4(d) for disclosures made in relation to Rare Earths Americas Pty Ltd, which holds 5,024,600 Shares which are not included in the table above. This includes the estimated number of Shares to be issued to Kuda Huraa Mining Ventures and Global Investments Corp pursuant to the conversion of the Founder Notes as detailed in Section 9.6(c). The Company understands Kuda Huraa Mining Ventures and Global Investments Corp is owned by Paulo Roberto Santoro Salomao, based on the information available to the Company, shortly prior to the lodgement of this Prospectus. DITM Holdings Pty Limited is a company controlled and owned by Mr Todd Hannigan and his spouse. This includes 7,828,257 Shares to be issued to ACN 664 400 382 Pty Ltd on conversion of the Convertible Notes on the Allotment Date and 9,300,338 Shares allocated to Whitehaven Blackjack Pty Ltd under the Institutional Offer bookbuild (such allocation may change prior to completion of the Institutional Offer). Searches of ASIC's register conducted by the Company shortly prior to the lodgement of this Prospectus indicate that Whitehaven Coal Limited is the ultimate holding Company of each of ACN 664 400 382 Pty Ltd and Whitehaven Blackjack Pty Ltd. Searches of ASIC's register conducted by the Company shortly prior to the lodgement of this Prospectus indicate that the shareholders of Kitabella Pty Ltd are Kirk Kileff and Sarah-Anne Kileff. Includes 12,525,212 Shares to be issued to Hanrine Investments Pty Ltd on conversion of the Convertible Notes on the Allotment Date and 1,182,794 Shares allocated to Hancock Prospecting Pty Limited under the Institutional Offer bookbuild (such allocation may change prior to completion of the Institutional Offer). Searches of ASIC's register conducted by the Company shortly prior to the lodgement of this Prospectus indicate that Hancock Prospecting Pty Limited is the sole shareholder of Hanrine Investments Pty Ltd. 	SHAREHOLDER	NUMBER OF SHARES	% OF SHARES ON ADMISSION ¹	Kuda Huraa Mining Ventures and Global Investments Corp ^{2,3}	27,975,783	13.07%	DITM Holdings Pty Ltd ^{2,4}	24,577,875	11.48%	Bernardo Sanchez Agapito da Veiga ²	17,586,625	8.21%	Whitehaven Coal Limited ⁵	17,128,595	8.00%	Kitabella Pty Ltd ^{2,6}	16,907,100	7.90%	Dominic Paul Allen ²	16,580,423	7.74%	Anastasios Arima ²	16,235,514	7.58%	Hancock Prospecting Pty Limited ⁷	13,708,006	6.40%	Total	150,699,921	70.38%	Section 9.8
SHAREHOLDER	NUMBER OF SHARES	% OF SHARES ON ADMISSION ¹																														
Kuda Huraa Mining Ventures and Global Investments Corp ^{2,3}	27,975,783	13.07%																														
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Hancock Prospecting Pty Limited ⁷	13,708,006	6.40%																														
Total	150,699,921	70.38%																														

Investment Overview continued

TOPIC	SUMMARY	MORE INFORMATION
Who is the Lead Manager and Underwriter?	Canaccord Genuity (Australia) Limited ACN 075 071 466 has been appointed as the lead manager, bookrunner and underwriter for the entirety of the Offer in accordance with the Underwriting Agreement.	Sections 9.6(a) and 9.6(b)
What fees are payable to the Lead Manager and Underwriter?	<p>The Company has agreed to pay the Lead Manager and Underwriter the following fees in respect of its appointment as the Lead Manager and Underwriter to the Offer:</p> <ul style="list-style-type: none"> (a) a management fee of 1% (plus GST) of the gross proceeds raised under the Offer; and (b) a selling fee of 3% (plus GST) of the amount that is equal to: <ul style="list-style-type: none"> (i) the number of Shares subscribed for and issued under the Broker Firm Offer and the Institutional Offer; (ii) plus (if any) the number of Shares subscribed for and issued under the Priority Offer in excess of 17,006,803 Shares; and (iii) plus any Shortfall Shares subscribed for and issued in accordance with the Underwriting Agreement, <p>(but excluding, in each case, all those Shares (including any Shortfall Shares) which were subscribed for and issued (under the Broker Firm Offer, the Institutional Offer or the offer of Shortfall Shares) to any investors included in the Chairman's list of investors if less than 17,006,803 Shares were subscribed for and issued under the Priority Offer), multiplied by the Offer Price.</p> <p>At the Company's sole discretion, the Company may also pay to the Lead Manager and Underwriter an incentive fee of up to 1% (plus GST) of the gross proceeds raised under the Offer.</p> <p>The Lead Manager and Underwriter is also entitled to be reimbursed by the Company for reasonable out of pocket expenses incurred in connection with the Lead Manager Mandate, the Underwriting Agreement and the Offer.</p> <p>Refer to Sections 9.6(a) and 9.6(b) for further information regarding the Lead Manager Mandate and Underwriting Agreement.</p>	Sections 9.6(a) and 9.6(b)
What are the Lead Manager and Underwriter's interests in the securities of the Company?	As at the date of this Prospectus, the Lead Manager and Underwriter does not hold any securities of the Company. Under the terms of its engagement, the Lead Manager and Underwriter is not entitled to subscribe for Shares under the Offer as payment for its services (although the Lead Manager and Underwriter may bid and subscribe for Shares under the Offer). However, certain directors and staff of the Lead Manager and Underwriter hold interests in certain existing Shares and Convertible Notes, as at the date of this Prospectus. Refer to Section 1.10 for further information. Refer also to Sections 9.6(a) and 9.6(b) for further information regarding the Lead Manager and Underwriter's rights and benefits pursuant to its Lead Manager Mandate and Underwriting Agreement.	Sections 1.10, 9.6(a) and 9.6(b)

TOPIC	SUMMARY	MORE INFORMATION
Who is the Co-Lead Manager?	Petra Capital Pty Ltd ACN 110 952 782.	Section 9.6(b)
What fees are payable to the Co-Lead Manager?	<p>The Lead Manager and Underwriter must pay, on behalf of the Company, the Co-Lead Manager a base fee (which is inclusive of GST) equal to 15% of the net fee received by the Lead Manager and Underwriter from the Company after pay-aways.</p> <p>Expenses incurred by the Co-Lead Manager in connection with its appointment letter with the Lead Manager and Underwriter and its role as the Co-Lead Manager are for its own account.</p> <p>Refer to Section 9.6(b) for further information regarding the appointment of the Co-Lead Manager.</p>	Section 9.6(b)
What are the Co-Lead Manager's interests in the securities of the Company?	As at the date of this Prospectus, neither the Co-Lead Manager nor any of its directors hold any securities of the Company.	Section 1.11

E. Summary of the Offer and Application information

TOPIC	SUMMARY	MORE INFORMATION
What is the Offer?	The Offer is an initial public offering for 34,013,606 Shares at an Offer Price of A\$1.47 per Share to raise A\$50,000,000 (before associated costs).	Section 1.1
How is the Offer structured?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> the Broker Firm Offer, which is open to eligible Australian retail clients and other eligible clients (subject to compliance with applicable laws) of Brokers; the Priority Offer, which is open to investors who have received an invitation to participate in the Offer from the Company and who have a registered address in Australia, or are otherwise Institutional Investors in other Permitted Jurisdictions (or as may otherwise be permitted by the law and accepted by the Company); and the Institutional Offer, which consists of an offer to Institutional Investors in the Permitted Jurisdictions. 	Section 1.1
Who is eligible to participate in the Offer?	Investors who are eligible to participate in the Offer will be determined by the Directors in consultation with the Lead Manager and Underwriter, subject to compliance with applicable laws.	Sections 1.1 and 1.22

Investment Overview continued

TOPIC	SUMMARY	MORE INFORMATION
What is the effect of the Offer on the capital structure of the Company?	<p>The Shares issued under the Offer would be approximately 15.89% of the enlarged issued Share capital of the Company immediately following completion of the Offer.</p> <p>The Company has also issued 533,050 Director Options to Non-Executive Directors and 9,562,350 Management Performance Options to Executive Directors, key management personnel and other personnel, consultants and contractors (or their nominees), in each case for nil cash consideration (refer to Section 9.4 for key terms and conditions of the Management Performance Options and Section 9.3 for key terms and conditions of the Director Options).</p>	Section 1.7
What is the minimum subscription to the Offer?	The Offer is subject to a minimum total subscription of 34,013,606 Shares (including any Shortfall Shares (if applicable)) to raise A\$50,000,000 (before associated costs).	Section 1.3
Will the Company accept over subscriptions?	The Company will not be accepting oversubscriptions for Shares under the Offer.	Section 1.4
Is the Offer underwritten?	<p>The Offer is fully underwritten by Canaccord Genuity (Australia) Limited (who is referred to as the Lead Manager and Underwriter in this Prospectus).</p> <p>If the Company does not receive valid applications for the full amount of Shares under the Offer, the Underwriting Agreement provides for the Lead Manager and Underwriter to subscribe for, or procure subscriptions from third parties for, any Shortfall Shares by the Settlement Date.</p> <p>Details of the Underwriting Agreement, including the circumstances in which the Lead Manager and Underwriter may terminate its obligations are set out in Section 9.6(b).</p>	Section 1.2
What is the Company's proposed use of funds raised under the Prospectus?	The Company proposes to use the funds raised under the Offer as set out in Section 1.6.	Section 1.6

TOPIC	SUMMARY	MORE INFORMATION	
What will be the capital structure of the Company on Admission?	The Company's indicative capital structure at the time of Admission is outlined below:	Section 1.7	

Investment Overview continued

TOPIC	SUMMARY	MORE INFORMATION
What rights and liabilities attach to the Shares being offered?	All new Shares issued under the Offer will rank equally in all respects with existing Shares on issue.	Section 9.1
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched on or around 18 December 2023.	Indicative Timetable
What is the minimum Application size?	Applications for Shares under the Offer must be for a minimum of 1,361 Shares (for Application Monies of A\$2,000) and thereafter in multiples of 680 Shares (for Application Monies of A\$1,000) and payment for the Shares must be made in full at the issue price of A\$1.47 per Share (although the Company reserves the right to accept Applications for different numbers of Shares).	Section 1.16
What are the Offer terms and conditions?	<p>The terms and conditions of the Offer are set out in this Prospectus, primarily in Section 1 and in the relevant Application Form for the Offer.</p> <p>Section 1.3 sets out the Offer condition in relation to the Company raising A\$50,000,000 under the Offer.</p> <p>Section 1.20 sets out information in relation to the Company's application to ASX for admission to the Official List and the Company's application for the Shares, including those offered by this Prospectus, to be granted Official Quotation.</p>	Section 1
When can I sell my Shares on the ASX?	<p>It is anticipated that trading of Shares on the ASX may commence on or about 21 December 2023, but that timing is subject to ASX's discretion and cannot be guaranteed by the Company.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading their Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.</p>	Indicative Timetable and Section 1.20
What is the cost of the Offer?	<p>The expenses of the Offer (including ASX listing fees) to be paid from the proceeds of the Offer are estimated to be approximately A\$4,283,084.</p> <p>Refer to Section 9.13 for the estimated total expenses of the Offer.</p>	Section 9.13

TOPIC	SUMMARY	MORE INFORMATION
What material contracts is the Company or its subsidiaries a party to?	<p>The material contracts of the Company and of its subsidiaries are detailed in Sections 4 and 9.6 of this Prospectus. These material contracts include (among others disclosed in this Prospectus):</p> <ul style="list-style-type: none"> ▪ Lead Manager Mandate; ▪ Underwriting Agreement; ▪ Convertible Note Deeds and Subscription Agreements for the Convertible Notes; ▪ Alpha Tenement Acquisition Agreement; ▪ Amargosa Tenement Acquisition Agreement; ▪ Amargosa Option Agreement; ▪ Agreement for the rental of equipment from Brazil Royalty Corp. Participações e Investimentos Ltda (BRC);³ ▪ Royalty Agreements with BRC; ▪ Management services agreement with BRC; ▪ Deeds of Indemnity, Insurance and Access between the Company and each of its Directors and Mr Stephen Kelly; ▪ Executive Agreements with Mr Todd Hannigan and Dr Bernardo da Veiga; ▪ Non-Executive Director Appointment Letters with Ms Kristie Young and Ms Camila Ramos; and ▪ Technical and Scientific Cooperation Agreement with Centro de Referência em Tecnologia Mineração Por Meio da Unidade Embrapii em Consolidação. <p>Refer also to Section 8 for further information in relation to certain of those material contracts of the Company and its subsidiaries.</p>	Sections 4, 8 and 9.6

3. Refer to Section 4.4(d) for information in relation to the interests of related parties of the Company in this entity.

Investment Overview continued

TOPIC	SUMMARY	MORE INFORMATION
Will any securities be subject to escrow?	<p>The following Securities are (subject to ASX's discretion) expected to be subject to ASX escrow for a period of 24 months commencing on the date on which Quotation of the Shares commences on ASX (the figures are approximate):</p> <ul style="list-style-type: none"> ▪ 135,029,130 Shares; ▪ 6,693,750 Management Performance Options; and ▪ 533,050 Director Options. <p>Approximately 18,285,756 of the Shares to be issued pursuant to the Notes Conversion on the Allotment Date are (subject to ASX's discretion) expected to be subject to ASX escrow for a period of 12 months commencing on the date on which those Shares are issued.</p> <p>None of the Shares to be issued pursuant to the Offer will be subject to any ASX imposed escrow restrictions. In addition, it is anticipated that (subject to ASX's discretion) approximately 12,493,282 of the Shares already on issue in the Company and 14,285,655 of the Shares to be issued pursuant to the Notes Conversion on the Allotment Date will also not be subject to any ASX imposed escrow restrictions.</p>	Section 1.23
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on subscription or issue of Shares pursuant to the Offer.	Section 1.16
What are the tax implications of making an investment?	The tax consequences of any investment in Shares will depend on your personal circumstances. You should obtain your own tax advice before deciding to invest.	Section 1.24
Can the Offer be withdrawn?	<p>The Company may at any time (in the Board's discretion) decide to withdraw this Prospectus and/or the Offer in which case the Company will return all Application Monies (without interest) in accordance with the requirements of the Corporations Act.</p> <p>No interest will be repaid on any Application Monies refunded as a result of the withdrawal of the Offer.</p>	Section 1.18

F. Further information

TOPIC	SUMMARY	MORE INFORMATION
How can I obtain further information?	<p>All enquiries in relation to this Prospectus should be directed to the Offer Information Line on 02 7208 8033 (within Australia) or +61 2 7208 8033 (outside Australia) from 8:30am to 5:00pm (Sydney time) Monday to Friday (excluding public holidays).</p> <p>If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant, or other independent and qualified professional adviser before deciding whether to invest.</p>	Corporate Directory



1.

Details of the Offer

1. Details of the Offer

1.1 Offer

The Offer under this Prospectus invites eligible investors to apply for 34,013,606 Shares at an Offer Price of A\$1.47 per Share to raise A\$50,000,000 (before associated costs) (**Offer**).

The Offer is structured as:

- (a) the Broker Firm Offer detailed in Section 1.12;
- (b) the Priority Offer detailed in Section 1.13; and
- (c) the Institutional Offer detailed in Section 1.14.

Applications under the Offer must be made using the Application Form accompanying this Prospectus as provided by the Company, the Lead Manager and Underwriter or the Co-Lead Manager to prospective investors wishing to subscribe for Shares under the Offer.

The Shares to be issued pursuant to the Offer are of the same class and will rank equally with the existing Shares on issue. Refer to Section 9.1 for a summary of the rights attaching to Shares.

Persons wishing to apply for Shares under the Offer should refer to Sections 1.12 to 1.16 for further details and instructions.

1.2 Underwriting

The Offer is fully underwritten by the Lead Manager and Underwriter.

If the Company does not receive valid applications for the full amount of shares under the Offer, the Lead Manager and Underwriter will (subject to the terms of the Underwriting Agreement) subscribe for, or procure subscriptions from third parties for, any Shortfall Shares by the Settlement Date.

Details of the Underwriting Agreement, including the fees payable by the Company and the circumstances in which the Lead Manager and Underwriter may terminate its obligations are set out in Section 9.6(b).

1.3 Minimum Subscription

The Offer is subject to a minimum total subscription of 34,013,606 Shares (including any Shortfall Shares (if applicable)) to raise A\$50,000,000 (before associated costs) (**Minimum Subscription**).

None of the Shares offered under this Prospectus will be issued if valid applications for Shares (comprising of Applications under the Offer and (if applicable) any applications for Shortfall Shares in accordance with the Underwriting Agreement) are not received for the Minimum Subscription.

Should valid applications for the Minimum Subscription not be received within four months from the date of this Prospectus, the Company will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).

1.4 Oversubscriptions

The Company will not be accepting oversubscriptions of Shares under the Offer.

1. Details of the Offer continued

1.5 Purpose of the Offer

The purpose of the Offer is to:

- (a) raise A\$50 million pursuant to the Offer (before associated costs);
- (b) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for Admission;
- (c) provide funding for the Company's near term objectives as detailed in Section 2.4, including exploration aimed at growing the Mineral Resource at the Rocha da Rocha Project (which is 100% owned by, or subject to agreements to be acquired by, the Company through its 100% owned subsidiaries) and advancement of the Project;
- (d) facilitate the sale of approximately 33,624,073 Shares (in aggregate and subject to variation in that number as detailed in Section 9.6(c)) to be issued to Noteholders (and/or their respective nominee(s)) upon conversion of the Convertible Notes in accordance with the Notes Conversion within 12 months of their issue without the requirements for a future disclosure document (or cleansing notice) being prepared in connection with such sales (refer to Section 9.6(c) for further information on the Notes Conversion and refer to Section 1.23 for information in relation to anticipated ASX escrow which is expected to apply to certain of those Shares);
- (e) provide a liquid market for the Shares to trade and an opportunity for others to invest in the Company; and
- (f) provide the Company with the benefits of an increased profile that arises from being a listed entity.

1.6 Proposed use of funds

As at the date of this Prospectus the Company has cash reserves of approximately A\$3.2 million. The Offer will have an effect on the Company's financial position, being receipt of funds of A\$50,000,000 (before associated costs).

The Board believes that its current cash reserves and the funds raised from the Offer will provide the Company with sufficient working capital to achieve its stated objectives during the two year period following Admission, as detailed in this Prospectus (refer to the remainder of this Section and to Sections 2.4 and 2.17).

The Company's expected use of funds in the two-year period following Admission is as follows:

Funds Available

Table 1: Source of funds

SOURCE OF FUNDS	(A\$)
Cash	3,200,000
Funds raised under the Offer	50,000,000
Total funds available	53,200,000

Indicative allocation of funds

Table 2: Indicative allocation of funds

INDICATIVE ALLOCATION OF FUNDS	YEAR 1 (A\$)	YEAR 2 (A\$)	TOTAL (A\$)	%
Acquisition of the Rio Tinto Amargosa Tenements ¹	7,950,000	3,695,000	11,645,000	22%
Exploration activities ²	12,800,000	10,200,000	23,000,000	43%
Mining studies	400,000	600,000	1,000,000	2%
Equipment purchases	500,000	1,000,000	1,500,000	3%
Operations personnel	1,500,000	2,000,000	3,500,000	7%
Permitting and legal	100,000	400,000	500,000	1%
Environmental	200,000	200,000	400,000	1%
Costs of the Offer ³	4,283,084	–	4,283,084	8%
Working capital ⁴	3,171,361	4,200,555	7,371,916	14%
TOTAL⁵	30,904,445	22,295,555	53,200,000	100%

Notes:

1. This amount will vary with the rate of currency exchange between Australian dollars and Brazilian Reals and US dollars and Brazilian Reals. This is because the actual amount payable in consideration for the Amargosa Tenements pursuant to the Amargosa Tenement Acquisition Agreement is denominated in the Brazilian Real equivalent of US dollars, as summarised in Section 9.6(e).
2. Refer to the table in Section 2.17 for a breakdown of the proposed exploration budget. If the Company is unable to spend funds on a particular tenement in the Project, for example due to that tenement lapsing, then, the Company would look to reallocate those funds to the other tenements in the Project which remain granted at the time.
3. Refer to Section 9.13 for further information in relation to the total estimated expenses of the Offer payable by the Company.
4. Working capital includes the general costs associated with the management and operation of the business including but not limited to administration expenses, audit and accounting fees, legal fees, travel costs, business development costs, listing and share registry fees, remuneration of directors, management and other personnel, insurance, investor relations expenses, rent and other associated costs. Working capital also includes surplus funds and funds that may be applied to future acquisitions. The Directors will allocate surplus funds at their discretion.
5. It is assumed that the Company's subsidiary Borborema does not exercise its option to acquire the Optioned Permits for the Brazilian Real equivalent of USD672,000 pursuant to the Amargosa Option Agreement detailed in Section 9.6(f) during the two year period covered by the table.

The above estimated expenditures are indicative only and will be subject to modification on an on-going basis depending on the results obtained from the Company's activities and other factors relevant to the Board's discretion as to usage of funding. Due to market conditions and the development of new opportunities or any number of other factors (including the risk factors detailed in the Investment Overview and Section 3), actual expenditure levels may differ significantly to the above estimates. The consideration of new opportunities may result in the Company expending funds on due diligence or other acquisition costs which may not be recouped through the ultimate acquisition and/or development of the project or business under consideration.

The Company may also pursue further business opportunities, such as those (without limitation) which may complement the Project and there may be a need to direct funds for this purpose or to raise additional equity capital or debt capital. These new business opportunities may include project acquisitions, joint ventures, acquisition of tenements/permits, direct equity participation and/or other transaction structures.

The Company intends to capitalise on future opportunities as they arise which may result in costs being incurred that are not included in these summaries.

To continue activities on the Project beyond the work programs detailed in Section 2.4 or to capitalise on future opportunities (and depending on the success of its activities) the Company will require debt or further equity fundraisings.

1. Details of the Offer continued

1.7 Capital Structure

The Company's indicative capital structure at the time of Admission is outlined below:

Table 3: Indicative capital structure at admission

DESCRIPTION	SHARES	OPTIONS ^{2,3}	CONVERTIBLE NOTES
On issue as at the date of this Prospectus	146,469,750	10,095,400	21,432,834
Estimated Shares to be issued pursuant to the Notes Conversion ¹	33,624,073	–	(21,432,834)
Number of Shares to be issued under the Offer ⁴	34,013,606	–	–
Total on Admission⁵	214,107,429	10,095,400	–

Notes:

1. The estimated number of Shares which the Convertible Notes (including the interest accrued on the Founder Notes) will convert into is estimated based on a subscription price per Share of approximately A\$0.6387, being the quotient (in Australian currency) which results by dividing A\$100,000,000 by the number of Shares on issue plus the Shares that would be issued assuming conversion of securities in the Company capable of being converted into Shares (but not including the Convertible Notes) as at 5:00pm on the business day immediately prior to the Allotment Date. The total number of Shares to be issued pursuant to the Notes Conversion may vary depending on the total interest accrued on the Founder Notes at the time of the Notes Conversion. Refer to Section 9.6(c) for further details on the Convertible Notes and the Notes Conversion.
2. Prior to the date of this Prospectus, 533,050 Director Options were issued to non-executive Directors (or their nominees) as detailed in Section 4.4(b), pursuant to the Employee Incentive Plan and on the terms in Section 9.3. Director Options have nil exercise price but are subject to certain vesting conditions.
3. Prior to the date of this Prospectus, 9,562,350 Management Performance Options were issued to executive Directors and certain employees, contractors and other staff of the Company (or their nominees) who are not Directors or related parties of the Company as detailed in Sections 4.4(b) and 4.4(c), pursuant to the Employee Incentive Plan and on the terms in Section 9.4. Management Performance Options have nil exercise price but are subject to certain vesting conditions.
4. Includes any Shortfall Shares which may be subscribed for and issued in accordance with the Underwriting Agreement. Refer to Section 9.6(b) for further information in relation to Shortfall Shares and the Underwriting Agreement.
5. On a fully diluted basis, assuming all of the Options detailed above convert into Shares, the Company's issued capital detailed above would equate to 224,202,829 Shares. No forecast is made of whether any Options will be converted into Shares (nor whether any of the Options' vesting conditions will be satisfied). This does not include any Options that the Company may issue under the Employee Incentive Plan to certain Eligible Participants or their nominees following Admission. Refer to the remainder of this Section 1.7 and to Section 9.2 for further details.

Information on the effect of the Offer on control and substantial Shareholders is detailed in Section 9.8.

The maximum number of securities proposed to be issued under the Employee Incentive Plan or any successor incentive plan (in addition to the Management Performance Options and Director Options referred to above and any Shares which may be issued upon their exercise) within the three year period from the date of Admission is indicatively proposed to be 11,313,649 additional Employee Incentives (as defined in Section 9.2) plus any Shares which may be issued upon the exercise or conversion of such Employee Incentives. However, this figure is only an estimate and there are no agreements to issue such additional 11,313,649 Employee Incentives, as at the date of this Prospectus. That maximum number is not intended to be a prediction of the actual number of Employee Incentives to be issued under the Employee Incentive Plan, but rather is simply an indicative ceiling for the purposes of giving flexibility for the Board to issue up to that number of additional Employee Incentives in the Company during the three years from Admission, without utilising the Company's 15% placement capacity under Listing Rule 7.1.

The Company reserves the right to issue further securities from time to time, such as (without limitation) to raise further capital or pursuant to its Plan summarised in Section 9.4.

The Company additionally reserves the right to also utilise its 15% annual placement capacity under Listing Rule 7.1 after Admission, and to seek Shareholders' approval to issue further securities from time to time.

1.8 Forecasts

Due to the nature of the Company's business activities and the mineral exploration industry in which it operates, there are significant uncertainties associated with forecasting future events. The Company is an early-stage exploration company, which has no present source of revenue. The Company does not derive any income from mineral exploration activities, nor does it anticipate any such income in the immediate future.

The Directors have considered the matters detailed in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the Company is an early-stage exploration company with no source of revenue and the future operations of the Company are inherently uncertain. The Company accordingly makes no forecast of whether it will generate revenue or profits in future.

The Directors consequently believe that, given the inherent uncertainties, it is not possible to include reliable forecasts in this Prospectus.

Refer to Section 2 for further information in respect to the Company's existing and proposed activities.

1.9 Additional projects

If future opportunities that the Board considers appropriate arise, the Company may apply for or acquire additional projects or businesses. No such additional projects or businesses have been identified by the Board as at the date of this Prospectus.

1.10 Interest of the Lead Manager and Underwriter (and its associates) in the Offer and the Company

Canaccord Genuity (Australia) Limited (being the Lead Manager and Underwriter) has been appointed as the lead manager, bookrunner and underwriter for the Offer. The Lead Manager and Underwriter and the Company are parties to the Lead Manager Mandate that is summarised in Section 9.6(a) and the Underwriting Agreement that is summarised in Section 9.6(b).

(a) Fees payable to the Lead Manager and Underwriter in connection with the Offer

The Company has agreed to pay the Lead Manager and Underwriter the following fees pursuant to the Underwriting Agreement in respect of its appointment as the lead manager, bookrunner and underwriter for the Offer:

- i. a management fee of 1% (plus GST) of the gross proceeds raised under the Offer; and
- ii. a selling fee of 3% (plus GST) of the amount that is equal to:
 - (i) the number of Shares subscribed for and issued under the Broker Firm Offer and the Institutional Offer;
 - (ii) plus (if any) the number of Shares subscribed for and issued under the Priority Offer in excess of 17,006,803 Shares; and
 - (iii) plus any Shortfall Shares subscribed for and issued in accordance with the Underwriting Agreement, (but excluding, in each case, all those Shares (including any Shortfall Shares) which were subscribed for and issued (under the Broker Firm Offer, the Institutional Offer or the offer of Shortfall Shares) to any investors included in the Chairman's list of investors if less than 17,006,803 Shares were subscribed for and issued under the Priority Offer), multiplied by the Offer Price.

1. Details of the Offer continued

At the Company's sole discretion, the Company may also pay to the Lead Manager and Underwriter an incentive fee of up to 1% (plus GST) of the gross proceeds raised under the Offer.

The Lead Manager and Underwriter is also entitled to be reimbursed by the Company for reasonable out of pocket expenses incurred in connection with the Lead Manager Mandate, the Underwriting Agreement and the Offer.

(b) Fees paid to the Lead Manager and Underwriter in connection with the Pre-IPO Capital Raise

In connection with the Pre-IPO Capital Raise (as defined in Section 9.6(a)), the Company paid the Lead Manager and Underwriter a capital raising fee of A\$400,000 plus GST.

(c) Lead Manager and Underwriter's interest in Securities

As at the date of this Prospectus, the Lead Manager and Underwriter or its associates have a Relevant Interest in the following Securities:

Table 4: Relevant Interest of Lead Manager and Underwriter and its associates in Securities at the date of the Prospectus

CONVERTIBLE NOTES ¹	SHARES ²	% OF ISSUED SHARES
277,000	111,125	<1%

Notes:

1. Total consideration paid by the Lead Manager and Underwriter or its associates for the Convertible Notes was A\$277,000.
2. Total consideration paid by the Lead Manager and Underwriter or its associates for the Shares was A\$34,633.

Based on the information available to the Company, as at the date of this Prospectus, regarding the intentions of the Lead Manager and Underwriter and its associates in relation to the Offer and assuming neither the Lead Manager and Underwriter or its associates subscribe for Shares under the Offer, the Lead Manager and Underwriter and its associates will have a Relevant Interest in the following Securities on Admission:

Table 5: Relevant Interest of Lead Manager and Underwriter and its associates in Securities at the date of Admission

CONVERTIBLE NOTES ¹	SHARES ^{2,3}	% OF ISSUED SHARES ^{2,3}
–	544,804	<1%

Notes:

1. Assumes a conversion price of A\$0.6387 pursuant to the Notes Conversion. Refer to Section 9.6(c) for further details on the Convertible Notes and the Notes Conversion.
2. Assumes no further Securities (other than as contemplated in this Prospectus) are issued before Admission.
3. Pursuant to the Underwriting Agreement, the Lead Manager and Underwriter is required to apply and make payment for or procure the application and payment to the Company by third parties for, the Shortfall Shares by the Settlement Date. Accordingly, the Relevant Interest of the Lead Manager and Underwriter and its associates may vary depending on the number and recipients of the Shortfall Shares. The Shares issued under the Offer and any Shortfall Shares would comprise approximately 15.89% of the enlarged issued Share capital of the Company immediately following completion of the Offer.

1.11 Interest of the Co-Lead Manager (and its associates) in the Offer and the Company

The Lead Manager and Underwriter has appointed Petra Capital Pty Ltd ACN 110 952 782 as the Co-Lead Manager to the Offer pursuant to an appointment letter entered into by the Lead Manager and Underwriter and the Co-Lead Manager (details of which are provided in Section 9.6(b)).

(a) Fees payable to the Co-Lead Manager in connection with the Offer

The Lead Manager and Underwriter must pay, on behalf of the Company, the Co-Lead Manager a base fee (which is inclusive of GST) equal to 15% of the net fee received by the Lead Manager and Underwriter from the Company after pay-aways.

Expenses incurred by the Co-Lead Manager in connection with its appointment letter with the Lead Manager and Underwriter and its role as the Co-Lead Manager are for its own account.

(b) Co-Lead Manager's interest in securities

As at the date of this Prospectus, the Co-Lead Manager and its associates do not have a Relevant Interest in any securities of the Company.

1.12 Broker Firm Offer

(a) Who can apply

The Broker Firm Offer, which is open to eligible Australian retail clients of Brokers and (subject to compliance with applicable laws) other eligible clients of Brokers, in each case if such clients have received an invitation from their Broker to apply for Shares and are not in the United States and are not acting for the account or benefit of any person in the United States. Eligible broker clients can contact their Broker to determine whether they can apply for an allocation of Shares from them under the Broker Firm Offer.

(b) How to apply

If you have received an invitation to apply for Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Share Registry.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Broker clients should complete and lodge their Broker Firm Application Form with the Broker from whom they received their invitation to apply to participate in the Broker Firm Offer. Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Application Form.

The Broker Firm Offer opens on the Opening Date and Applications must be received by no later than 5:00pm (Sydney time) on the Closing Date and it is your responsibility to ensure that this occurs.

(c) How to pay

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by that Broker.

1. Details of the Offer continued

(d) Broker Firm Offer allocation policy

The allocation of Shares to Brokers will be determined by the Lead Manager and Underwriter in consultation with the Company. Shares that are allocated to Brokers will be issued to Applicants nominated by the Brokers (subject to the right of the Lead Manager and Underwriter and the Company to reject, aggregate or scale back Applications).

The allocation policy is influenced but not constrained by the following factors:

- (i) the number of Shares applied for by particular Applicants;
- (ii) desire for an informed and active trading market following the admission of Shares to trading on the Official List;
- (iii) the Company's desire to establish a wide spread of Shareholders;
- (iv) overall level of demand under the Offer; and
- (v) other factors that the Lead Manager and Underwriter considers appropriate (in consultation with the Company).

(e) Acceptance of Applications

An Application in the Broker Firm Offer is a binding and irrevocable offer by the Applicant to apply for the amount of Shares in the dollar amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement Prospectus) and the Application Form. At the time of making an Application, an Applicant will not know the precise number of Shares they will be allocated (if any).

The Company has the discretion, in consultation with the Lead Manager and Underwriter, to refuse any Application or to allocate a lesser number of Shares than applied for by an Applicant. Consequently, an Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to successful Applicants.

The Lead Manager and Underwriter and the Company reserve the right to reject any Application for any reason, such as if it is not correctly completed or if it is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by an Applicant in completing their Application.

Successful Applicants in the Broker Firm Offer will receive the number of Shares equal to the value of their Application accepted and allocated by the Company divided by the Offer Price (rounded down to the nearest whole Share), provided that sufficient Application Monies have been paid by the Applicant as consideration for those Shares. No refunds pursuant solely to rounding will be provided.

1.13 Priority Offer

(a) Who can apply

The Priority Offer is open to investors who have received an invitation to participate in the Offer from the Company and who have a registered address in Australia or are otherwise Institutional Investors in other Permitted Jurisdictions (or as may otherwise be permitted by the law and accepted by the Company). If you have been invited by the Company to participate in the Priority Offer, you will be treated as an Applicant under the Priority Offer in respect of those Shares allocated to you.

(b) How to apply

If you have received an invitation to apply for Shares under the Priority Offer and wish to apply for those Shares, you should follow the instructions on your personalised invitation to complete and lodge your Application.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Priority Offer opens on the Opening Date and Applications must be received by no later than 5:00pm (Sydney time) on the Closing Date and it is your responsibility to ensure that this occurs.

(c) How to pay

Applicants under the Priority Offer must pay their Application Monies by following the instructions on the invitation or on the Priority Offer Application Form.

If applicable, when completing your BPAY® or Electronic Funds Transfer (EFT) payment, please make sure to use the specific biller code and unique Customer Reference Number (CRN) provided to you after you submit your Priority Offer Application Form.

It is the Applicant's responsibility to ensure payments are received by the end of the Offer Period. If you make a BPAY® or EFT payment, your bank, credit union or building society may impose a limit on the amount that you can transact on BPAY® or EFT and policies with respect to timing for processing BPAY® or EFT transactions may vary between bank, credit union or building society. The Company takes no responsibility for any failure to receive Application Monies by BPAY® or EFT before the end of the Offer Period arising as a result of, among other things, delays in processing of payments by financial institutions.

If the amount of your BPAY® or EFT payment for Application Monies (or the amount for which those BPAY® or EFT payments clear in time for allocation) is insufficient to pay for the number of Shares you have applied for in the Priority Offer Application Form, you may be taken to have applied for such lower number of Shares as your cleared Application Monies will pay for (and to also have specified that amount in your Priority Offer Application Form), or your Application may be rejected.

(d) Priority Offer allocation policy

Allocations under the Priority Offer will be at the absolute discretion of the Company.

The Company has the sole discretion to issue up to 17,006,803 Shares or such higher number agreed between the Company and the Lead Manager and Underwriter under the Priority Offer.

(e) Acceptance of Applications

An Application in the Priority Offer is a binding and irrevocable offer by the Applicant to apply for the amount of Shares in the dollar amount specified in the Priority Offer Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement Prospectus) and the Priority Offer Application Form. At the time of making an Application, an Applicant will not know the precise number of Shares they will be allocated (if any).

The Company has the discretion to refuse any Application or to allocate a lesser number of Shares than applied for by an Applicant. Consequently, an Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to successful Applicants.

The Company reserves the right to reject any Application for any reason, such as if it is not correctly completed or if it is submitted by a person who it believes is ineligible to participate in the Priority Offer, or to waive or correct any errors made by an Applicant in completing their Application.

Successful Applicants in the Priority Offer will receive the number of Shares equal to the value of their Application accepted and allocated by the Company divided by the Offer Price (rounded down to the nearest whole Share), provided that sufficient Application Monies have been paid by the Applicant as consideration for those Shares. No refunds pursuant solely to rounding will be provided.

1. Details of the Offer continued

1.14 Institutional Offer

(a) Invitations to bid

The Institutional Offer consisted of an invitation to certain Institutional Investors in Australia and other Permitted Jurisdictions to bid for an allocation of Shares at the Offer Price, pursuant to this Prospectus. The Lead Manager and Underwriter separately advises Institutional Investors of the application procedures for the Institutional Offer.

(b) Allocation policy under the Institutional Offer

The allocation of Shares among Applicants in the Institutional Offer will be determined by the Lead Manager and Underwriter in consultation with the Company.

The allocation policy is influenced but not constrained by the following factors:

- (i) the number of Shares applied for by particular Applicants;
- (ii) desire for an informed and active trading market following the admission of Shares to trading on the Official List;
- (iii) the Company's desire to establish a wide spread of quality long term institutional Shareholders;
- (iv) overall level of demand under the Offer;
- (v) the size and type of funds under management of particular Applicants;
- (vi) the likelihood that particular Applicants will be long-term Shareholders; and
- (vii) other factors that the Lead Manager and Underwriter considers appropriate (in consultation with the Company).

Acceptance of a bid will give rise to a binding contract on allocation of Shares to successful bidders.

1.15 Acceptance of Applications under the Offer

An Application is an offer by an Applicant to the Company to acquire Shares in the amount specified on the Application Form (or any lesser amount determined by the Company) at the Offer Price on the terms and conditions detailed in this Prospectus (including any supplementary or replacement prospectus) and the applicable Application Form. To the extent permitted by law, an Application is irrevocable.

An Application may be accepted by the Company in respect of the full number of Shares specified in the Application Form or any of them, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to successful Applicants. The Company reserves the right to reject any Application which is not correctly completed, or which is submitted by a person who the Board believes is ineligible to participate in the Offer or any part of it, or to waive or correct any errors made by the Applicant in completing their Application. The Company also reserves the right to reject any Applications in the Board's discretion.

Applicants whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any Application Monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be rounded down. Your Application Monies should be for the entire number of Shares you are applying for.

1.16 Additional Terms and Conditions of the Offer

Table 6: Additional terms and conditions of the Offer

TOPIC	SUMMARY
What is the type of security being offered?	Fully paid ordinary shares in the capital of the Company.
What are the rights and liabilities attached to the security being offered?	All new Shares issued under the will rank equally in all respects with existing Shares on issue. For details relating to the rights and liabilities of the Shares, refer to Section 9.1.
What is the consideration payable for each security being offered?	The Offer Price is A\$1.47 per Share.
What is the Offer Period?	Refer to the Indicative Timetable for the Offer which is on page 8 of this Prospectus.
What are the cash proceeds to be raised?	A\$50 million (before costs of the Offer).
Is the Offer underwritten?	<p>The Offer (which comprises of the Broker Firm Offer, the Priority Offer and the Institutional Offer) is fully underwritten by the Lead Manager and Underwriter.</p> <p>If the Company does not receive valid applications for the full amount of Shares under the Offer, the Lead Manager and Underwriter will (subject to the terms of the Underwriting Agreement) subscribe for, or procure subscriptions from third parties for, any Shortfall Shares by the Settlement Date.</p> <p>Details of the Underwriting Agreement, including the circumstances in which the Lead Manager and Underwriter may terminate its obligations are set out in Section 9.6(b).</p>
Who is the Lead Manager and Underwriter?	Canaccord Genuity (Australia) Limited ACN 075 071 466.
Who is the Co-Lead Manager?	Petra Capital Pty Ltd ACN 110 952 782.
What is an Applicant applying for?	An Application is an offer by the Applicant to the Company to apply for all or any of the amount of Shares specified in the Application Form on the terms detailed in this Prospectus.

1. Details of the Offer continued

TOPIC	SUMMARY
What is the minimum and maximum Application size under the Offer?	Applications for Shares under the Offer must be for a minimum of 1,361 Shares (for Application Monies of approximately A\$2,000) and thereafter in multiples of 680 Shares (for Application Monies of approximately A\$1,000) and payment for the Shares must be made in full at the issue price of A\$1.47 per Share (although the Company reserves the right to accept Applications for different numbers of Shares).
What is the allocation policy?	<p>The allocation of Shares between the Broker Firm Offer, the Priority Offer and the Institutional Offer will be determined by agreement between the Lead Manager and Underwriter and the Company, subject to the allocation policies outlined in Sections 1.12(d), 1.13(d) and 1.14(b) above.</p> <p>The Lead Manager and Underwriter and the Company have absolute discretion regarding the allocation of Shares to Applicants under the Offer and may reject an Application or allocate a lesser number of Shares than applied for. The Lead Manager and Underwriter and the Company also reserve the right to aggregate any Applications that they believe may be multiple Applications for the same person.</p>
When will I receive confirmation that my Application has been successful?	<p>It is expected that holding statements and allotment confirmation notices will be dispatched by standard post on or about 18 December 2023.</p> <p>Refunds (without interest) to Applicants whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will be made as soon as practicable after completion of the Offer.</p> <p>No refunds pursuant solely to rounding will be provided.</p>
Will the Shares be quoted?	<p>The Company will apply to ASX within seven days of the date of this Prospectus for admission to the Official List and for the Shares, including those offered by this Prospectus, to be granted Official Quotation (apart from any Shares that may be designated by ASX as restricted securities).</p> <p>If ASX does not grant permission for Official Quotation within 3 months after the date of this Prospectus (or within such longer period as may be permitted by law) the Offer will be withdrawn and all Application Monies received by the Company will be refunded to Applicants (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.</p> <p>ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List and may grant Official Quotation of the Shares being offered is not to be taken as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.</p> <p>The issue price of all Shares for which the Company seeks quotation will be at least 20 cents in cash (or deemed to be such) in accordance with the Listing Rules.</p>
When are the Shares expected to commence trading?	<p>It is anticipated that trading of Shares on the ASX may commence on or about 21 December 2023, but that timing is subject to ASX's discretion and cannot be guaranteed by the Company.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading their Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.</p>

TOPIC	SUMMARY
Are there any escrow arrangements?	Yes. Details are provided in Section 1.23 below.
Are there any taxation considerations?	<p>The acquisition, holding and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor and applicable laws. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares pursuant to the Offer, from a taxation viewpoint and generally.</p> <p>To the maximum extent permitted by law, the Company, its officers and its advisors accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.</p> <p>Refer also to Section 1.24.</p>
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.
Acknowledgement	<p>Each Applicant under the Offer will be taken to have represented, warranted, agreed and acknowledged as follows:</p> <ul style="list-style-type: none"> (a) it is resident or domiciled in Australia or, if outside Australia, is an Institutional Investor; (b) it is not acting for the account or benefit of a person in the United States; (c) it has not sent and will not send this Prospectus or any other material relating to the Offer to any person in the United States or elsewhere outside Australia; and (d) it understands that Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and the Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.
What should you do with any enquiries?	<p>All enquiries in relation to this Prospectus should be directed to the Offer Information Line on 02 7208 8033 (within Australia) from 8:30am to 5:00pm (Sydney time), Monday to Friday. If you are eligible to participate in the Offer and are calling from outside Australia, you should call +61 2 7208 8033 from 8:30am to 5:00pm (Sydney time), Monday to Friday.</p> <p>If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.</p>

1. Details of the Offer continued

1.17 Application Monies

Application Monies received under the Offer will be held in a special purpose account until Shares are issued to successful Applicants.

Applicants under the Offer whose Applications are not accepted, or who are allocated a lesser dollar amount of Shares than the amount applied for, will be mailed (or otherwise in the Company's discretion provided with) a refund (without interest) of all or part of their Application Monies, as applicable.

No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

It is your responsibility to ensure that your payment is received by no later than 5:00pm (Sydney time) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

1.18 Discretion regarding the Offer

The Company may at any time (in the Board's discretion) decide to withdraw this Prospectus and/or the Offer in which case the Company will return all Application Monies (without interest) in accordance with the requirements of the Corporations Act.

The Company also reserves the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications either generally or in particular cases, reject any Application (in whole or in part), or allocate to any Applicant fewer Shares than applied for.

1.19 CHESS and Issuer Sponsorship

The Company will apply to participate in the Clearing House Electronic Sub-register System (**CHESS**), which is the ASX electronic transfer and settlement system in Australia, in accordance with the Listing Rules and ASX Settlement Rules. Settlement of trading of quoted securities on the ASX market takes place on CHESS. CHESS allows for and requires the settlement of transactions in securities quoted on ASX to be effected electronically. On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two (2) sub-registers together will make up the Company's register of Shareholders.

The Company will not issue certificates of title to Shareholders. Instead, as soon as is practicable after allotment, successful Applicants will receive a holding statement which sets out the number of Shares issued to them. A holding statement will also provide details of a Shareholder's HIN (in the case of a holding on the CHESS sub-register) or SRN (in the case of a holding on the issuer sponsored sub-register).

Following distribution of these initial holding statements, an updated holding statement will only be provided at the end of any month during which changes occur to the number of Shares held by Shareholders. Shareholders may also request statements at any other time (although the Company may charge an administration fee).

1.20 ASX Listing and Official Quotation

Within seven (7) days after the date of this Prospectus, the Company will apply to ASX for admission to the Official List and for the Shares, including those offered by this Prospectus, to be granted Official Quotation (apart from any Shares that may be designated by ASX as restricted securities).

If ASX does not grant permission for Official Quotation within three months after the date of this Prospectus (or within such longer period as may be permitted by law) the Offer will be withdrawn and all Application Monies received by the Company (if any) will be refunded to Applicants (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

Subject to certain conditions (including any waivers obtained by the Company from time to time), the Company will be required to comply with the ASX Listing Rules.

1.21 Risks

Prospective investors should be aware that an investment in the Company should be considered highly speculative and involves a number of risks inherent in the business activities of the Company. Section 3 details (non-exhaustively) key risk factors which prospective investors should be aware of. It is recommended that prospective investors consider these risks carefully before deciding whether to invest in the Company.

This Prospectus should be read in its entirety as it provides information for prospective investors to decide whether to invest in the Company. If you have any questions about the desirability of, or procedure for, investing in the Company please contact your stockbroker, accountant or other independent adviser.

1.22 Overseas Applicants

No action has been taken to register or qualify the Shares, or the Offer, or otherwise to permit an offering of the Shares, in any jurisdiction outside Australia.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should observe any such restrictions, including those discussed below. Any failure to comply with such restrictions may constitute a violation of those laws.

This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus. In particular, this Prospectus may not be distributed to any person, and the Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

It is the responsibility of any overseas Applicant to ensure, and the return of a duly completed Application Form (or the payment of Application Monies) will be taken by the Company to constitute a representation and warranty that, the Applicant is the type of investor who may purchase Shares in the Applicant's jurisdiction as contemplated below.

Brazil

The Shares have not been, and will not be, registered with the Brazilian Securities and Exchange Commission (*Comissão de Valores Mobiliários* or CVM) or any other authority in Brazil and may not be offered or sold, directly or indirectly, to the public in Brazil. This document and any other document relating to an offer of Shares may not be distributed in Brazil except to "professional investors" (within the meaning of Resolution 160 of the CVM) or otherwise in compliance with Brazilian law.

1. Details of the Offer continued

This document has not been approved by any Brazilian regulatory authority and does not constitute an offer to sell, or a solicitation of any offer to buy, any securities to the public in Brazil.

The Company's ordinary shares are not listed on any stock exchange, over-the-counter market or electronic system of securities trading in Brazil.

European Union

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the **EU Prospectus Regulation**).

In accordance with Article 1(4)(a) of the EU Prospectus Regulation, an offer of Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the EU Prospectus Regulation).

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). Accordingly, this document may not be distributed, and the Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (the **FMC Act**).

The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- (a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- (b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- (c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- (d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- (e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act

Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the Offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the **SFA**) or another exemption under the SFA.

This document has been given to you on the basis that you are an “institutional investor” or an “accredited investor” (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither this document nor any other document relating to the Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Shares.

The Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to “qualified investors” within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (**FPO relevant persons**). The investment to which this document relates is available only to FPO relevant persons. Any person who is not a FPO relevant person should not act or rely on this document.

United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

1. Details of the Offer continued

The Shares will only be offered and sold in the United States to:

- (a) “institutional accredited investors” within the meaning of Rule 501(a)(1), (2), (3), (7), (8), (9) and (12) under the US Securities Act; and
- (b) dealers or other professional fiduciaries organised or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons and for which they exercise investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act.

This document may only be distributed in the United States by the Lead Manager and Underwriter to Institutional Investors and only if this document is accompanied by the US Offering Circular.

1.23 Restricted Securities and Escrow Arrangements

Chapter 9 of the Listing Rules prohibits holders of securities in the Company which ASX classifies as ‘restricted securities’ from disposing or agreeing to dispose of those securities or an interest in those securities for the relevant restriction periods (being escrow restrictions).

None of the Shares issued pursuant to the Offer will be subject to any ASX imposed escrow restrictions. However, ASX may determine that certain Securities on issue prior to the Offer will be classified as restricted securities and may be required to be held in escrow for up to 24 months from the date on which Quotation of the Shares commences. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner. The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Shares commencing trading on ASX.

The following Securities are (subject to ASX’s discretion) expected to be subject to ASX escrow for a period of 24 months commencing on the date on which Quotation of the Shares commences on ASX (the figures are approximate):

- 135,029,130 Shares;
- 6,693,750 Management Performance Options; and
- 533,050 Director Options.

Approximately 18,285,756 of the Shares to be issued pursuant to the Notes Conversion on the Allotment Date are (subject to ASX’s discretion) expected to be subject to ASX escrow for a period of 12 months commencing on the date on which those Shares are issued.

None of the Shares to be issued pursuant to the Offer will be subject to any ASX imposed escrow restrictions. In addition, it is anticipated that (subject to ASX’s discretion) approximately 12,493,282 of the Shares already on issue in the Company and 14,285,655 of the Shares to be issued pursuant to the Notes Conversion on the Allotment Date will also not be subject to any ASX imposed escrow restrictions.

1.24 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares, pursuant to the Offer, from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

1.25 Withdrawal

The Directors may (in the Board's discretion) at any time decide to withdraw this Prospectus and/or the Offer in which case the Company will return all Application Monies (without interest) as required by the Corporations Act.

1.26 Paper Copies of Prospectus

The Company will provide paper copies of this Prospectus (including any supplementary or replacement prospectus or documents) and the applicable Application Form to eligible investors upon request and free of charge. Requests for a paper copy should be directed to the Offer Information Line on 02 7208 8033 (within Australia) or +61 2 7208 8033 (outside Australia) from 8:30am to 5:00pm (Sydney time) Monday to Friday (excluding public holidays).

1.27 Powers of the Company in relation to Applications

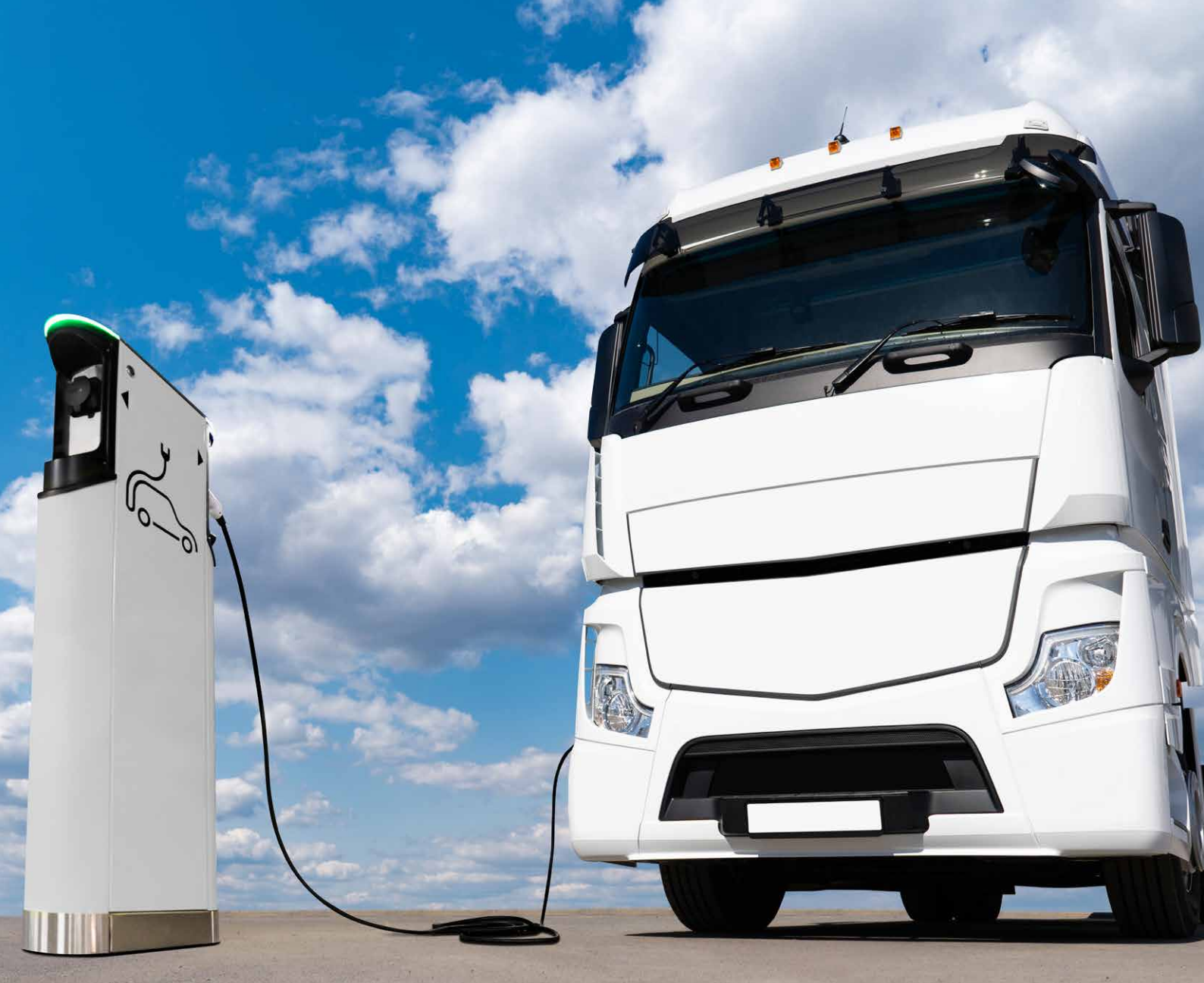
There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which the Applicant has applied. Without limitation, the Board may in its absolute discretion, without notice to any Applicant and without giving any reason:

- (a) withdraw the Offer at any time before the issue of Shares to successful Applicants;
- (b) decline an Application;
- (c) accept an Application for its full amount or any lower amount;
- (d) determine a person to be eligible or ineligible to participate in the Offer;
- (e) waive or correct any errors made by an Applicant in completing their Application Form;
- (f) amend or waive the Offer application procedures or requirements in compliance with applicable laws; or
- (g) aggregate any Applications that they believe may be multiple Applications from the same person.

1.28 Enquiries

This Prospectus provides information for potential investors in the Company and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser.

For any questions relating to the Offer and the completion of an Application Form, please call the Offer Information Line on 02 7208 8033 (within Australia) or +61 2 7208 8033 (outside Australia) from 8:30am to 5:00pm (Sydney time) Monday to Friday (excluding public holidays).



2. Company Overview

2. Company Overview

2.1 Brazilian Rare Earths Limited Overview

Brazilian Rare Earths Limited (**BRE**) is focused on the exploration and potential development of a leading rare earth province located in the State of Bahia, Brazil.

BRE has rapidly consolidated this new rare earth province through a series of transactions and currently controls, or has agreements to control⁴ a combined area of ~141,000ha (~1,410km²) of exploration permits within the Rocha da Rocha Project. BRE defines this large exploration area as the 'Rocha da Rocha Critical Minerals Province'. The full details on BRE's controlled tenements can be found in the Independent Solicitor's Report in Section 8.

The Rocha da Rocha Province was identified as highly prospective for rare earth mineralisation by Alexandre Rocha da Rocha, who is both a founder and Chief Geologist of BRE. Mr Rocha da Rocha has over 40 years of experience as an exploration geologist in Brazil and is a tenured Professor of Geology at the Universidade Federal do Rio Grande do Norte. He was previously instrumental in several major mine discoveries in Brazil, including the Serra Verde Ionic Clay project and the Santa Rita Nickel Sulphide mine.

The prospectivity of the Rocha da Rocha province for rare earths was confirmed by geophysical airborne surveys which revealed a large-scale geophysical anomaly surpassing the scale of many of the geophysical parameters that cover the Serra Verde rare earth deposit.

Ground exploration drilling first commenced in October 2021, with the first auger drilling program. Since then, BRE has drilled more than 18,000m of auger and sonic drillholes and conducted extensive geophysical and geological surveys. These programs have identified a series of highly promising exploration targets within BRE's controlled tenements.

The outcome of this detailed ground-based exploration program was the discovery of high-grade rare earth and critical minerals, including high-grade rare earth elements, niobium, uranium and scandium mineralisation. The exploration program has so far delineated a JORC Resource estimate of 510Mt at 1,513ppm TREO⁵ all within granted BRE Tenements⁶. This resource includes the 'Monte Alto' project (**Monte Alto** or **Monte Alto Project**), a shallow, free dig monazite sand rare earth deposit of 25.2Mt at 1.0% TREO in saprolite, which remains open at depth and in all directions. The Monte Alto Project features, as part of that Mineral Resource, a higher-grade mineralised core amounting to 4.1Mt at 3.2% TREO.

With the exploration drill program that has been completed up until 1 July 2023, BRE has classified the mineralisation into three distinct categories:

- Ionic Adsorption Clay (IAC) mineralisation;
- Saprolite monazite enriched REE mineralisation; and
- High-grade REE-Nb-Sc magmatic hard rock mineralisation.

2.2 Investment Highlights

BRE provides a compelling investment thesis, with the investment highlights including:

World class rare earths province

- Control, or agreements to acquire control, of ~1,410km² of highly prospective tenements across a world-class rare earths province.
- A range of high-grade rare earth and critical mineral opportunities that include high-grade magmatic REE-Nb-Sc, weathered saprolite enriched with monazite, and ionic adsorption clay style mineralisation.

4. Including the agreements summarised in:

- Sections 9.6(e) and 9.6(f), concerning the Amargosa Tenement Acquisition; and
- Section 9.6(g), concerning the Alpha Tenement Acquisition.

5. TREO means total rare earth oxides = summed estimates of La₂O₃ + CeO₂ + Pr₆O₁₁ + Nd₂O₃ + Sm₂O₃ + Eu₂O₃ + Gd₂O₃ + Tb₄O₇ + Dy₂O₃ + Ho₂O₃ + Er₂O₃ + Tm₂O₃ + Yb₂O₃ + Lu₂O₃ + Y₂O₃.

6. Represents active exploration permits granted to, or an application for an exploration permit submitted by, the Company's wholly owned Brazilian subsidiaries Borborema, Jeque and Ubaira. Refer to Section IV of the Independent Solicitor's Report at Section 8 of this Prospectus for further information regarding those BRE Tenements.

2. Company Overview continued

Large JORC Resource with outstanding growth potential

- JORC Mineral Resource estimate of 510Mt at 1,513ppm TREO covering ~1% of tenement areas.
- The Monte Alto Project is a shallow, free-dig, rare earth resource of 25.2Mt at 1% TREO. Currently the resource is open at depth and in all directions.
- Included in the Monte Alto Project resource is a high-grade core of 4.1Mt at 3.2% TREO with excellent proportion of magnet rare earth oxides at 26% of the TREO.
- Transformative discovery of exceptionally high-grade REE-Nb-Sc hard-rock mineralisation at surface, and at shallow depths, across extensive areas.
- JORC Exploration Target of an approximate tonnage of 8 to 12Bt at an approximate grade of between 1,000 and 1,500ppm TREO.
- Currently less than 5% of BRE's tenement area explored by BRE.

High-grade REE-Nb-Sc mineralisation

- Discovery of high-grade REE-Nb-Sc mineralisation over extensive areas and at multiple locations throughout the province.
- High-grade REE-Nb-Sc mineralisation with average grades of 32.7% TREO with high levels of magnet rare earth elements with 55,997ppm NdPr and 2,844ppm DyTb.
- High-grade REE-Nb-Sc mineralisation also contains up to 1.5% of niobium (average 1.1% Nb₂O₅), up to 269ppm scandium (average 219ppm Sc₂O₃) and up to 5,246ppm uranium (average 4,025ppm U₃O₈).
- Operative exploration model is this high-grade mineralisation is indicative of larger and extensive structures of high-grade REE-Nb-Sc mafic cumulate.
- Highest grade REE mineralisation, with a grade of 40.5% TREO, recently discovered over 7km to the south of the Monte Alto Project.

Agreement to acquire Rio Tinto exploration project

- Agreement to acquire a highly advanced Rio Tinto exploration project (comprising of the Amargosa Tenements) with approximately 760km² of tenements near BRE.
- Rio Tinto conducted a +10-year bauxite exploration program on the Amargosa Tenements. Based on data from that program, a JORC Exploration Target on the Amargosa Tenements has been estimated (as detailed in the Independent Technical Report in Section 7) to have an approximate beneficiatable bauxite tonnage range of 825 – 925Mt, at an approximate grade range of 27% – 28% TAA (Total Available Alumina). An Exploration Target is not an estimate of Mineral Resource or Ore Reserve and is based on a lower level of geological knowledge than a Mineral Resource or Ore Reserve. An Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource. The potential quantity and grade of this Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.
- Approximately 57,000m of historical drilling generating valuable geological data including 1,388 surface geological samples, detailed topography and geophysical surveys, and long lead time environmental base line surveys.
- BRE aims to re-assay 30,000m of Rio Tinto core for rare earth elements by the end of Q1 2024.
- Upon completion of the Amargosa Tenement Acquisition, the BRE project area will more than double and secures dominant control over an emerging world-class rare earth province.

Prime location close to existing infrastructure

- Large-scale rare earth province near excellent infrastructure in Bahia, Brazil.
- Highly developed critical infrastructure with low-cost clean hydro-electric power, high-capacity transmission lines, well-connected paved highways, and an efficient port less than 150km away.
- Potential for low infrastructure capital costs, lower logistic and power costs and competitive skilled labour costs compared to other global rare earth jurisdictions.

Attractive market dynamics for the global rare earth market

- Rare earth permanent magnets are critical for electric and hybrid vehicles, wind turbines, consumer and medical devices, robotics, drones, and defence systems. Increasing levels of electrification underpins global demand growth for rare earth elements.
- From 2022 to 2035, Adamas Intelligence forecasts that global demand for permanent magnets may rise at a compound annual growth rate (CAGR) of 8.3%, Adamas also forecasts material supply deficits for the valuable heavy rare earth elements dysprosium and terbium.
- Increasing need for diversification and security of supply of environmentally sensitive REE production.
- Scarcity of supply of the valuable heavy rare earth elements dysprosium and terbium which are critical for high temperature, high performance permanent magnets.

Experienced exploration team with a successful exploration model

- BRE's Chief Geologist, Alexandre Rocha da Rocha, is an accomplished exploration geologist.
- Alexandre successfully discovered and delineated the Serra Verde IAC rare earth deposit in Brazil. The exploration model used at Serra Verde has been enhanced and successfully applied at BRE.
- A team of highly experienced international geological and metallurgical consultants support a talented in-country Brazilian team.

Management team with a demonstrated track record and extensive in country experience

- Experienced management team and board with extensive combined experience across exploration geology, resource estimation and evaluation, financing, acquisitions, project engineering, project development, commissioning, and mine operations.
- Diverse international backgrounds that include significant Brazilian exploration and operating experience and a successful track record of building leading resource companies.

2.3 Risks

Prospective investors should be aware that an investment in the Company should be considered highly speculative and involves a number of risks inherent in the business activities of the Company. For example, the business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact the value of an investment in the securities of the Company. Section 3 details (non-exhaustively) key risk factors which prospective investors should be aware of. It is recommended that prospective investors consider these risks carefully before deciding whether to invest in the Company.

2.4 Aims and Strategy

BRE's strategy is to explore and potentially develop its extensive critical mineral interests across the Rocha da Rocha Critical Minerals Province. BRE's near term exploration plan is to identify and delineate the highest value mineralisation across this province. The long-term aim is to create significant value for shareholders by developing a leading rare earth and critical mineral company.

2. Company Overview continued

At this stage of the exploration program, the highest value opportunity is the high-grade REE-Nb-Sc magmatic mineralisation discovered across the extensive hard rock outcrops and large corestones around the Monte Alto Project (see Section 2.9). BRE's exploration priority is to identify and delineate a high-grade REE-Nb-Sc hard rock resource. A comprehensive exploration campaign is actively drilling for potential high grade REE-Nb-Sc mafic cumulates that may be located at depth at the Monte Alto Project, and surrounding areas.

The exploration program has also discovered several deposits of shallow saprolite monazite REE mineralisation. The Monte Alto Project is the most advanced example of this style of mineralisation with a maiden JORC Mineral Resource estimate of 25.2Mt at 1% TREO (10,022ppm). This rare earth deposit is a free-dig, weathered saprolite enriched with coarse grain monazite minerals and held within a fine grain lithology. The Monte Alto resource is open at depth and in all directions, with a targeted drilling program actively exploring the full extent of the mineralisation. This style of saprolite monazite enriched mineralisation repeats across numerous locations over the Rocha da Rocha Province and will be tested in future exploration programs.

Within the Monte Alto Project resource model, a higher-grade core of 4.1Mt at 3.2% TREO has been defined by sensitivity analysis with a 1% TREO-CeO₂ cut off. This higher-grade mineralised core overlies a potential trend of high-grade REE-Nb-Sc magmatic cumulate and contains a high proportion of magnet rare earth oxides, NdPr and DyTb.

IAC REE mineralisation has been delineated over a significant portion of the explored areas of BRE's exploration permits. This IAC REE resource has the potential to increase with further regional exploration drilling that is targeted post exploration of the Monte Alto Project region.

In addition, BRE intends to continue to selectively evaluate growth opportunities for critical mineral projects in Brazil. These growth opportunities will only be pursued where BRE is confident that the prospective project, and acquisition terms, will enhance long term shareholder value.

2.5 Company History

Table 7: Company History

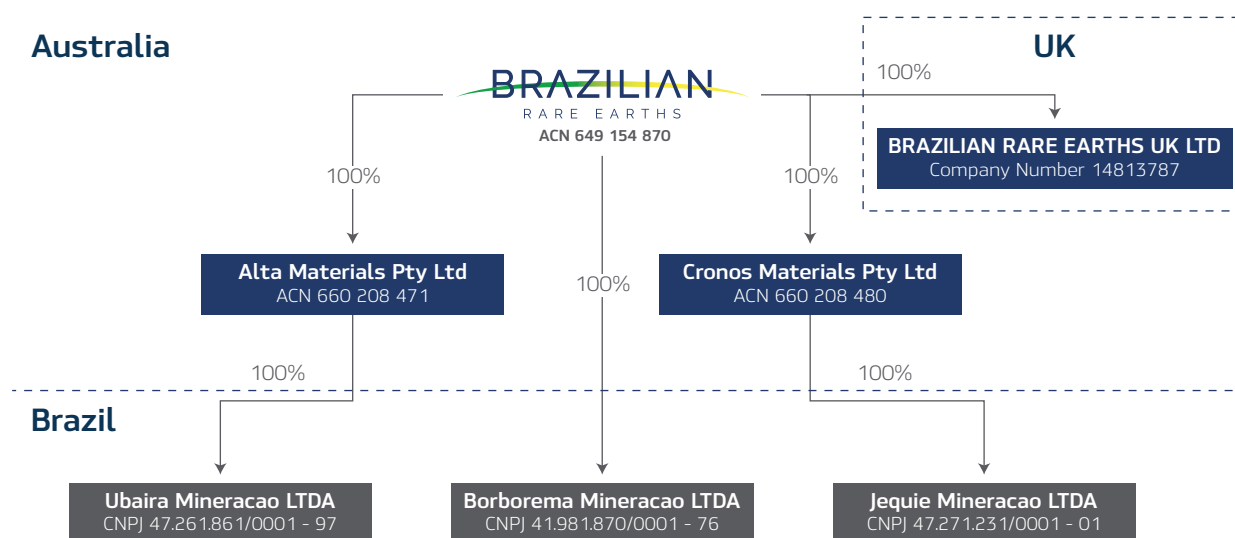
March 2021	BRE established as a proprietary limited company.
April 2021	BRE applied for 32 exploration permits in the state of Bahia covering approximately 461km ² .
September 2021	~A\$0.5 million raised via issue of Shares.
October 2021	Maiden drilling program commenced.
January 2022	~A\$1 million raised via issue of Shares.
July 2022	~A\$4 million raised via issue of Shares.
September 2022	Discovery of the Monte Alto Project.
December 2022	Maiden JORC Resource of 169Mt @ 1,526ppm TREO.
December 2022	Capital raising of ~A\$21 million via the issue of Convertible Notes.
January 2023	Discovery of high-grade REE-Nb-Sc outcrops and large corestones.
February 2023	BRE converted to a public company.
April 2023	JORC resource upgrade to 510Mt at 1,513ppm TREO, including maiden Mineral Resource at the Monte Alto Project of 25.2Mt at 1% TREO.
August 2023	Agreement for acquisition of 16 Alpha Tenements covering 190km ² from Alpha Brazil
October 2023	Rio Tinto project acquisition agreement (the Amargosa Tenements Acquisition), covering ~760km ² . Acquisition includes ~57,000m of drilling data and core that will be re-assayed for rare earth elements

2.6 Corporate Structure

BRE was incorporated on 31 March 2021 with an initial two Shares issued to the initial Shareholders.

Set out below is the corporate group structure of the Company.

Figure 1: Corporate structure



Details of BRE's subsidiaries are as follows:

- Alta Materials Pty Ltd (100% direct interest), which was incorporated in Australia on 16 June 2022, and which is an investment holding entity for BRE and holds a 100% interest in Ubaira Mineracao Ltda.
- Cronos Materials Pty Ltd (100% direct interest), which was incorporated in Australia on 16 June 2022, and which is also an investment holding entity for BRE and holds a 100% interest in Jequie Mineracao Ltda.
- Ubaira Mineracao Ltda (100% indirect interest through Alta Materials Pty Ltd), which was incorporated in Brazil on 22 July 2022 and holds part of the tenement interests comprising the BRE Tenements.
- Borborema Mineracao Ltda (100% direct interest), which was incorporated in Brazil on 23 September 2021 and holds, or will hold, part of the tenements and tenements application interests comprising the BRE Tenements, the Alpha Tenements and the Amargosa Tenements. Refer to section 1.1 of the Independent Solicitor's Report in Section 8 of this Prospectus for further information regarding the Company's ownership interest in Borborema Mineração Ltda.
- Jequie Mineracao Ltda (100% indirect interest through Cronos Materials Pty Ltd), which was incorporated in Brazil on 25 July 2022 and holds part of the tenement interests comprising the BRE Tenements.
- Brazilian Rare Earths UK Ltd (100% direct interest), which was incorporated in the United Kingdom on 19 April 2023 and forms part of the Company's tax structuring.

2. Company Overview continued

Further details in relation to BRE's Brazilian subsidiaries are provided in the Independent Solicitor's Report in Section 8 of this Prospectus.

BRE has had success raising capital since its incorporation, with the history of issued securities set out in the following table:

Table 8: History of securities issuance

	NUMBER OF SHARES ¹	A\$ SUBSCRIBED (BEFORE COSTS)
Shares issued on incorporation – March 2021	2	2
Private placement – September 2021 ²	499,998	499,998
Private placement – January 2022 ³	50,000	1,000,000
Private placement – July 2022	72,406	3,949,020
Conversion of Founder Shares into Shares ⁴	155,602	–
Issue of Shares as remuneration – September 2023 ⁵	30,250	–
Total	808,258	5,449,020

Notes:

1. Represents fully paid shares on issue on a pre-split basis (noting that on 23 October 2023, the Company converted all of its Shares on issue into a larger number of Shares via a Share split, on the basis that every one Share on issue at the time was subdivided into 175 Shares in accordance with the Shareholder approval received by the Company at its 2023 annual general meeting) and prior to the Notes Conversion and prior to the issue of Shares pursuant to this Prospectus. The Options were also split in the same ratio.
2. Includes 80,627 Shares with an issue price of A\$1 per Share issued to Dr da Veiga in lieu of cash as remuneration for services provided by Dr da Veiga.
3. Includes 3,750 Shares with an issue price of A\$20 per Share issued to Dr da Veiga in lieu of cash as remuneration for services provided by Dr da Veiga.
4. In September 2021, Paulo Roberto Santoro Salomao was issued 125,000 founder shares in the capital of the Company which were convertible into Shares (**Founder Shares**) in consideration for individuals for services provided in relation to the identification and pegging of thirty two of the BRE Tenements. The Founder Shares were converted into 155,602 Shares in July 2022. The Founder Shares included anti-dilutionary rights which the holder of the Founder Shares agreed to cancel in return for being issued 432,834 Convertible Notes (being the Founder Notes). In September 2023, the Shares and Convertible Notes held by Paulo Roberto Santoro Salomao were transferred to Kuda Huraa Mining Ventures and Global Investments Corp.
5. These Shares were issued as equity-remuneration to certain Directors and other BRE personnel, in recognition of BRE reaching the milestone of estimating a Mineral Resource at the Project. The related parties of the Company who participated in that issue comprise:
 - (i) Dr da Veiga (who received 9,075 of those Shares on a pre-Share split basis, which now comprise 1,588,125 Shares on a post-Share split basis and are included within his Share interests detailed in Section 4.4);
 - (ii) Mr Hannigan (whose related company received 6,050 of those Shares on a pre-Share split basis, which now comprise 1,058,750 Shares on a post-Share split basis and are included within his Share interests detailed in Section 4.4); and
 - (iii) Mr Dominic Allen (who received 5,294 of those Shares on a pre-Share split basis, which now comprise 926,450 Shares on a post-Share split basis).

2.7 Rocha da Rocha Project

The Rocha da Rocha Project comprises of:

- ninety-six granted exploration permits;
- one application for an exploration permit;
- four applications for mining permits;
- two disponibilidades;⁷ and
- an option to acquire a further three granted exploration permits,

registered or applied for under Brazil's National Mining Agency (**ANM**). The granted exploration permits within the Rocha da Rocha Project cover a total combined area of ~141,000ha (~1,410 km²) in the Rocha da Rocha Critical Minerals Province, located in Bahia, Brazil. The Project is a large-scale greenfields discovery of REE mineralisation, that includes high-grade REE-Nb-Sc mineralisation, saprolite monazite

7. Refer to paragraph 27.25 of the Independent Solicitor's Report in Section 8 for an explanation of the bidding procedure commonly known as "disponibilidade".

enriched mineralisation, and ionic clay style REE mineralisation. In addition, the Project appears to be highly prospective for niobium, scandium, uranium, bauxite and other critical minerals.

The Project comprises the following groups of exploration permits, optioned exploration permits, applications for permits and disponibilidades which are described in more detail on the Independent Solicitor's Report presented in Section 8:

Table 9: Summary of granted permits, optioned permits, permit applications and disponibilidades

DESCRIPTION	GRANTED EXPLORATION PERMITS		OPTIONED EXPLORATION PERMITS ⁴		EXPLORATION PERMIT APPLICATIONS		MINING PERMIT APPLICATIONS		DISPONIBILIDADES ⁵	
	NUMBER	AREA (HA)	NUMBER	AREA (HA)	NUMBER	AREA (HA)	NUMBER	AREA (HA)	NUMBER	AREA (HA)
BRE Tenements ¹	34	47,137	–	–	1	4	–	–	–	–
Alpha Tenements ²	16	19,028	–	–	–	–	–	–	–	–
Amargosa Tenements ³	46	74,824	3	5,393	–	–	4	649	2	1,427
	96	140,988	3	5,393	1	4	4	649	2	1,427

Notes:

1. Represents active exploration permits granted to, or an application for an exploration permit submitted by, the Company's wholly owned Brazilian subsidiaries Borborema Mineracao Limitada, Jeque Mineracao Limitada and Ubaira Mineracao Limitada. Refer to Section IV of the Independent Solicitor's Report at Section 8 of this Prospectus for further information regarding those BRE Tenements.
2. Represents active exploration permits which the Company's wholly owned Brazilian subsidiary Borborema Mineracao Limitada has entered into a legally binding agreement to purchase from Alpha Minerals Brazil Participacoes Limitada, and which will be wholly owned by Borborema Mineracao Limitada on completion of the agreement. Refer to Section V of the Independent Solicitor's Report at Section 8 of this Prospectus for further information regarding the Alpha Tenements and Section 9.6(g) of this Prospectus for the material terms of the agreement to purchase the Alpha Tenements.
3. Represents active exploration permits which the Company's wholly owned Brazilian subsidiary Borborema Mineracao Limitada has entered into a legally binding agreement to purchase from Rio de Contas Desenvolvimento Minerais Limitada (being the Amargosa Tenement Acquisition Agreement), and which will be wholly owned by Borborema Mineracao Limitada on completion of the agreement. Refer to Section VI of the Independent Solicitor's Report at Section 8 of this Prospectus for further information regarding the Amargosa Tenements and Section 9.6(e) for the material terms of the agreement to purchase the Amargosa Tenements.
4. Borborema has entered into an option agreement with Rio Tinto Brazil (being the Amargosa Option Agreement) granting Borborema the right, but not the obligation, to acquire an additional three exploration permits (comprising part of the Amargosa Tenements) from Rio Tinto Brazil covering an area of 5,393 hectares for a cash payment of the Brazilian Real equivalent of US\$672,000. Refer to paragraph 358 and Section IX.4 of the Independent Solicitor's Report at Section 8 of this Prospectus for further information regarding those particular Amargosa Tenements and refer to Section 9.6(f) for the material terms of the Amargosa Option Agreement.
5. As described in Section 9.6(e), under the terms of the agreement entered into by Borborema to acquire the Amargosa Tenements from Rio Tinto Brazil, Borborema has the right to purchase an additional two exploration permits covering an area of 1,427 hectares which are currently the subject of a dispute in ownership before the ANM and which have the status of "disponibilidades" under Brazilian legislation.

The Project is 100% owned by, or subject to agreements to be acquired by, the Company, through its 100% owned subsidiaries, Cronos Materials Pty Ltd, Alta Materials Pty Ltd, Borborema Mineracao Limitada, Jeque Mineracao Limitada and Ubaira Mineracao Limitada.⁸

Project Location

Brazil is widely viewed as a mature mining jurisdiction, with a stable regulatory regime. A range of leading global mining companies, including BHP, Anglo American, Vale, Rio Tinto and South32, have successfully operated in Brazil for decades. Well-developed rare-earth testing and engineering capabilities are now found in country, and Brazil has a large-scale ionic clay rare earth deposit, Serra Verde, that is nearing first production.

The Project is strategically located ~155km southwest from Salvador, Bahia State's Capital, in Northeast Brazil. Land use is predominately cattle grazing, subsistence farming and plantation of coffee, cocoa, cereals, and cassava. The Project can be accessed from sealed, well-connected BR-324, BR-101 and BR-420 highways.

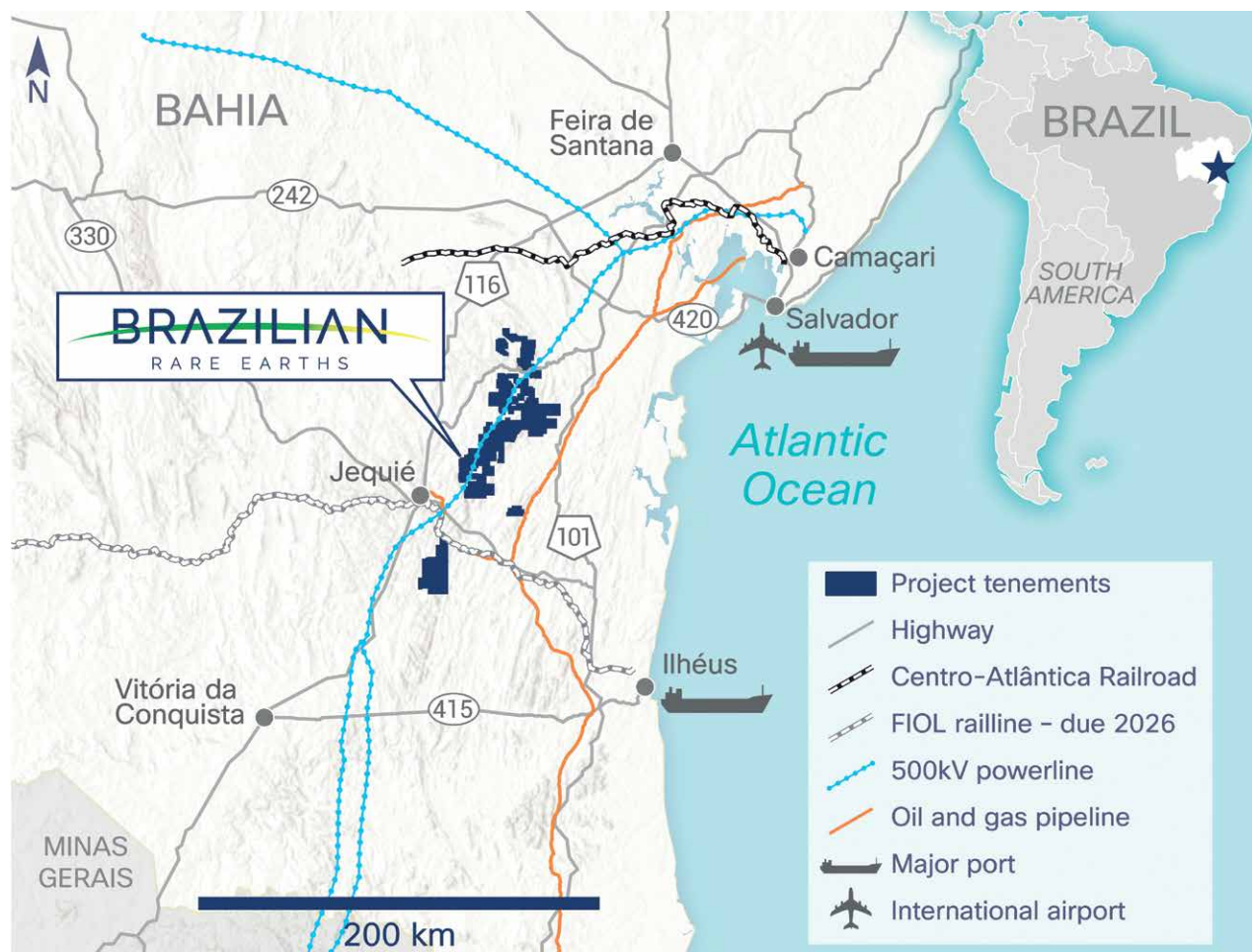
8. Refer to the Independent Solicitor's Report in Section 8 and Independent Technical Report in Section 7 for further details of the ownership structure.

2. Company Overview continued

The Project benefits from significant logistical advantages relative to many rare earths and critical minerals projects. World class infrastructure includes low-cost, clean hydroelectric power, gas-fired power, and high-capacity electricity transmission lines located near the Project area. Furthermore, a range of low-cost transportation infrastructure can be easily accessed, including highways and the West-East Integration Railway that will run between Caetité, an iron-ore producer hub, to the Ilhéus seaport, on the coast of Bahia.

The Project is located near several regional towns and benefits from excellent access to labour and suppliers as well as hospitals, banks and other essential services. The distance from the Project to the export port of Ilhéus is ~150km.

Figure 2: Rocha da Rocha Project location and proximity to major transportation infrastructure



Project History

There are no formal records of ground-based REE mineral exploration on the Rocha da Rocha Project prior to the Company commencing exploration work in late 2021.

Historical airborne geophysical exploration covering the permits is limited to regional geophysical surveys completed by the Brazilian Geological Survey. The state-owned mineral research company of Bahia commissioned a high-resolution airborne magnetic and radiometric survey in 2006. To date, all the drilling and geological sampling data relating to the Rocha da Rocha project has been performed by the Company following strict QA/QC protocols. Please see the Independent Technical Report in Section 7 for further details.

Most of the mineralisation discovered to date occurs near surface or is typically covered by free-digging overburden. The shallow nature of the mineralisation has assisted BRE's exploration team to rapidly identify and delineate deposits.

In October 2021, BRE began its first exploration program with two auger drilling teams and completed 2,768m of drilling by Q2 of 2022. Positive drilling results established the potential of the Project and supported an external equity capital raising of ~A\$21 million via a Convertible Note issuance to accelerate exploration activities.

BRE subsequently expanded the exploration program to include 9 augers and 1 sonic drill-rig. By the end of 2022 BRE had completed 7,326m of drilling. Over 40% of the auger drilling results remained open at depth, where grade profile and HREE-enrichment has been shown to improve. These results provided BRE with a range of high priority targets for deeper drilling with the sonic rig, which can drill to ~60m in depth.

During 2023, the company increased the number of auger teams to 15 and accelerated the rate of drilling. As of September 2023, BRE has completed 18,559m of drilling at the Project.

Key exploration results at Monte Alto include significant samples of high-grade REE-Nb-Sc magmatic mineralisation and weathered saprolite monazite enriched mineralisation, see Table 10 for a selection of intercepts.

Table 10: High-grade intercepts REE mineralisation

HOLE	FROM (M)	TO (M)	INTERVAL (M)	TREO (%)	NdPr (PPM)	DyTb (PPM)
SSU0014	0.0	41.0	41.0	3.4	5,064	313
including	18.0	28.0	10.0	10.2	14,070	829
SSU0033	2.2	32.0	29.8	2.1	3,790	229
and	34.0	42.0	8.0	12.6	20,580	1,245
SSU0059	3.0	20.0	17.0	6.1	9,358	455
including	9.0	17.0	8.0	10.1	16,211	779
STU0181	0.0	30.0	30.0	5.3	9,186	510
including	16.0	30.0	14.0	11.2	19,559	1,087
STU0349	0.0	30.0	30.0	2.0	2,171	128
STU0365	0.0	24.0	24.0	1.4	1,816	81
including	3.0	12.0	9.0	2.6	2,374	128
STU0370	0.0	26.4	26.4	6.7	11,787	384
including	0.4	12.0	11.6	10.3	11,975	490

The shallow nature of these intercepts allowed BRE's exploration team to rapidly map the area, with most of the mineralisation occurring at or near surface, or otherwise covered by light, free-digging overburden.

2. Company Overview continued

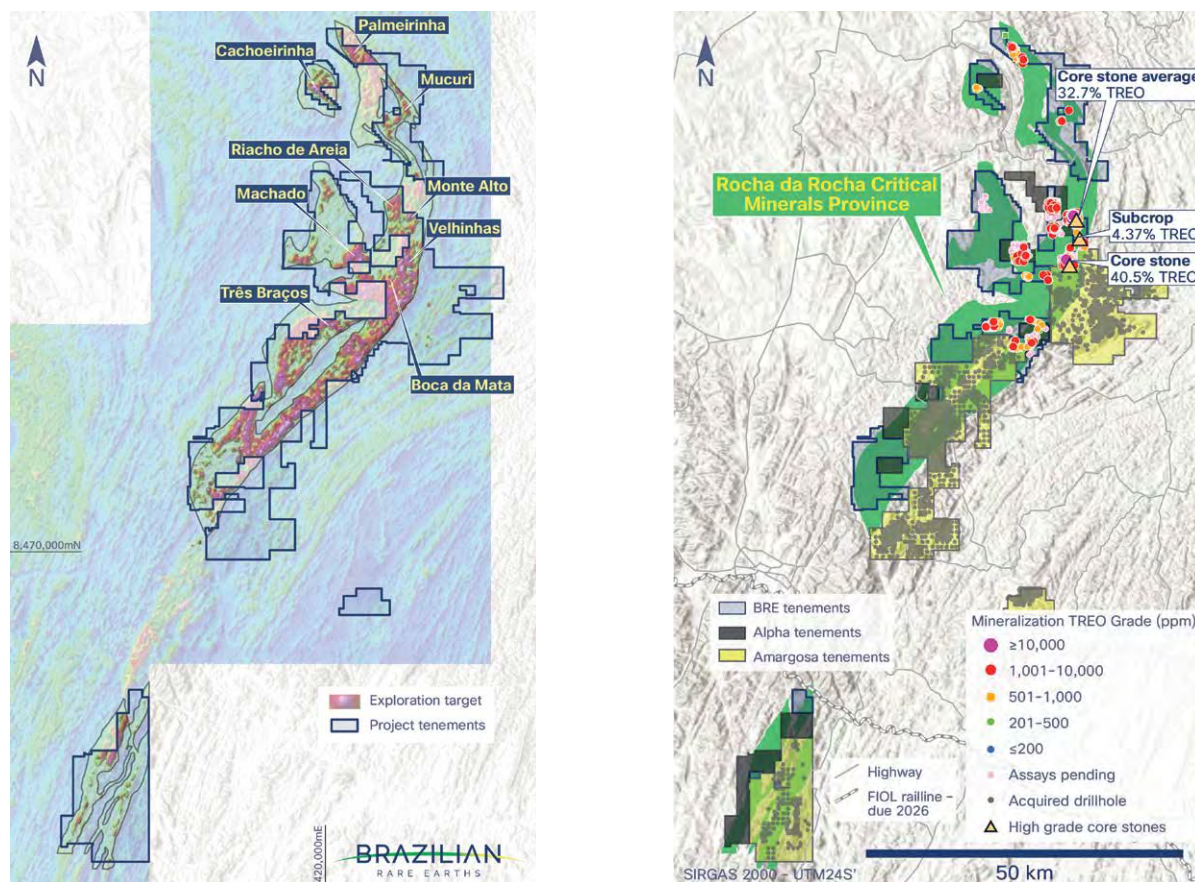
Regional exploration discovered Ionic Adsorption Clay style rare earth mineralisation across the controlled landholdings. IAC mineralisation typically occurs in shallow saprolite clay zones that form from intense weathering of host rocks. The rare earth elements are adsorbed to clay minerals ionically in a distinct weathered zone within the regolith profile. These rare earth elements can be liberated by washing / leaching with a weak acid solution (pH 4) of ammonium sulphate or sodium chloride at ambient temperature and pressure.

In Q2 2022, BRE initiated metallurgical test work which confirmed that the REE could be leached with recoveries that demonstrate strong potential for economic REE yields. Tests were conducted on fifty four samples at the Nuclear Technology Development Centre of Brazil and on seven samples at the University of Toronto Aqueous Research Laboratory. For further information on metallurgical test work undertaken to date, refer to Section 7.

In addition to the BRE exploration programs, Rio Tinto Brazil conducted a detailed bauxite exploration program across their contiguous and nearby tenements. BRE entered into a binding agreement to acquire the Rio Tinto Amargosa Tenements and the geological data, drill core and supporting surveys in respect of those Amargosa Tenements in October 2023 as described in Section 9.6(e).

Rio Tinto Brazil's exploration data set was comprehensive and performed to the highest standards. Approximately 57,000m were drilled, 1,388 surface samples were collected, extensive topography and geophysical surveys conducted, in addition to valuable environmental base line surveys. All of the data, physical drill core and pulp samples are professionally categorised and stored.

Figure 3: Amargosa Tenements and drill hole locations



Refer to Section 9.6(e) for information in relation to the Amargosa Tenement Acquisition Agreement and refer to Section 9.6(f) for information in relation to the Amargosa Option Agreement.

2.8 Mineralisation Categories

BRE has identified a broad range of mineralisation styles from the exploration programs conducted to date, with these classified into three distinct categories to underpin a working geological exploration model.

Ionic Adsorption Clay (IAC) mineralisation

IAC style mineralisation is evident over a significant portion of drilled areas across BRE's exploration permits. This IAC style mineralisation currently represents a significant portion of the JORC resource estimate of 510Mt at 1,513ppm TREO. This IAC resource has the potential to increase with further regional exploration drilling, and this potential is reflected in the estimated JORC Exploration Target of 8 – 12Bt at a grade of approximately 1,000 – 1,500ppm TREO.

Saprolite-monzite enriched REE mineralisation

This style of mineralisation is evident at the Monte Alto Project that has a JORC Resource estimate of 25.2Mt at 1% (10,022ppm) TREO, as well as several other regional targets. Monte Alto is characterised by a near surface, highly weathered saprolite zone that is enriched with residual coarse-grained monazite sand held within a fine grained, friable and 'free-dig' host lithology. Monazite is a phosphate mineral that contains approximately 55-60% REE oxides.

High-grade REE-Nb-Sc mineralisation

This exceptionally high-grade REE-Nb-Sc mineralisation style is prominent from thirty-two large hard rock outcrops and 'corestones' discovered at surface, and at shallow depths, across the Monte Alto Project and surrounding tenements.

These hard rock REE-Nb-Sc outcrops and corestones have recorded exceptionally high and consistent grades of rare earth and critical elements with average grades of 32.7% TREO, niobium 1.1% Nb₂O₅, uranium at 4,025ppm U₃O₈ and scandium at 219ppm Sc₂O₃. See Table 11 below for a full list of assayed corestones and outcrops. Semi-quantitative XRD analysis of high-grade REE-Nb-Sc mineralisation identifies monazite as the primary REE mineral, with minor bastnäsite and chevkinite.

These defined mineralisation categories are not exhaustive and additional categories may be defined with further exploration.

2. Company Overview continued

Table 11: High-grade REE-Nb-Sc Corestones and Outcrop Assay Results

SAMPLE ID	LA ₂ O ₃ (%)	CEO ₂ (%)	PR ₆₋₁₁ (%)	ND ₂ O ₃ (%)	SM ₂ O ₃ (%)	EU ₂ O ₃ (%)	GD ₂ O ₃ (%)	TB ₄ O ₇ (%)	DY ₂ O ₃ (%)	HO ₂ O ₃ (%)	ER ₂ O ₃ (%)	TM ₂ O ₃ (%)	YB ₂ O ₃ (%)	LU ₂ O ₃ (%)	Y ₂ O ₃ (%)	TREO (%)	NB ₂ O ₅ (%)	SC ₂ O ₃ (ppm)	U ₃ O ₈ (ppm)
ALP400022	6.94	13.59	1.20	3.46	0.41	0.01	0.29	0.06	0.22	0.04	0.09	0.01	0.07	0.01	0.95	27.4	1.24	259	3,933
ALP400023	8.12	15.79	1.40	4.19	0.47	0.01	0.36	0.08	0.24	0.05	0.12	0.02	0.09	0.01	1.21	32.1	1.06	223	4,346
ALP400024	7.80	15.80	1.28	3.84	0.44	0.01	0.40	0.07	0.23	0.04	0.11	0.01	0.08	0.01	1.14	31.3	1.11	249	4,365
ALP400028	10.88	20.69	1.88	5.11	0.67	0.00	0.00	0.01	0.20	0.03	0.07	0.00	0.02	0.00	0.96	40.5	0.00	8	3,141
ALP400032	9.64	16.75	1.68	4.66	0.56	0.01	0.38	0.05	0.27	0.05	0.14	0.02	0.10	0.01	1.34	35.7	1.01	165	4,214
ALP400037	7.68	14.99	1.40	3.96	0.50	0.01	0.34	0.04	0.26	0.04	0.13	0.01	0.09	0.01	1.13	30.6	1.48	247	4,488
ALP400038	7.28	15.56	1.26	3.52	0.44	0.01	0.29	0.04	0.21	0.04	0.10	0.01	0.08	0.01	0.97	29.8	1.11	236	3,900
ALP400039	7.56	13.33	1.34	3.72	0.45	0.01	0.30	0.04	0.22	0.04	0.10	0.01	0.07	0.01	0.96	28.1	1.34	269	4,077
ALP400040	7.41	17.54	1.34	3.61	0.45	0.00	0.27	0.03	0.19	0.03	0.08	0.01	0.06	0.01	0.81	31.8	1.22	246	4,231
ALP400041	8.57	18.12	1.53	4.22	0.50	0.01	0.32	0.04	0.23	0.04	0.10	0.01	0.08	0.01	0.94	34.7	1.08	213	4,142
ALP400042	9.52	17.37	1.61	4.51	0.54	0.01	0.36	0.04	0.26	0.04	0.11	0.01	0.09	0.01	1.15	35.6	0.94	194	3,403
ALP400043	8.22	16.53	1.41	3.97	0.51	0.01	0.36	0.04	0.26	0.04	0.13	0.01	0.09	0.01	1.20	32.8	1.26	255	4,517
ALP400044	8.76	16.61	1.49	4.17	0.51	0.01	0.34	0.04	0.25	0.04	0.11	0.01	0.09	0.01	1.10	33.5	1.11	228	3,956
ALP400045	8.43	16.43	1.41	3.86	0.49	0.01	0.31	0.04	0.22	0.04	0.10	0.01	0.08	0.01	0.99	32.4	1.02	223	3,640
ALP400047	8.83	16.02	1.49	4.14	0.52	0.01	0.35	0.04	0.26	0.04	0.13	0.01	0.09	0.01	1.18	33.1	1.33	217	4,471
ALP400048	8.76	16.18	1.47	4.06	0.50	0.01	0.32	0.04	0.23	0.04	0.10	0.01	0.08	0.01	0.97	32.8	0.96	214	3,300
ALP400049	6.99	17.49	1.37	3.86	0.51	0.01	0.33	0.05	0.26	0.05	0.13	0.02	0.10	0.01	1.22	32.4	1.34	220	4,820
ALP400050	10.45	19.35	1.80	5.00	0.61	0.01	0.38	0.04	0.28	0.04	0.11	0.01	0.09	0.01	1.09	39.3	1.01	186	3,843
ALP400051	11.64	18.65	1.89	5.25	0.61	0.01	0.40	0.05	0.29	0.04	0.14	0.02	0.10	0.01	1.22	40.3	0.93	173	3,291
ALP400052	5.74	8.69	1.10	2.97	0.37	0.00	0.23	0.03	0.16	0.02	0.07	0.01	0.05	0.01	0.67	20.1	0.69	263	2,636
ALP400053	8.97	18.18	1.57	4.32	0.53	0.01	0.34	0.04	0.25	0.04	0.10	0.01	0.08	0.01	0.98	35.4	1.08	212	4,234
ALP400055	7.84	15.96	1.45	4.07	0.52	0.01	0.34	0.04	0.25	0.04	0.11	0.01	0.08	0.01	1.11	31.8	1.40	233	5,103
ALP400056	8.59	16.52	1.49	4.13	0.51	0.01	0.33	0.04	0.24	0.04	0.10	0.01	0.08	0.01	1.03	33.1	1.06	218	3,560
ALP400057	7.45	15.53	1.39	3.88	0.50	0.01	0.33	0.04	0.25	0.04	0.12	0.01	0.09	0.01	1.15	30.8	1.41	254	5,246
ALP400058	8.62	16.39	1.59	4.41	0.56	0.01	0.35	0.04	0.26	0.04	0.11	0.01	0.09	0.01	1.10	33.6	1.26	230	4,669
ALP400060	8.43	16.51	1.47	4.10	0.50	0.01	0.33	0.04	0.24	0.04	0.10	0.01	0.09	0.01	1.07	32.9	1.10	219	3,791
ALP400061	8.93	15.74	1.53	4.31	0.52	0.01	0.34	0.04	0.26	0.04	0.11	0.01	0.09	0.01	1.10	33.3	0.90	178	3,569
ALP400062	7.88	16.73	1.41	3.98	0.51	0.01	0.33	0.04	0.25	0.04	0.10	0.01	0.08	0.01	1.07	32.5	1.19	242	4,192
ALP400063	7.61	15.40	1.48	4.18	0.54	0.01	0.34	0.04	0.25	0.04	0.10	0.01	0.08	0.01	1.00	31.1	1.22	247	3,936
ALP400064	7.25	13.37	1.42	3.85	0.49	0.00	0.30	0.04	0.23	0.03	0.09	0.01	0.07	0.01	0.88	28.0	1.48	269	4,007
ALP400065	9.52	17.71	1.62	4.52	0.54	0.01	0.36	0.04	0.26	0.04	0.10	0.01	0.08	0.01	1.06	35.9	0.97	196	3,458
ALP400066	8.39	17.94	1.47	4.05	0.51	0.01	0.33	0.04	0.24	0.04	0.11	0.01	0.09	0.01	1.06	34.3	1.22	219	4,315
Mean	8.40	16.30	1.48	4.12	0.51	0.01	0.32	0.04	0.24	0.04	0.11	0.01	0.08	0.01	1.06	32.7	1.11	219	4,025
Min	5.74	8.69	1.10	2.97	0.37	0.00	0.00	0.01	0.16	0.02	0.07	0.00	0.02	0.00	0.67	20.1	0.00	8	2,636
Max	11.64	20.69	1.89	5.25	0.67	0.01	0.40	0.08	0.29	0.05	0.14	0.02	0.10	0.01	1.34	40.5	1.48	269	5,246

2.9 Exploration Model

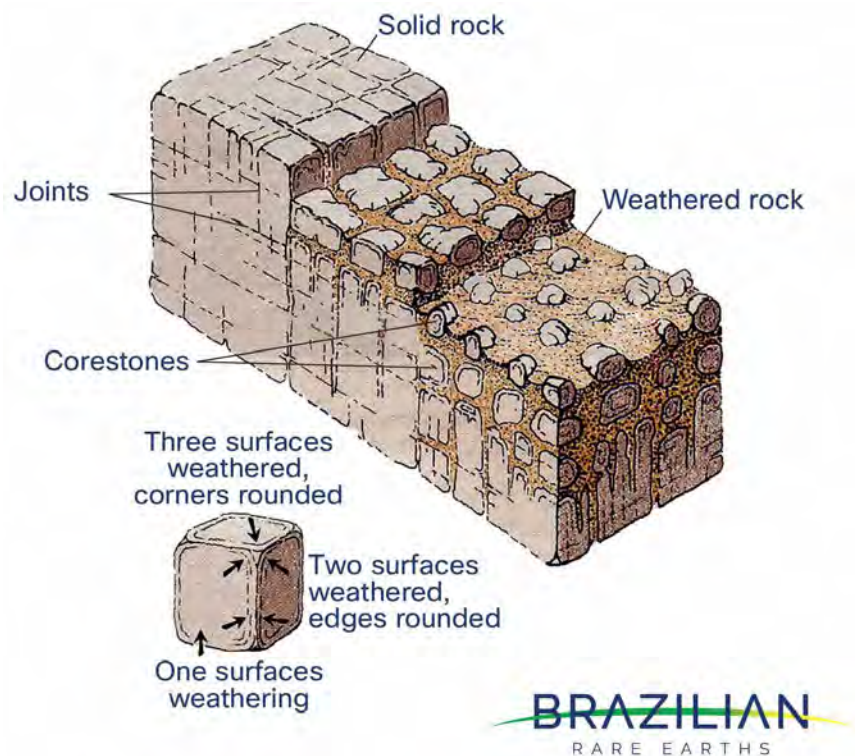
The operative BRE exploration model connects the high-grade REE-Nb-Sc mineralisation to the weathered saprolite enriched monazite mineralisation that has been delineated at the Monte Alto Project.

The exploration model is that the high-grade REE-Nb-Sc magmatic mineralisation discovered across numerous large hard rock outcrops and corestones are remnants of large mafic cumulates of REE, niobium, scandium and uranium mineralisation. These magmatic cumulates are coeval with the leucogranites of the Rocha da Rocha Province, which have been discovered across a wide range of locations along the extensive geophysical trendline.

The high-grade REE-Nb-Sc magmatic cumulates are analogous to cumulate deposits of industrial minerals, such as ilmenite, which typically form large, extensive and thick tabular ore bodies.

The exploration model is that intense regolith weathering, via physical and chemical processes, progressively eroded these high-grade REE-Nb-Sc magmatic cumulates from an extensive hard rock deposit, to fractured corestones held within weathered saprolite and then ultimately into a highly weathered saprolite-monazite mineralised deposit (such as that delineated at the Monte Alto Project). This progressive geological process is illustrated in a simplified weathering process that proceeds from hard rock REE-Nb-Sc mafic cumulate to high-grade REE-Nb-Sc corestones in Figure 4 below.

Figure 4: Exploration Model – Regolith Weathering of High-grade REE-Nb-Sc Mineralisation

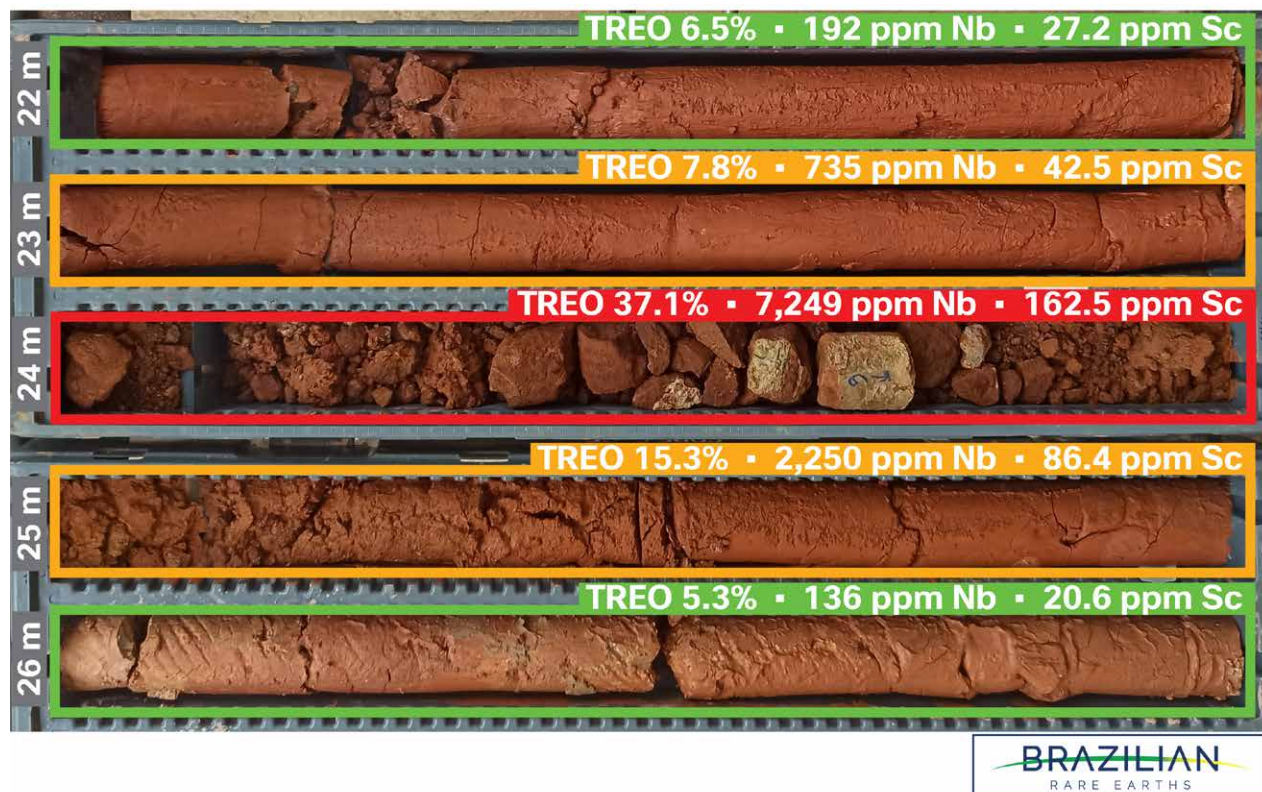


2. Company Overview continued

The current working exploration model is that this final stage of the regolith weathering process, shown on the right of Figure 4, is akin to the geological characteristics of the Monte Alto Project. This deposit is a highly weathered saprolite enriched with coarse grain monazite and held within a fine-grained host lithology.

Importantly, exploration drilling at Monte Alto has intersected high-grade mineralisation that appears to be the potential remnants of high-grade REE-Nb-Sc mafic corestones. These high-grade intercepts are bordered by monazite enriched saprolite above and below the remnant zones. Sonic drillholes SSU0014, SSU0033 and SSU0059 (detailed in Table 10) provide evidence of this modality and Figure 5 below shows a portion of drill core SSU0014 highlighting the high-grade corestone remnants and enriched surrounding saprolite.

Figure 5: High-grade monazite rich corestone of saprock in drill core from sonic hole SSU0014, with highly elevated grades in surrounding monazite enriched saprolite



Additionally, a significant number of the exploration auger drill holes at the Monte Alto Project were terminated when they intercepted hard ground conditions. Many of these shallow terminated drill holes could represent remnant high-grade corestones or fragments within the weathered saprolite that an auger drill could not penetrate.

The target zone for high-grade REE-Nb-Sc magmatic mineralisation at the Monte Alto is a linear trend over 800m long and striking at ~35 degrees to the northeast. The current explored vertical extent of this mineralisation, from hilltop down to the lowest corestone occurrence, is currently ~110m.

The northern part of this geological trend hosts numerous high-grade REE-Nb-Sc corestones and recorded three of the highest-grade auger holes drilled at the Monte Alto project (Drillholes: STU0349, STU0365 & STU0370 detailed in Table 10). The southern part of the mineralised trend also hosts zones of abundant, coarse-grained monazite (represented in drillholes: STU0181, SSU0014, & SSU0033 detailed in Table 10) that appear to have been subject to less intense weathering and erosion.

IAC style mineralisation

The Project is highly prospective for ionic clay hosted rare earth resources and this style of mineralisation is evident at many areas over the geophysical anomaly trendline.

Rare earth mineralisation typically occurs in shallow saprolite clay zones which form from intense weathering of host rocks. The rare earth elements are adsorbed to clay minerals ionically in a distinct weathered zone within the regolith profile. These rare earth elements can be liberated by washing with a weak acidic solution of ammonium sulphate or sodium chloride.

Initial metallurgical and leaching test work was conducted by the Nuclear Technology Development Centre of Brazil and at the University of Toronto Aqueous Research Laboratory. The rare earth leaching and solvent extraction was undertaken at ambient temperature and pressures with ammonium sulphate or sodium chloride, at a pH of 4, and recorded TREO-CeO₂ extraction ranging from 7% to 75% over a range of REE leaching conditions.

2.10 Near Term Exploration Priorities

The near-term priority exploration objectives for BRE are:

- Explore and delineate high-grade REE-Nb-Sc hard rock mineralisation.
- Re-assay Rio Tinto core and samples for rare earth elements.
- Extension and in-fill drilling at the Monte Alto project, at depth and along strike.
- Continue to explore and potentially increase the resource of shallow regolith hosted IAC mineralisation and identify additional high-grade monazite sand and high grade hard rock mineralisation targets.

Gravity and magnetic surveys recently completed over the Monte Alto project indicate the potential for a large, hard rock zone at depth. The exploration model thesis is that this hard rock zone may be high-grade REE-Nb-Sc mafic cumulate and the potential 'source rock' for the high-grade REE-Nb-Sc outcrops and large corestones.

These deeper hard rock exploration targets will be tested with sonic and diamond drill rigs over 2023 and 2024. Sonic and diamond drill rigs provide the capacity to drill exploration holes of up to ~100m of depth for sonic drilling and +200m for diamond drilling.

A comprehensive exploration program will test for deeper high-grade REE-Nb-Sc mafic cumulates that may be located at depth under the Monte Alto project.

Areas that are prioritised for further exploration include:

- **Monte Alto Project:** REE-Nb-Sc corestone samples averaging 32.7% TREO, including niobium of 11,107ppm, scandium of 219ppm, and uranium of 4,025ppm U₃O₈. High-grade REE-Nb-Sc mineralisation has also been defined in an initial prospective exploration corridor of 800m long and up to 200m wide.
- **Velhinhas Project:** REE-Nb-Sc hard rock corestone grading ~40.5% TREO and 3,141ppm U₃O₈ has been recently discovered, suggesting that the high-grade REE-Nb-Sc mineralisation extends along the belt, see Figure 7 below. As at Monte Alto, the Velhinhas hard rock corestone is located on an intense geophysical anomaly over 1km long (Figure 8).

At both deposits, exploration results have identified highly prospective REE mineralisation targets (Figure 8). BRE aims to explore more broadly across the Rocha da Rocha Critical Mineral Province once the current targeted drilling program at Monte Alto is finished. The proposed drilling and assaying activities presented in Figure 6 are designed to test the validity of the Company's exploration targets.

2. Company Overview continued

Figure 6: Rocha da Rocha project history and planned drilling and assaying

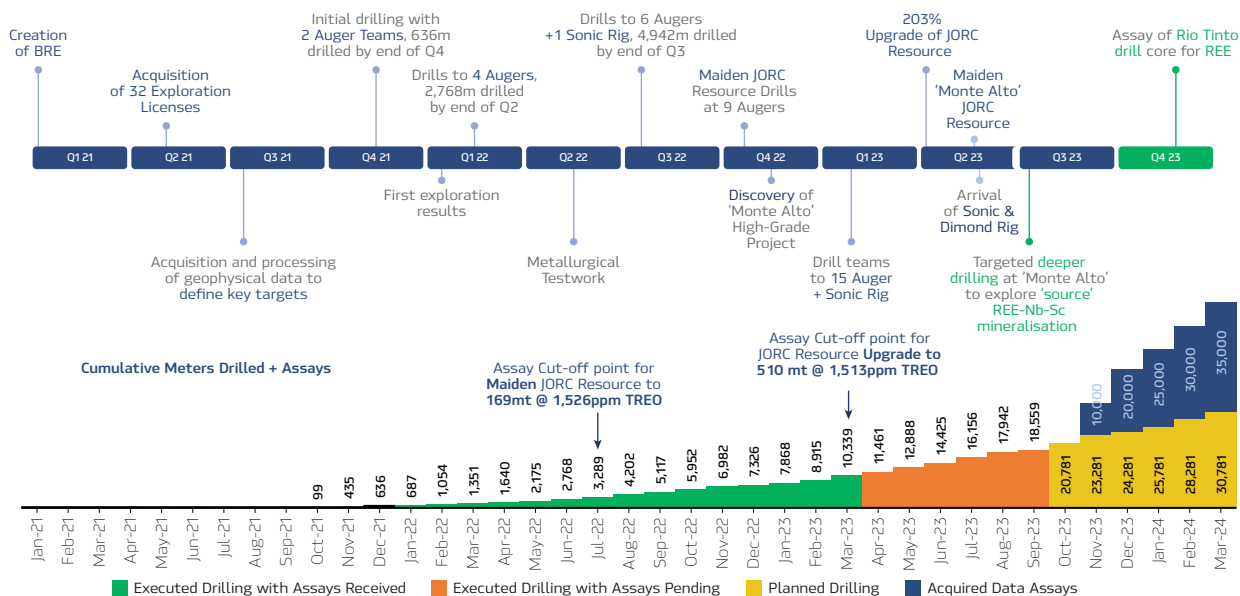
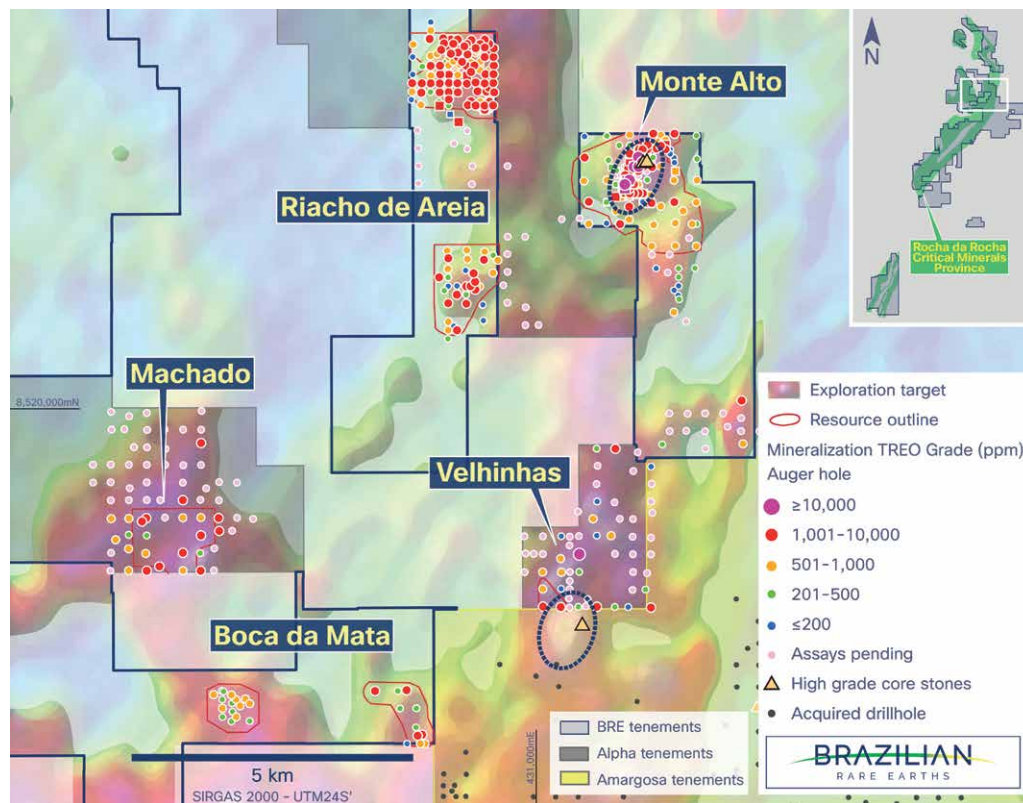


Figure 7: High-grade corestone outcrop at Monte Alto



Figure 8: Monte Alto and Velhinas High-Grade Target Area for Core Drilling



Approximately 25% of the property area has been explored by Rio Tinto drilling which covers numerous intense geophysical anomalies that guide BRE's exploration programs. Only a small number of Rio Tinto drilling samples were tested for REE. The Rio Tinto data, physical drill core and pulp samples are professionally and securely stored for testing and re-assay by BRE. This re-assay program for REE has already commenced.

BRE will expedite re-assays of the drilling core/samples, at low cost, to test for REE mineralisation. The re-assay testwork program, in conjunction with geophysical survey acquired from Rio Tinto, will assist in exploration target generation for high-grade REE-Nb-Sc mafic cumulate mineralisation.

2.11 Geological Model Overview

The Project is hosted within the Archean age Jequié Complex, a terrain of the north-eastern São Francisco Craton. The terrain was affected by Neoproterozoic (2.6 to 2.7Ga) tectonic cycles associated with the Volta do Rio Plutonic Suite (VRPS).

The VRPS forms the core of the Rocha da Rocha Critical Mineral Province and is composed of granitoids, and a bimodal formation of REE leucogranites and apparently coeval mafic units containing high-grade cumulates of monazite and REE minerals. Throughout the property, the underlying rocks are interpreted to host primary mineralisation targets that will be tested by core drilling.

REE minerals from the underlying suite of rocks have enriched the regolith through geological processes and are associated with a regional scale belt of geophysical anomalies (Figure 8). The Company has established, or Group companies have contracted to acquire (as detailed above), a substantial land position over this prospective belt. The belt extends over 200km in a north-south direction and ranges from 10km to 20km in width.

2. Company Overview continued

Exploration conducted by BRE has discovered deposits of regolith hosted REE mineralisation at seven prospects along the belt. Deposits have been drill tested over extents ranging from 1km to 2km in north-south and east-west directions. REE mineralisation occurs in a laterally extensive regolith profile intersected by drilling to depths of 60m.

The regolith profile is characterised by a REE enriched lateritic zone at surface, underlain by a depleted mottled zone grading into a zone of REE-accumulation in the saprolite part of the profile. Mineralisation is modelled to an average depth of 20m to 35m. Models extend to a maximum depth of 69m where supported by sonic drill holes, and approximately 40m where supported by auger drilling which has a maximum operational depth limit of 30m.

The total area of the seven regolith deposit models is 13.45 km². All have potential for expansion and are open at depth and laterally.

2.12 Mineralogy and Metallurgy

Petrographic and XRD analysis conducted on primary mineralisation collected from high-grade corestones identified monazite as the primary REE bearing mineral with minor bastnäsite and chevkinite. Mineral grains had a polygonal texture typical of ultramafic cumulates indicating magmatic origin.

Mineralogy work has been undertaken by SGS Lakefield in March 2023 on four composite regolith samples collected from the central part of the Monte Alto target, and single composites of regolith from the Riacho de Areia North and Tres Bracos targets. Positive results show that the primary REE bearing mineral at the project is monazite (over 90% on average) with small amounts of REE-Al-phosphate minerals of the crandallite group.

At Monte Alto, REE appear to be predominantly hosted in coarse monazite grains (62% to 87% >75µm). The BRE exploration team believes this simple coarse grained mineralogy offers the potential for a low capital expenditure and low operational expenditure de-slime, gravity and magnetic separation process to produce a potentially valuable, high-grade export REE concentrate. However, no forecast is made of whether that will occur, given that the Mineral Resource estimate is in the inferred category under JORC and as no scoping or feasibility studies have been completed.

At most exploration targets, extensive REE enriched horizons are present in the regolith as ionic clays, and as dispersed particles of residual monazite. Initial leaching testwork conducted at the Nuclear Technology Development Center in Belo Horizonte, demonstrated an average TREO-CeO₂ extraction in a range from 7% to 75%. Leach testwork used ammonium sulfate and sodium chloride at ambient temperature and pressures. BRE is advancing leaching testwork parameters to optimise extraction.

2.13 Mineral Resources

BRE announced a maiden Inferred JORC 2012 Mineral Resource Estimate (**MRE**) for the Project in 2022 of:

- 169Mt at 1,526ppm TREO.

BRE has since increased this Inferred MRE tonnage by 302% (in May 2023) which now amounts to a total approximate estimate of:

- 510Mt at 1,513ppm TREO, estimated to contain approximately 772kt Tonnes of contained TREO.

The MRE has an effective date of 23 May 2023 and was prepared by the Company and independent consultant Mr. Adam Karst P.G., who is a Competent Person. The MRE is reported in accordance with the JORC Code (2012 Edition) and is classified as Inferred after consideration of sample spacing and the availability of core drilling.

The MRE has been peer reviewed by ERM Australia Consultants Pty Ltd (trading as CSA Global).

The MRE includes two components:

- At an 800ppm TREO-CeO₂ cut-off grade, the high-grade core of the Monte Alto deposit contains 25.2Mt at an average grade of 10,022ppm TREO. Testwork indicates this material has a simple monazite mineralogy with reasonable prospects for extraction by gravity separation methods to produce a potentially valuable, high-grade, export concentrate. However, no forecast is made of whether that will occur, given that the Mineral Resource estimate is in the inferred category under JORC and as no scoping or feasibility studies have been completed.
- At a 200ppm TREO-CeO₂ cut-off grade, other target areas total 485.1Mt with grade ranges from 815ppm to 1,213ppm TREO. Initial testwork indicates this material has reasonable prospects for REE extraction by leaching.

Mineral Resources extend from surface to a maximum depth of 69m where mineralisation remains open. Mineral Resources have a shallow depth and flat-lying geometry that makes them amenable to exploitation by open pit mining with negligible stripping.

Table 11: Rocha da Rocha mineral resource estimate

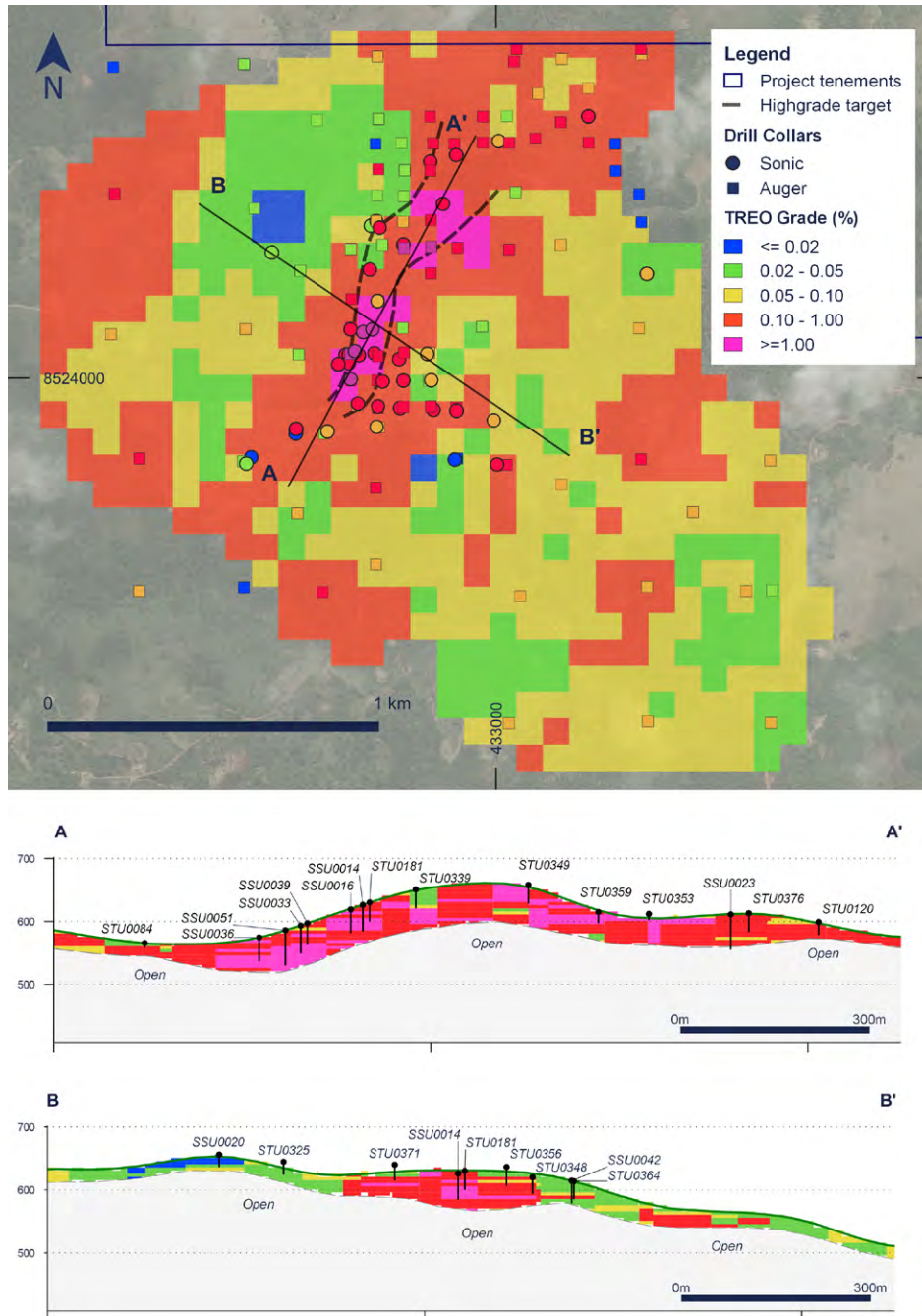
DEPOSIT	STYLE	CUT-OFF GRADE: TREO- CeO ₂ (ppm)	TONNES (MT)	TREO- CeO ₂ (ppm)	TREO (ppm)	Nd ₂ O ₃ +Pr ₆ O ₁₁ (ppm)	Nd ₂ O ₃ +Pr ₆ O ₁₁ (TREO %)	MREO (ppm)	MREO (TREO %)
Monte Alto (RDR)	Monazite Sand	>=800	25.2	5,466	10,022	1,879	18.8%	2,669.6	26.6%
Monte Alto (RDR)		>=200	104.1	562	1,105	184	16.6%	303	27.4%
Riacho de Areia		>=200	125.1	693	1,203	218	18.1%	395	32.8%
Boca da Mata	IAC	>=200	51.0	482	966	182	18.8%	245.5	25.4%
Tres Bracos		>=200	91.9	412	815	148	18.2%	213.6	26.2%
Mucuri		>=200	20.1	554	1,016	211	20.8%	310.9	30.6%
Machado		>=200	83.9	635	1,213	192	15.8%	342.6	28.2%
Velhinhos		>=200	8.9	427	860	139	16.2%	201.8	23.5%
Total			510.3	811	1,513	271	17.9%	425.8	28.1%

Notes:

- Monte Alto >=200ppm TREO-CeO₂ resources are exclusive of Monte Alto High-Grade resource >=800ppm TREO-CeO₂, which is reported as a separate resource class with potential for gravity processing.
- The estimate is classified as Inferred.
- A default bulk density of 1.8t/m³ is used for Monte Alto and 1.7t/m³ is used elsewhere.
- The Mineral Resource estimate assumes that the high-grade Monte Alto (RDR) area can be processed to produce a Monazite concentrate. Elsewhere leaching is projected to extract the TREOs.
- TREO = summed estimates of La₂O₃ + CeO₂ + Pr₆O₁₁ + Nd₂O₃ + Sm₂O₃ + Eu₂O₃ + Gd₂O₃ + Tb₄O₇ + Dy₂O₃ + Ho₂O₃ + Er₂O₃ + Tm₂O₃ + Yb₂O₃ + Lu₂O₃ + Y₂O₃.
- MREO = Nd₂O₃ + Pr₆O₁₁ + Tb₄O₇ + Dy₂O₃ + Gd₂O₃ + Ho₂O₃ + Y₂O₃.
- Resources are presented undiluted and in situ.

2. Company Overview continued

Figure 9: Plan and cross section views of Monte Alto showing block model coloured by TREO grade with auger and sonic drill collar locations



2.14 JORC Exploration Target for Shallow Mineralisation

BRE will advance exploration drilling to target shallow IAC and saprolite monazite enriched mineralisation at the Project. BRE has only drilled less than 5% of the total area of the Rocha da Rocha Project to date (i.e. less than 5% of the area of the BRE Tenements, Alpha Tenements and Amargosa Tenements).

BRE has defined a target area spanning 1km to 10km wide and over 100km of cumulative strike length. Modelling shows a positive correlation between radiometric thorium values (eTh) and TREO grades in confirmatory exploration drilling. A 50ppm eTh cut-off applied to regional airborne radiometric survey data is used to define the target area (Figure 3, left). Estimated target thickness ranges from 20m to 30m based on current deposit models. Representative factors, bulk density, and TREO grade ranges from the current MRE are applied to the target volume (see the Independent Technical Report in Section 7 for further details). Using this methodology, a shallow regolith hosted Exploration Target of between approximately 8 – 12Bt at an approximate grade of between 1,000 – 1,500ppm TREO is estimated for the Rocha da Rocha Project. The potential quantity and grade of this Exploration Target is conceptual in nature, and there has been insufficient exploration to estimate a Mineral Resource. At this stage, it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The Exploration Target has an effective date of July 1, 2023 and is based on the actual results of BRE's previous drill programs. The Exploration Target for shallow mineralization is exclusive of high-grade REE-Nb-Sc mineralisation that is a priority target for near term exploration. Along with shallow mineralization, BRE aims to incorporate high-grade REE-Nb-Sc mineralization into a future Exploration Target for the Project.

Figure 10: ERM Australia Consultants Pty Ltd geological consultant inspecting high-grade REE-Nb-Sc corestone



2. Company Overview continued

2.15 Tenements

A comprehensive list of the tenements, including a summary of their status, is contained in the Independent Solicitor's Report in Section 8. The current status of the tenements is summarised as follows:

- (a) Thirty-two of the thirty-four BRE Tenements held by the Company's Brazilian subsidiaries will expire within twenty-four months from the date of this Prospectus. Each of these tenements is in their first period of grant, is in good standing and provided the Brazilian subsidiaries have commenced exploration activity, paid the required tenement fees and rentals, and submitted the required reports to ANM prior to the expiry date, Brazilian legislation provides for an extension of the licences for a period of up to four years to be applied for by the Brazilian subsidiaries. BRE's subsidiary Borborema is also the applicant for an exploration permit which has not been analysed by ANM at the date of this Prospectus.
- (b) Nine of the sixteen Alpha Tenements are in the second period of grant and are currently in good standing. Under Brazilian legislation, a further extension of the validity of the exploration permit may be granted at the discretion of the ANM if the permit holder submits a partial exploration report, can demonstrate that it has experienced issues in accessing the tenement area to undertake exploration activities, and has otherwise complied with the conditions of the exploration permit and requests an extension of the term of the exploration permit. Four of the sixteen Alpha Tenements are in their first period of grant, are in good standing and provided the Brazilian subsidiaries have commenced exploration activity, paid the required tenement fees and rentals, and submitted the required reports to ANM prior to the expiry date, Brazilian legislation provides for an extension of the licences for a period of up to four years to be applied for by the Brazilian subsidiaries. As at the date of this Prospectus, three of the Alpha Tenements had expired, and Borborema has submitted the required final exploration reports to the ANM. For the remaining thirteen Alpha Tenements, Borborema plans to undertake the required exploration activities so that it can lodge the required final explorations reports with the ANM within the legislated timeframes.
- (c) 49 of the Amargosa Tenements (including the three Optioned Permits which are the subject of the Amargosa Option Agreement summarised in Section 9.6(f)) have expired but remain in good standing as Rio Tinto Brazil (being the registered permit holder at the time of expiry) lodged a final exploration report for each exploration permit within the legislated timeframes and requested an extension of time in which to assess the technical and economic feasibility of establishing a mining project on the permit area. At the date of this Prospectus, the ANM has scheduled 30 September 2024 as the date for the review of the final exploration report for thirty-one of the exploration permits comprising the Amargosa Tenements and has not advised a review date for the remaining eighteen exploration permits. The Amargosa Tenements also include four mining applications, that are in good standing, and two disponibilidades, which will give rise to exploration permits if Rio Tinto Brazil wins the bidding proceeding. As the Amargosa Tenements remain in good standing, exploration activities are able to be undertaken on the exploration permits in compliance with the relevant legislation (except for the two *disponibilidades*, as the exploration permits will be issued in favour of Rio Tinto Brazil and then assigned to Borborema only if the former wins the bidding proceeding), including obtaining any necessary environmental licences required to undertake the proposed activities. Section VI.2 of the Independent Solicitor's Report in Section 8 summarises the options (and associated risks) related to Borborema maintaining title (or control of) the Amargosa Tenements.

The Independent Technical Report in Section 7 contains a detailed overview of regional geology and exploration to date across all permits.

2.16 Environmental Permitting and Approvals

Environmental licensing in Brazil is complex and lacks uniform regulation, but as a general rule, it consists of three stages:

- (a) preliminary license;
- (b) installation license; and
- (c) operating license.

Environmental licensing in Brazil follows rules of legal jurisdictions that are distributed among municipalities, states, and the federal government, and each of these entities will establish the environmental licensing procedure.

At the federal government level environmental licensing is managed by the Brazilian Institute of the Environment and Renewable Natural Resources (Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis or **IBAMA**), through an online platform called SisLic. SisLic facilitates the management of procedures, adherence to deadlines, and the provision of data. This process begins with an online registration, during which the person responsible for the process must provide the geographic coordinates of the operation and complete the forms to be submitted.

At the state level, each state has the authority to establish its own procedures. In the state of Bahia, the environmental licensing regime includes environmental licenses and authorisations. Environmental authorisations are less complex in scope and are aimed at exploration activities.

Environmental licensing in the state of Bahia is carried out by the Secretariat of the Environment (**SEMA**), under the terms of art. 5 of State Decree No. 14.024/2012 for enterprises whose activity is considered to be effectively or potentially polluting. Annex IV of said State Decree presents the effective or potentially polluting activities that may be subject to state environmental licensing.

Preliminary License (Licença Prévia)

The Preliminary License assesses the environmental feasibility of the project and approves its location and technological design and requires the submission of studies such as EIA/RIMA that are stipulated by the relevant environmental agency. The studies must be accessible to the public and sent to relevant government offices.

The EIA is a technical/scientific report, whereas the RIMA is a public consultation document designed to familiarise the local community with the issue using straightforward and objective language.

The RIMA presents the conclusions from the EIA and must be written in clear, easily understandable language, accompanied by visual aids. Both reports must address aspects such as environmental diagnosis, analysis of environmental impacts, measures to mitigate negative impacts, and monitoring and supervision plans. The EIA must be conducted by a multidisciplinary team composed of specialists from each area.

Municipal authorities must verify whether the location for the mine complies with local soil use and management laws. Additionally, the company must report the potential risks, damages, and impacts of the project to the agencies responsible for native lands, protected areas, cultural and artistic heritage, public health, and water resources.

Installation License (LI – Licença de Instalação)

The Installation License allows for the construction of project infrastructure and is valid for no more than six years, according to the schedule approved by the environmental agency.

At this stage, the following studies and projects must be conducted: (a) Basic Environmental Plan (Projeto Básico Ambiental – PBA); (b) Degraded Area Recovery Plan (Plano de Recuperação de Áreas Degradadas – PRAD); and (c) Forest Inventory (if deforestation is necessary).

2. Company Overview continued

Operating License (LO – Licença de Operação)

The Operating License (LO) is required before initiating any proposed activity and permits the day-to-day operation of the activity. Reports outlining environmental mitigation measures must be submitted to obtain the license, and inspection visits may take place at this stage.

The LO is granted only after a thorough inspection of all aspects related to the proposed activity and its project, ensuring that all requirements imposed by the relevant environmental agency and other legal environmental offices during previous licensing stages have been fulfilled, and appropriate mitigation measures have been planned. The license is valid for a period of four to ten years, during which the responsible party must comply with all necessary environmental requirements.

The company must apply for the renewal of its operating license 120 days before it expires. Once the application is submitted, operations are automatically extended until the authority reviews and decides on the renewal request. To obtain the new license, the company must adhere to the environmental requirements established in the initial operating license.

2.17 Objectives of Offer and Proposed Exploration Budgets

The Company is seeking a listing on the ASX as it considers it will provide an appropriate basis from which it could gain broad investment support to implement its growth strategy. A listing on the ASX will provide the Company with:

- funding for exploration at the Project;
- funding for the acquisition of the Amargosa Tenements;
- access to capital markets which will improve financial capacity for future growth opportunities;
- a liquid market for its Shares and an opportunity for others to invest in the Company; and
- the benefits of an increased profile that arises from being a listed entity.

The Company proposes to fund its intended activities as detailed in Section 1.6 (part of which is described in further detail in the tables below) from its existing cash reserves and the proceeds of the Offer. It should be noted that the budgets will be subject to modification on an ongoing basis depending on the results obtained from exploration undertaken and other factors. This will involve an ongoing assessment of the Project and may lead to increased or decreased levels of expenditure on certain interests, reflecting a change in emphasis. If the Company is unable to spend funds on a particular tenement or group of tenements in the Project, for example due to that tenement lapsing, then, the Company would look to reallocate those funds to the other tenements in the Project which remain granted at the time. Subject to the above, the following budget takes into account the proposed expenses over the two years following Admission.

The Board believes that its current cash reserves and the funds to be raised from the Offer will provide the Company with sufficient working capital at the time of Admission to carry out the Company's objectives as reflected in Section 1.6 and described in more detail in the tables below (and noting that each of Table 12.1 and Table 12.2 refer to the same A\$23 million of proposed expenditure).

Table 12.1: BRE's proposed exploration budget by activity

INDICATIVE USE OF FUNDS	YEAR 1 (A\$)	YEAR 2 (A\$)	TOTAL (A\$)
Geological/Geophysical Survey	200,000	200,000	400,000
Re-assay of Amargosa Tenements Pulps	3,000,000	–	3,000,000
Core Drilling	4,000,000	3,500,000	7,500,000
Sonic drilling	1,500,000	1,100,000	2,600,000
Auger drilling	800,000	800,000	1,600,000
Assaying	2,900,000	2,600,000	5,500,000
Metallurgical and Geotechnical Studies	400,000	2,000,000	2,400,000
Total	12,800,000	10,200,000	23,000,000

Table 12.2: BRE's proposed exploration budget by tenement group

TENEMENT GROUP	YEAR 1 (A\$)	YEAR 2 (A\$)	TOTAL (A\$)
BRE Tenements	6,225,000	5,740,000	11,965,000
Amargosa Tenements	5,210,000	1,650,000	6,860,000
Alpha Tenements	1,365,000	2,810,000	4,175,000
Total	12,800,000	10,200,000	23,000,000

2.18 Dividend Policy

As an early-stage minerals exploration company, the Company has no source of revenue or profits and makes no forecast of whether it will generate revenue or profits in future. Accordingly, at the date of this Prospectus, the Company does not intend, or expect, to declare or pay any dividends in the foreseeable future.

Any future determination as to the payment of dividends by the Company will be at the sole discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

The Company has no dividend reinvestment plan.

2.19 Royalties

In addition to the state and landowner royalties discussed in the Independent Solicitor's Report, the BRE Tenements (except for exploration permit application 871.928/2022 and exploration permits 871.929/2022 and 871.931/2022) are subject to an additional 2.5% royalty agreement (as also described in the Independent Solicitors Report) in favour of Brazil Royalty Corp Participações e Investimentos Ltda (**BRC**) (which is wholly owned by Alpha Minerals Pty Ltd – refer to Section 4.4(d)) pursuant to the Royalty Agreements as summarised in Section 9.6(d). Pursuant to the Royalty Agreements, BRC holds a security interest over the tenements that are subject of the royalty.

Please see Section 8 'Independent Solicitor's Report' and Section 9.6(d) for further details of royalties payable, including the Royalty Agreements.

2. Company Overview continued

2.20 Taxation

The Australian tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice before deciding whether to invest.

Please see Section 8 'Independent Solicitor's Report' for details of the Brazilian taxation environment.

2.21 Employee Incentive Plan

The Company has adopted an Employee Incentive Plan to align the interests of key employees, Directors, and other personnel of the Company with the interests of Shareholders for their long-term mutual benefit. See Section 9.2 for further information.

2.22 Accounting Standards and Auditing Standards

The financial information and Independent Limited Assurance Report in Section 6 of this Prospectus contain Historical and Pro Forma Financial Information which has been derived from the Consolidated Financial Statements of the Company for the period from 31 March 2021 (being the date of incorporation of the Company) to 31 December 2021, for the financial year ended 31 December 2022 and for the half-year ended 30 June 2023 and has been reviewed by Hall Chadwick WA Audit Pty Ltd in accordance with Australian Standards on Assurance Engagements.

The Consolidated Financial Statements for the half-year ended 30 June 2023 included in Section 6 of this Prospectus have been prepared in accordance with the recognition and measurement principles detailed in the Australian Accounting Standards and the Company's adopted accounting policies. Australian Accounting Standards will continue to apply to the preparation of the Company's financial statements after its Admission.

The Consolidated Financial Statements for the period from 31 March 2021 (being the date of incorporation of the Company) to 31 December 2021 and for the financial year ended 31 December 2022 have been audited by, and the Consolidated Financial Statements for the half-year ended 30 June 2023 have been reviewed by, Hall Chadwick WA Audit Pty Ltd in accordance with Australian Standards on Assurance Engagements, and these standards will continue to apply to the Company's financial statements after its Admission. Hall Chadwick WA Audit Pty Ltd issued unmodified audit opinions or review conclusion, as applicable, on the financial reports with an emphasis of matter on going concern. Refer to Section 6 for further information on the financial position and financial performance of the Company.

2.23 Corporate Governance

The Company's main corporate governance policies and practices as at the date of this Prospectus and the Company's compliance and departures from the Recommendations are set out in Section 4.10 of this Prospectus.

In addition, the Company's full suite of Corporate Governance documents, including its Corporate Governance Statement, are available from the Company's website: www.brazilianrareearths.com.

2.24 Corporate Social Responsibility

BRE believes that corporate social responsibility (**CSR**) is about demonstrable, responsible and proactive business leadership, and that CSR considerations influence how business is conducted, interactions with stakeholders, and the value that such businesses contribute to society. BRE's values are centred around Leadership, Integrity, Hard Work, Knowledge, Service and Health and Safety.

The Board assumes overall responsibility for BRE's CSR policies, processes and procedures. BRE continues to develop its CSR strategy influenced by BRE's values and stakeholder engagement.

The Company recognises the importance of managing and developing human capital and that a positive work environment would attract, motivate and retain talent. The Company is an equal opportunity employer that adopts fair employment practices in recruitment.



3. Risk Factors

3. Risk Factors

The Shares are considered highly speculative. An investment in the Company is not risk free. The proposed future activities of the Company are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Directors and management of the Company and cannot be mitigated.

Investors should note that the risks relating to the Group in this Section 3 are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to apply for Shares.

The risks detailed in this Section 3 is not an exhaustive list or explanation of all of the risks faced by the Company or by investors in the Company and should be considered in conjunction with other information in this Prospectus. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's operations, prospects, financial condition and operational results.

The risks detailed in, and others not specifically referred to in, this Section 3 may in the future materially affect the financial performance and position of the Company and the value of the Shares offered under this Prospectus. The Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or the market value of those Shares. The risks detailed in this Section 3 also necessarily include forward-looking statements. Actual events may be materially different to those detailed and may therefore affect the Company in a different way.

Investors should be aware that the performance of the Company may be affected and the value of its Shares may rise or fall over any given period. None of the Directors or any person associated with the Company guarantee the Company's performance, the performance of the Shares which are the subject of the Offer or the market price at which the Shares will trade. The Directors strongly recommend that potential investors consider the risks detailed in this Section 3, together with information detailed elsewhere in this Prospectus, and consult their professional advisers, before they decide whether or not to apply for Shares.

3.1 Company and Industry Specific Risks

(a) No profit to date and limited operating history

The Company has incurred operating losses since its inception and does not have a significant history of business operations. It is therefore not possible to evaluate the Company's prospects based on past performance. No assurance can be given that the Company will achieve commercial viability through the successful exploration and/or mining of the Project, or any tenements which are subsequently applied for or acquired by the Company. Unless and until the Company is able to realise value from its project interests, it is likely to incur ongoing operating losses.

There can be no certainty that the Company will achieve or sustain profitability, achieve or sustain positive cash flow from its operating activities or identify a mineral deposit which is capable of being exploited economically or which is capable of supporting production activities.

(b) Future capital requirements and dilution

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Project is successfully developed and production commences. The future capital requirements of the Company will depend on many factors including its business development activities.

Given the early stage of the Project, no forecast is made of whether the Project may be developed or may become feasible, however one of the requirements to successfully develop the Project and for production to commence would involve the Company securing financing in addition to the amounts raised pursuant to the Offer. Any additional financing may be dilutive to Shareholders, may be undertaken at prices lower than the then market price (or Offer Price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available may involve security over the Company's assets and restrictions on financing and operating activities.

No assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company, or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities including resulting in some or all of the Group's mineral tenements being subject to forfeiture and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of securities in the future. The increase in the number of Shares outstanding (and the potential issue of further classes of securities in the Company) and the possibility of sales of such Shares (or other securities) may have a depressive effect on the price of the Shares, in addition, as a result of such additional Shares, the voting power of the Company's existing Shareholders may be diluted.

(c) Reliance on consultants and others

The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. The Company believes that those consultants and others are competent and that they have carried out their work in accordance with internationally recognised industry standards. However, if the work conducted by those consultants or others is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays or increased costs in exploring or developing its tenements, or other adverse outcomes.

(d) Timing and cost of exploration activities

The proposed exploration activities and related uses of funds by the Company as described in Sections 1.6 and 2.17 are based on certain assumptions with respect to the nature, timing and cost of exploration activities. By their nature, these estimates and assumptions are subject to significant uncertainties and therefore the actual expenditure may differ materially from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(e) Nature of mineral exploration and mining

The business of mineral exploration, development and production is subject to a high level of risk. Mineral exploration and development requires large amounts of expenditure over extended periods of time with no guarantee of revenue, and exploration and development activities may be impeded by circumstances and factors beyond the Company's control.

The Rocha da Rocha Project is at an early stage of exploration, given that it has not advanced past an inferred category Mineral Resource estimate, no scoping or feasibility study has been conducted and no Ore Reserve has been defined at the Project. An inferred Mineral Resource has a lower level of confidence than that applying to an indicated Mineral Resource and cannot be converted to an Ore Reserve. In addition, there is a risk that the Company's exploration thesis for the Rocha da Rocha Project (being that the high-grade REE-Nb-Sc magmatic mineralisation from numerous outcrops and corestones may be remnants of large mafic cumulates of REE and critical minerals) is not supported by future exploration results. The Company has not yet conducted sufficient mineral exploration to confirm this exploration thesis.

There can be no assurance that exploration and development at the Project, or any other projects that may be acquired by the Company in the future, will result in the discovery of mineral deposits which are capable of being exploited economically. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited.

Whether a mineral deposit will be commercially viable depends on a number of factors. The combination of these factors may result in the Company expending significant resources (financial and otherwise) on tenements without receiving a return. There is no certainty that expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.

3. Risk Factors continued

(f) Operational matters

The operations of the Company may be affected by various factors that are beyond the control of the Company, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages, delays in procuring, or increases in the costs of consumables, commodities, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Company. These risks and hazards could also result in damage to, or destruction of, facilities and equipment, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. These factors are substantially beyond the control of the Company and, if they eventuate, may have an adverse effect on the financial performance of the Company and the value of its assets.

(g) Mineral Resource estimates

Mineral Resource estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Determining Mineral Resource estimates is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate.

The actual quality and characteristics of mineral deposits cannot be known until mining takes place and will almost always differ from the assumptions used to analyse them. Further, Ore Reserves are valued based on future costs and future prices and, consequently, the actual Mineral Resources and (if any are estimated in future) Ore Reserves may differ from those estimated, which may result in either a positive or negative effect on operations and/or financial performance.

The Company has disclosed Exploration Targets. Exploration Targets are conceptual in nature and are used where there has been insufficient exploration to estimate a Mineral Resource. Investors are cautioned that it is uncertain whether further exploration will result in the estimation of a Mineral Resource on the Exploration Targets.

(h) Exploration and appraisals

There is a significant risk for the Company of the proposed exploration activity being unsuccessful and not resulting in the discovery of a commercially viable mineral deposit. Mineral exploration by its nature is a high-risk activity and there can be no guarantee of success in the project areas where the Company holds interests in exploration permits. Whilst the Directors will make every effort to reduce this risk, the fact remains that the discovery and development of a commercially viable mineral deposit is the exception rather than the rule.

The Company is engaged in early-stage exploration and appraisal activities. There is a risk that these activities will not result in the discovery of commercially extractable mineral deposits. Furthermore, no assurances can be given that if commercially viable mineral deposits are discovered, these will be able to be commercialised as intended, or at all.

Whether positive income flows ultimately result from exploration and development expenditure incurred by the Company is dependent on many factors such as successful exploration, establishment of production facilities, cost control, commodity price movements, successful contract negotiations for production and stability in the local political environment.

(i) Metallurgy risk

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) errors and other risks associated with identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;

- (ii) errors and other risks associated with developing an economic process route to produce a metal and/or concentrate; and
- (iii) changes in mineralogy in the minerals deposit can result in inconsistent metal recovery, affecting the economic viability of a project.

(j) Dividends

None of BRE or its subsidiaries has paid any dividends on their respective shares since incorporation and they are not expected to do so in the foreseeable future. Payment of any future dividends by the Company will be at the discretion of the Company's Board of Directors after taking into account many factors, including earnings, capital requirements and the operating and financial condition of the Company.

(k) Contracts

The ability of the Company to achieve its business objectives will depend on the performance by the Company and counterparties of their contractual obligations (such as pursuant to the Amargosa Tenement Acquisition Agreement detailed in Section 9.6(e) and the various other agreements referred to in Sections 4 and 9.6). If any party defaults in the performance of its obligations under a contract, it may be necessary for either party to approach a court to seek a legal remedy, which could be costly for the Company and adversely impact on the Company's operations and performance.

The operations of the Company also require the involvement of numerous third parties, including consultants, contractors and suppliers. Financial failure, default or contractual non-compliance on the part of such third parties may have a material impact on the Company's operations and performance. It is not possible for the Company to predict or protect the Company against all such risks.

(l) Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its Directors. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these key personnel ceases to act for the Company. In addition, the competition for qualified personnel in the mining industry is intense and there can be no assurance that the Company will be able to attract and retain all personnel necessary for the development and operation of its business.

(m) Supply chain and logistics risks

Supply chain disruptions and the general level of economic uncertainty experienced during events such as the COVID-19 pandemic and other global events such as the conflict in the Ukraine and the Middle East, continue to impact the cost and availability of commodities, freight, materials, equipment and other services required for the Company's ongoing operations. While the direct impact of the COVID-19 pandemic on the Company and its operations has subsided, uncertainty remains regarding the potential for further disruptions and interruptions from similar such events, which may have an adverse impact on the Company and its plans.

(n) New projects and acquisitions

The Company may make acquisitions in the future as part of future growth plans. There can be no guarantee that any new project acquisition or investment will eventuate from these pursuits, or that any acquisitions will result in a return for Shareholders. Such acquisitions may result in the use of the Company's cash resources and/or the issuance of equity securities, which will dilute shareholdings.

(o) Management of growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train, manage and retain its employee base. The inability of the Company to deal with this growth could have a material adverse effect on its business, operations, and prospects.

3. Risk Factors continued

(p) Title risk

The Group's exploration and development activities (including at the Project) are dependent upon the grant, the maintenance and renewal of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintenance, renewal and granting of these mineral tenement rights depend on the Group being successful in obtaining required statutory approvals and complying with regulatory processes. A failure to obtain these statutory approvals or comply with these regulatory processes may adversely affect the Group's title to the mineral tenements, may prevent or impede the grant, acquisition or advancement of, or the conduct of activities within, mineral tenements and may have a material adverse effect on the business, results of operations, financial condition and prospects of the Group.

Further, there is no guarantee or assurance that the licences, concessions, leases, permits or consents will be renewed or extended as and when required or that new conditions will not be imposed in connection with the Group's mineral tenements. The renewal or grant of the terms of each tenement is usually at the discretion of the relevant government authority. To the extent such approvals, consents or renewals are not obtained, the Group may be curtailed or prohibited from continuing with its exploration and development activities or proceeding with any future development, which may have a material adverse effect on the business, results of operations, financial condition and prospects of the Group. Section 2.15 and the Independent Solicitor's Report in Section 8 (including in the body of that report and in Exhibit III of that report) provide information regarding the permitting status of the BRE Tenements, the Alpha Tenements and the Amargosa Tenements.

(q) Land Claims and Community Opposition

The Company's exploration activities could potentially face disruptions or postponements from claims to the tenement areas by other parties, community opposition or legal actions against the Company. Such occurrences could have repercussions on the Company's operations and could also affect the value and performance of the Shares.

(r) Exploitation, exploration and mining permits

The mineral exploration permits that have been granted only permit exploration on those permits. In the event that the Group successfully delineates economic deposits on any mineral exploration permit, it will need to apply for a mining permit (as applicable). There is no guarantee that the Group will be granted a mining permit if one is applied for (for further information, see the Independent Solicitor's Report in Section 8).

Potential investors should understand that mineral exploration is a high-risk undertaking. There can be no assurance that exploration of the Project, or any other mineral exploration permits that may be acquired in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

(s) Mine development

Possible future development of mining operations at the Project is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, commodities, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk for third parties providing essential services.

No assurance can be given that the Project (or any other project) will achieve commercial viability. The risks associated with the development of a mine will be considered in full as part of the Company's exploration activities and will be sought to be managed with ongoing consideration of stakeholder interests.

(t) Inadequate infrastructure may constrain mining operations

The possibility of commencing commercial production at the Project hinges on the availability of essential infrastructure. This includes dependable power sources, water supply, transportation, and surface facilities, all of which are vital for the development and operation of mines. Failure to meet these infrastructure needs adequately or encountering significant cost changes in meeting these requirements could impede the Company's capacity to initiate production at the Project. Such challenges could potentially exert a material adverse influence on the Company's business, financial health, operational results, cash flows, and future prospects.

(u) Equipment risk

The operations of the Company could be adversely affected if essential equipment fails or becomes unavailable to access in a timely manner.

(v) Unforeseen expenses

While the Company is not aware of any expenses that may need to be incurred immediately after Admission that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

(w) Contractual disputes

There is a risk that the business could be disrupted in situations where there is a disagreement or dispute in relation to a term of a relevant contract. Should such a disagreement or dispute occur, this may have an adverse impact on the Company's operations and performance generally. It is not possible for the Company to predict or protect itself against all such risks.

The Company is not presently involved in any contractual disputes.

(x) Third party risk

The operations of the Company require the involvement of a number of third parties, including suppliers, contractors and clients.

Financial failure, default or contractual non-compliance on the part of such third parties may have a material impact on the Company's operations and performance. It is not possible for the Company to predict or protect the Company against all such risks.

(y) Litigation

The participation by the Company in the mineral industry may expose the Company to possible litigation risks, including title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

The Company is not presently involved in any material litigation and the Directors are not aware of any basis on which any material litigation against the Company may arise.

3. Risk Factors continued

(z) Conflicts of interest or duty

Some of the Directors and officers of the Company are engaged as directors or officers of, or have equity interests in, other companies involved in the exploration, development or financing of Mineral Resources/ projects or with whom the Group has contractual arrangements, and situations may arise where the duties or interests of those Directors or officers will be in direct competition with the Company and could result in conflicts of interest or duty. Conflicts, if any, will be dealt with in accordance with the Company's Code of Conduct and Related Parties Policy and relevant provisions of the Corporations Act. Any decision taken by these Directors and officers and involving the Company will be in conformity with their duties and obligations to act in the best interests of all of the Company's stakeholders. Moreover, these Directors and officers will declare their interests and will abstain from voting on (and from attending discussions regarding) any question which could give rise to a conflict of interest or duty. Some of the Directors and officers of the Company may become, in the future, directors or officers of additional companies engaged in the same or other business ventures.

(aa) Economic, political and social context in Brazil

The success of the Company's mineral exploration and development activities in Brazil depends, in part, upon the performance of the Brazilian economy. Government policy changes (or the risk of the same) can occur following elections or in response to domestic or international issues and may entail important effects on the Company's operations. In Brazil, a new President was elected in late 2022 and took office on 1 January 2023. While the nature, scope and pace of any economic and policy changes are unknown, proposals during the Brazilian election campaign included tax reforms and an overhaul of the country's climate and environmental and nuclear policies. While the scope and pace of change in Brazil is not yet fully known, changes to existing mining policies, water use and ownership rights and royalties or other taxation levels, even if seemingly minor in nature, may adversely affect the Company's operations and financial condition.

(bb) Regulation and tenure

The Group's mineral exploration and planned development activities are subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use and other matters. Although the Group believes that its exploration and planned development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development activities.

The Group's interests in mineral tenements are subject to governmental approvals, licences and permits. The granting and enforcement of the terms of such approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that the Group will be successful in maintaining any or all of the various approvals, licences and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, the Group may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties such as the Group, engaged in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of those activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

(cc) Changes in governmental regulations

Amendments to current laws and regulations governing operations or more stringent implementation thereof could have a substantial adverse impact on the Group and cause increases in exploration expenses, capital expenditures or development or production costs or reduction in levels of activities or require abandonment or delays in exploration or development of mineral properties.

Although the Group has not experienced any material changes in law or regulation which have affected its business, if there was such a material change, this could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

(dd) Environmental

The minerals and mining industry has become subject to increasing environmental regulations and liability.

The operations and proposed activities of the Company are subject to State, Federal and Municipal laws, regulations and permits concerning the environment. If such laws are breached or modified, the Company could be required to cease its operations and/or incur significant liabilities including penalties, due to past or future activities. As with most exploration operations, the Company's activities are expected to have an impact on the environment.

There are certain risks inherent in the Company's activities which could subject the Company to extensive liability. The cost and complexity in complying with the applicable environmental laws and regulations may affect the viability of potential developments of the Company's projects, and consequently the value of those projects, and the value of the Company's assets.

It may be required for the Company to conduct baseline environmental studies prior to certain exploration or mining activities, so that environmental impact can be monitored and minimised wherever possible. No baseline studies have been done to date, and a discovery of endangered flora or fauna could, for example, prevent exploration and mining activity in certain areas.

(ee) Occupational health and safety risk

The health and safety of the employees of the Group are at risk due to the inherent nature of the operations of the Group.

Exploration and mining operations are inherently dangerous workplaces. The Group's exploration operations often place its employees and others in proximity with large pieces of mechanised equipment, moving vehicles, regulated materials and other hazardous conditions. As a result, the Group is subject to a variety of health and safety laws and regulations dealing with occupational health and safety. Additionally, the Group's safety record can impact the Group's reputation. Any failure to maintain safe work sites could expose the group to significant financial losses as well as civil and criminal liabilities, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

(ff) Insurance

The Company intends to insure its operations in accordance with industry practice. However, insurance of all risks associated with exploration is not always available and, where it is available, the cost may be high.

The business of the Company is subject to risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as extreme weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties, buildings, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

3. Risk Factors continued

It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms.

The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. In addition, there is a risk that an insurer defaults in the payment of a legitimate claim by the Company.

(gg) Competition

The resources industry in which the Company is involved is subject to domestic and global competition. While the Company undertakes all reasonable due diligence in its business decisions and operations, the Company has no influence or control over the activities or actions of its competitors and these activities or actions may positively or negatively affect the operating and financial performance of the Project and the Company's business. Some of these competitors have greater financial and other resources than the Company and there can be no assurance that the Company can compete effectively with these companies.

China's well-documented control of the Rare Earth Elements (REE) market also raises risks. Despite minor adjustments in their Heavy Rare Earth Elements production quotas recently, coupled with mounting global pressure to curb environmentally unsustainable REE production, there exists a potential revolving around the possibility of China significantly boosting its REE output, which could lead to a substantial decline in REE prices.

(hh) Opposition to mining

The Company's business may be affected by environmental activists and others who might engage in activities intended to disrupt the Company's business operations. As a result, there could be delays in the Company's exploration and development activities, which could have a material adverse effect on the Company's business, financial condition, and results of operations.

(ii) Information Systems Security Threats

The Company relies on secure and adequate operations of information technology systems in the conduct of its activities. Access to and the security of the information technology systems are critical to the Company's activities. These systems are subject to disruption, damage or failure from a variety of sources, including, but not limited to: cable cuts; damage to installations; natural disasters; terrorism; fire; power loss; hacking, cyber-attacks and other information security breaches; non-compliance by third party service providers; computer viruses; vandalism and theft.

The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software. The systems that are in place may not be enough to guard against loss of data due to the rapidly evolving cyber threats.

The Company may be required to increasingly invest in better systems, software, and use of consultants to periodically review and adequately adapt and respond to dynamic cyber risks or to investigate and remediate any security vulnerabilities. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. Failures in the Company's information technology systems could translate into operational delays, compromising, loss or disclosure of confidential, proprietary, personal or sensitive information and third-party data, or destruction or corruption of data.

Accordingly, any failure of information systems or a component of information systems could adversely impact the Company's reputation, business, financial condition and results, as well as compliance with its contractual obligations, compliance with applicable laws, and potential litigation and regulatory enforcement proceedings. Information technology systems failures could also materially adversely affect the effectiveness of the Company's internal controls over financial reporting.

(jj) Social Media and Other Web-Based Applications

As a result of social media and other web-based applications, companies are at risk of losing control over how they are perceived. Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. Although the Company places a great emphasis on protecting its image and reputation, it does not ultimately have direct control over how it is perceived by others. Reputation loss may lead to increased challenges in developing and maintaining community relations, decreased investor confidence and act as an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on the Company's business, financial condition or results.

(kk) Any changes to the legislation regarding the repatriation of earnings received from the countries where the Group currently operates could adversely affect the Group's financial condition

The Company conducts the majority of its operations through, to varying degrees, subsidiaries incorporated in Brazil and holds significant assets in such subsidiaries. Accordingly, any limitation on the transfer of cash or other assets between the Company and its subsidiaries could restrict the Group's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and share price. Moreover, there is no assurance that Brazil or any other foreign country in which the Group may operate in the future will not impose restrictions on the repatriation of earnings to foreign entities.

Although the Group has not experienced and is not currently experiencing any issues in relation to the transfer of cash or other assets between the Company and its subsidiaries, if such issues materialised they could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

(ll) Sovereign risk

Brazil is a federal presidential democratic republic. The political conditions in Brazil are generally stable, however, changes may occur in the political, fiscal and legal systems which may affect the ownership or operations of the Company or its Group such as changes in exchange rates, control or fiscal regulations, regulatory regimes, political insurrection or labour unrest, inflation or economic recession.

There are numerous risk factors associated with operating in foreign jurisdictions, such as Brazil, including economic, social or political instability or change, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, licensing, repatriation of income or return of capital, industrial relations laws, expropriation and nationalisation; renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, or changing political norms, government regulations that require the Company to favour or award contracts in employment of local citizens or purchasing supplies from particular jurisdictions which may be less developed than alternatives located in other jurisdictions.

There can be no guarantee that political and economic conditions shall remain stable and any adverse changes to these conditions may adversely affect the Company's operations and the Project. In addition, failures by the Company to comply with foreign legislative or regulatory requirements may result in loss, reduction or expropriation of entitlements or the imposition of local or foreign parties as joint venture partners with carried or other interests. In addition, changes in government laws or regulations, including taxation, royalties, the repatriation of profits, restrictions on production, export controls, changes in taxation policies, environmental and ecological compliance, expropriation of property and shifts in the political stability of the country could adversely affect the Company's exploration, development and production initiatives in Brazil.

The likelihood of any of these changes, and their possible effects (if any) cannot be determined by the Company with any clarity at the present time. If any issues identified in this section were to arise, they could lead to disruption to the Company's operations, increased costs and, in some cases, total inability to establish or to continue minerals exploration, development and mining activities.

3. Risk Factors continued

The Company's interests in Brazil are largely, at this time, comprised of various interests in mining tenements and associated contracts. If any contracts regulating the Company's interests in the Project, were to be unenforceable in whole or in part, the Company would be adversely affected to the extent of any such unenforceability.

The Company has made investment and strategic decisions based on information 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.

3.2 General Risks

(a) Securities investments

Applicants should be aware that there are risks associated with any securities investment.

Prior to the Offer, there was no public market for the Shares. There is no guarantee that an active trading market in the Shares will develop or that the price of the Shares will increase. There may be relatively few (or nil) buyers or sellers of Shares on the ASX at any particular time. The prices at which the Shares trade may be above or below the Offer Price and may fluctuate in response to a number of factors.

Further, the stock market is prone to price and volume fluctuations. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the Shares, regardless of Company's operational performance.

(b) Economic risk

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of Company. Factors that may contribute to that general economic climate include but are not limited to:

- (i) the level of direct and indirect competition against the Company;
- (ii) general economic conditions;
- (iii) changes in government policies, taxation and other laws;
- (iv) the strength of the equity and share markets in Australia and throughout the world;
- (v) movement in, or outlook on, exchange rates, interest rates and inflation rates;
- (vi) industrial disputes;
- (vii) changes in investor sentiment toward particular market sectors;
- (viii) financial failure or default by an entity with which the Company may become involved in a contractual relationship; and
- (ix) natural disasters, social upheaval or war.

(c) Equity market conditions

Shares listed on ASX, or any other securities market, and in particular securities of small companies engaged in exploration activities, can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of securities may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. These security market conditions may affect the value of the Shares regardless of the Company's operating performance.

General factors that may affect the market price of securities include economic conditions in both Australia and internationally, investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur

to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(d) Commodity prices

Commodity prices are influenced by physical and investment demand. Fluctuations in commodity prices relevant to the Company may influence the exploration and development activity of the Company. If the Company achieves exploration success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks.

Commodity prices fluctuate and are affected by many factors beyond the control of the Company including but not limited to, world demand for commodities, the level of production costs in major commodity producing regions, China's decisions with respect to managing the domestic Chinese rare earths industry and the development of new technologies that create new demands or eliminate the demand for particular rare earth elements. Fluctuating commodity prices may impact the Company's project development, plans and activities, including its ability to fund those activities. The Company cannot provide any assurance as to the prices it will achieve for any mineral commodities it produces. Any substantial decline in the price of those commodities or increases in transport or distribution costs may have a material adverse effect on the Company and the value of the Shares.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are, and will be, taken into account in Brazilian Reals and Australian dollars, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar, the Brazilian Real and the Australian dollar as determined in international markets. The exchange rates are affected by numerous factors beyond the control of the Company, including international markets, interest rates, inflation and the general economic outlook.

(e) Currency volatility

Substantially all of the business and operations of the Company are, or will be, conducted in currencies other than Australian dollars. In addition, all or most of the supplies and inputs into the projects of the Company are priced in currencies other than Australian dollars. As a result, fluctuations in such foreign currencies against the Australian dollar could have a material adverse effect on the Company's financial results which will be denominated and reported in Australian dollars. From time to time, the Company may implement active hedging programs in order to offset the risk of losses if the Australian dollar decreases in value compared to foreign currencies. However, to the extent that the Company fails to adequately manage these risks, including if any such hedging arrangements do not effectively or completely hedge against changes in foreign currency rates, the Company's financial results may be negatively impacted.

(f) Infectious diseases

The outbreak of infectious diseases may have a material effect on the Company's operations as a result of measures taken by governments (including, but not limited to, travel bans, quarantining and restrictions on the transportation of raw materials, supplies and equipment) to limit the transmission of such diseases.

(g) Climate change risk

The climate change risks particularly attributable to the Company include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and

3. Risk Factors continued

- (iii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

(h) Macro-economic risks

Changes in the general economic outlook in Australia and globally may impact the performance of the Company and the Project (or any other projects that may be acquired by the Company in the future). Such changes may include (without limitation):

- (i) uncertainty in the Australian or Brazilian economies or increases in the rate of inflation resulting from domestic or international conditions (including movements in domestic interest rates and reduced economic activity);
- (ii) increases in expenses (including the cost of goods and services used by the Company);
- (iii) abnormal stoppages in normal business operations due to factors such as war, political or civil unrest, infrastructure failure or industrial disruption;
- (iv) new or increased government taxes, duties or changes in taxation laws; and
- (v) fluctuations in equity markets in Australia and internationally.

A prolonged and significant downturn in general economic conditions may have a material adverse impact on the Company's trading and financial performance.

(i) Taxation risk

The acquisition and disposal of Shares will have tax consequences which will differ for each investor depending on their individual financial circumstances. All potential investors in the Company are urged to obtain independent financial advice regarding the tax and other consequences of acquiring Shares. To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to any tax consequences of applying for Shares under this Prospectus.

(j) Trading and liquidity in shares and escrowed Shareholders' interests

In accordance with the escrow requirements in Chapter 9 of the ASX Listing Rules, upon Official Quotation various Shares will not be able to be traded for certain periods, as estimated in Section 1.23 (although none of the Shares issued pursuant to the Offer will be subject to those ASX imposed escrow restrictions).

Given the number of Shares anticipated to be restricted from trading, only a fraction of the Shares on issue at completion of the Offer (including (among others) the Shares to be issued under the Offer) will be available to be traded until such time as applicable escrow periods end. As at the date of this Prospectus, ASX has not made a decision regarding the escrow to be applied to Shares and, as such, the numbers of Shares that will be subject to escrow, and the escrow periods they are subject to, may change from the estimates in Section 1.23.

The significant proportion of Shares that will likely be subject to escrow following completion of the Offer will reduce liquidity in the market for the Company's Shares and may affect the ability of a Shareholder to sell some or all of its Shares due to the effect less liquidity may have on demand. An illiquid market for the Company's Shares may have an adverse impact on the Share price.

Following release from escrow, Shares held by escrowed Shareholders may be freely traded on the ASX. There is a risk that a significant sale of Shares by one or more escrowed Shareholders, or the perception that such a sale has occurred or might occur, could adversely affect the market value of the Shares.

(k) Corruption and Bribery Laws

The Company's operations are governed by, and involve interactions with, many levels of government in Australia and Brazil. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also by its contractors and third-party agents.

Although the Company has adopted steps to mitigate such risks, such measures may not always be effective in ensuring that the Company, its employees, contractors or third-party agents will comply strictly with such laws. If the Company finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Company resulting in a material adverse effect on the Company's reputation and results of its operations.

(l) Research analyst reports

The market for the trading of the Company's Shares may be influenced by the research and reports which securities or industry analysts publish about its business. Securities and industry analysts may discontinue research on the Company, to the extent such coverage currently exists, or in other cases, may never publish research on the Company. If no or too few securities or industry analysts commence coverage of the Company, the market price for the trading of the Company's Shares may be adversely affected. In the event that securities or industry analysts initiate coverage, if one or more of those analysts publish inaccurate or unfavourable research about the Company, the market value of the Company's Shares may decline. If one or more analysts cease coverage of the Company or fail to publish regular reports on the Company, demand for the Company's Shares may decrease which may cause a decline in the Company's Share price and trading volumes.

(m) Publicly Held Company Obligations

As a publicly listed corporate entity, the Company will be subject to evolving rules and regulations promulgated by a number of governmental and self-regulated organisations, including the ASX, the ASIC, the Australian Accounting Standards Board and the International Accounting Standards Board, which govern corporate governance and public disclosure regulations. These rules and regulations continue to evolve in scope and complexity creating many new requirements, which increase compliance costs and the risk of non-compliance. The Company's efforts to comply with these rules and obligations could result in increased general and administration expenses and a diversion of management time and attention from financing, development, operations and, eventually, any revenue-generating activities.

(n) Accounting standards

Changes to any applicable accounting standards or to any assumptions, estimates or judgments applied by management in connection with complex accounting matters may adversely impact the Company's financial position, results or condition.

(o) Combination of risks

The Company may be subject to a combination of risks, including any of the above risks outlined in this Section 3, which could adversely affect the reputation, operational and financial performance of the Company and ultimately impact upon the market value of the Shares.



4. Board, Management and Corporate Governance

4. Board, Management and Corporate Governance

4.1 Board of Directors

As at the date of this Prospectus, the Board comprises of:

- (a) Todd Hannigan – Executive Chair;
- (b) Bernardo da Veiga – Managing Director and CEO;
- (c) Kristie Young – Independent, Non-Executive Director; and
- (d) Camila Ramos – Independent, Non-Executive Director.

It is not proposed for any changes to the Board to occur prior to Admission.

Section II of the Independent Solicitor's Report contains details of the key management of the Company's material Brazilian subsidiaries, being Borborema, Jequie and Ubaira. The directors of the Company's Australian subsidiaries as at the date of this Prospectus are Bernardo da Veiga and Stephen Kelly.

4.2 Directors' Profiles

Details of the Directors comprising the Board on Admission are as follows:



Todd Hannigan Executive Chairman, Non-Independent

Todd has over 30 years of global experience in natural resources as company founder, chief executive officer, private capital investor, chairman and non-executive director. Mr. Hannigan has worked internationally in the resources sector across a range of companies including IperionX, Piedmont Lithium, Aston Resources, Xstrata Coal, Hanson PLC and BHP Billiton.

Todd holds a Bachelor of Engineering (Mining) with Honours from The University of Queensland and an MBA from INSEAD.

Todd is currently Executive Chairman of IperionX Limited.

Todd's tenure as a Director commenced on 16 January 2023.



Bernardo da Veiga CEO and Managing Director, Non-Independent

Bernardo started his career as an Investment Banker with UBS and Azure Capital in Australia, where he worked in a team that advised many leading companies in mergers and acquisitions, capital raising, hybrid instruments and debt advisory.

Prior to founding BRE, Bernardo spent the last decade in senior leadership roles in a number of mining companies in Brazil, including as CEO of a producing tungsten mine, Managing Director of a gold exploration company and from 2015 to 2021 CEO of South American Ferro Metals Limited, a privately owned iron ore producer that grew from a bankrupt business in 2015 producing c.700ktpa when Bernardo took over as CEO to a highly profitable company producing c.2.05Mtpa in 2021.

Bernardo holds a Bachelor of Commerce degree with First Class Honours, a PhD in Economics from the University of Western Australia and a Diploma in Financial Strategy from Oxford University. He graduated top of his class at both the UWA Honours program and Oxford. He is also a graduate of the Australian Institute of Company Directors.

Bernardo is a Brazilian and Australian dual citizen and speaks fluent Portuguese and English.

Bernardo's tenure as a Director commenced on 31 March 2021.

4. Board, Management and Corporate Governance continued



Kristie Young

Independent, Non-Executive Director

Kristie has over 25 years' experience across mining engineering, business development, project evaluation, marketing, strategy, growth, and corporate governance. She has held senior growth and Business Development Director roles with both EY and PwC. As a mining engineer she worked with Mt Isa Mines, Plutonic Gold, Hammersley Iron, Gunpowder Copper, New Hampton Goldfields and Surpac.

Kristie has over 15 years' experience on boards and committees including current Non-Executive directorships with Lithium Australia Ltd, Corazon Mining Ltd, Tasmea Ltd and MinEx CRC.

Kristie holds a Bachelor of Engineering (Mining) with Honours from The University of Queensland, is a Graduate of the Australian Institute of Company Directors and a Fellow of the AusIMM.

Kristie's tenure as a Director commenced on 1 March 2023.



Camila Ramos

Independent, Non-Executive Director

Camila is a renewable energy expert with over 20 years of experience in Latin America in the solar PV, wind, energy storage, green hydrogen and bioenergy sectors.

Camila currently serves as Managing Director for CELA (Clean Energy Latin America), she is also a Board of Directors Member and Vice-President of Finance at the Brazilian PV Association (ABSOLAR) and Board Member the Superior Board of Infrastructure at the Federation of Industry of the State of São Paulo (COINFRA – FIESP).

Camila has extensive experience in equity fundraising, project financing, mergers & acquisitions and financial analysis.

Camila holds a Bachelor of Science and a MSc from the London School of Economics.

Camila's tenure as a Director commenced on 28 August 2023.

4.3 Senior Management



Alexandre Magno Rocha da Rocha

Chief Geologist

Alexandre has over 40 years of experience as an exploration geologist and has led and managed the discovery of several major mines in Brazil, including Vision Blue and Denham Capital's Serra Verde rare earth Ionic Clay deposit and Appian's Santa Rita Nickel Sulphide mine.

At Serra Verde, Alexandre drilled over 60,000m of regolith over a 4-year period and grew the rare earth resource from discovery stage to a ~900 Mt at 1,200ppm TREO deposit.

Alexandre is a tenured Professor of Geology at the Federal Institute of Science and Technology of Rio Grande do Norte (IFRN) and holds a Bachelors and Masters degree in Geology.

**Stephen Kelly****Company Secretary and CFO (Australia)**

Stephen is a highly experienced director, Chief Financial Officer, and Company Secretary.

Stephen is a qualified Australian Chartered Accountant, with more than 30 years international experience in the areas of external and internal audit, risk management and compliance, treasury, and corporate finance across a range of industry sectors including agribusiness, mining, infrastructure, property development and banking and finance. Stephen holds a Bachelor of Business (Accountancy) from the Queensland Institute of Technology and is an Australian Chartered Accountant.

Stephen has acted as CFO and Company Secretary of a range of ASX, TSX, AIM and LSE listed companies.

**Renato Gonzaga****CFO (Brazil)**

Renato has over 15 years of professional experience in execution of transactions, including turnaround situations in the natural resource industry in Brazil and the U.S.

Renato previously led the M&A and Investor Relations for MMX Metals and Mining.

Renato worked as a CFO for a US Agtech company and as an investment banker for a leading financial advisory firm, G5 partners.

Renato holds a Bachelor of Science in Economics from the Federal university of Minas Gerais (UFMG) and an MBA from IMD Switzerland.

4.4 Interests and Benefits

(a) Remuneration of Directors

The Company has entered into Executive Agreements with Todd Hannigan and Bernardo da Veiga and Non-Executive Director Appointment Letters with Kristie Young and Camila Ramos as detailed in Sections 4.5 and 4.6.

4. Board, Management and Corporate Governance continued

A summary of the fees of the Directors on Admission pursuant to those agreements is as follows:

Table 13: Summary of Directors' fees on Admission

DIRECTOR	ANNUAL FEES ⁶
Todd Hannigan ^{2,3}	A\$280,000 ¹
Bernardo da Veiga ^{4,5}	A\$436,000 ¹
Kristie Young ⁶	A\$122,100 ¹
Camila Ramos ⁷	A\$98,000

Notes:

- Base remuneration, inclusive of superannuation.
- In addition to his base remuneration Mr Hannigan is entitled to the following as described in Section 4.5(a):
 - a one-off sign on bonus totalling A\$233,333 (inclusive of superannuation) in compensation for Mr Hannigan providing consulting and advisory services to the Company since 1 September 2022 which has been paid as at the date of this Prospectus;
 - an annual short term incentive bonus of up to 100% of his annual base remuneration (reduced by the amount of applicable taxation and subject to Mr Hannigan achieving key performance indicators set by the Board each year at its absolute discretion). No key performance indicators have been set by the Board for the current or future periods, as at the date of this Prospectus;
 - a one-time bonus of 100% of his annual base remuneration if the Company completes a Relevant IPO Transaction on or before 31 December 2023;
 - various types of leave – including annual leave, personal/carer's leave (including sick leave), compassionate leave, long service leave, community service leave and parental leave – in accordance with applicable legislation;
 - payment or reimbursement:
 - for all authorised and reasonable work-related expenses incurred in the course of Mr Hannigan's employment, including any out of pocket travel expenses and miscellaneous Company expenses;
 - for reasonable moving and living expenses when working from locations other than Australia at the Company's request;
 - in order to allow Mr Hannigan to obtain personal taxation advice regarding working from locations other than Australia at the Company's request; and
 - for reasonable costs associated with Mr Hannigan's participation in training and further education courses relevant to his employment, subject to Mr Hannigan receiving written approval of the Board in advance of registration or enrolment in any such course.
- In the two years prior to the date of this Prospectus, Mr Hannigan has been paid a total of A\$439,696 comprising a consultancy fee of A\$136,364 in relation to services provided to the Company in 2022 prior to his appointment as Executive Chairman, the A\$233,333 sign on bonus described in item 2(i) above and \$93,333 paid pursuant to Mr Hannigan's Executive Agreement.
- In addition to his base remuneration Dr da Veiga is entitled to the following as described in Section 4.5(b):
 - an annual short term incentive bonus of up to 150% of his annual base remuneration (reduced by the amount of applicable taxation and subject to Dr da Veiga achieving key performance indicators set by the Board each year at its absolute discretion). No key performance indicators have been set by the Board for the current or future periods as at the date of this Prospectus;
 - a one-time bonus of 100% of his annual base remuneration if the Company completes a Relevant IPO Transaction on or before 31 December 2023;
 - various types of leave – including annual leave, personal/carer's leave (including sick leave), compassionate leave, long service leave, community service leave and parental leave – in accordance with applicable legislation;
 - the use of an automobile and reimbursement for all maintenance and repair costs incurred by Dr da Veiga in connection with the use of that automobile;
 - payment or reimbursement:
 - for all authorised and reasonable work-related expenses incurred in the course of Dr da Veiga's employment, including any out of pocket travel expenses and miscellaneous Company expenses;
 - for reasonable living expenses when working at a location at the Company's request at which Dr da Veiga is unable to stay at his primary residence in the United Kingdom;
 - in order to allow Dr da Veiga to obtain personal taxation advice regarding working in different tax jurisdictions at the Company's request; and
 - for reasonable costs associated with Dr da Veiga's participation in training and further education courses relevant to his employment, subject to Dr da Veiga receiving written approval of the Board in advance of registration or enrolment in any such course.
- In the two years prior to the date of this Prospectus, Dr da Veiga was paid cash remuneration totalling A\$880,190 comprising consultancy fees of A\$807,524 in relation to services provided to the Company in 2022 and 2023 prior to his appointment as Managing Director and CEO, and \$72,666 paid pursuant to Dr da Veiga's Executive Agreement. In addition, in the two years preceding the date of this Prospectus Dr da Veiga received Shares to the value of A\$155,627 as remuneration for services provided to the Company in 2021 and 2022.
- Exclusive of superannuation and inclusive of base fee and additional fees for being Chair of the Audit and Risk Committee and the Nomination and Remuneration Committee. In addition, as detailed in Section 4.6, Ms Young is entitled to be reimbursed by the Company for her reasonable expenses incurred by her in performing her duties as a Director (including in relation to any authorised independent professional advice sought by her to assist her in carrying out her duties as a Director). In the two years prior to the date of this Prospectus, Ms Young has been paid a total of A\$59,066 in Director fees and superannuation.

7. Inclusive of base fee and additional fees for being a member of the Audit and Risk Committee and the Nomination and Remuneration Committee. In addition, as detailed in Section 4.6, Ms Ramos is entitled to be reimbursed by the Company for her reasonable expenses incurred by her in performing her duties as a Director (including in relation to any authorised independent professional advice sought by her to assist her in carrying out her duties as a Director). In the two years prior to the date of this Prospectus, Ms Ramos has been paid a total of A\$14,184 in Director fees.
8. Annual base remuneration payable assuming the Director is employed/appointed for the whole of the financial year. If a Director is employed or appointed for only a part of the financial year, the actual remuneration paid to that Director will be a pro rata amount of the annual fees based on the period of time during the year that the Director was employed/appointed.
9. In the two years prior to the date of this Prospectus, the Company paid consulting fees totalling A\$130,000 to Mr Dominic Allen who resigned as a Director on 28 August 2023.

Refer to Sections 4.5 and 4.6 for further details on the Executive Agreements and the Non-Executive Director Appointment Letters (respectively).

Refer also to Section 4.4(b) (immediately below) for details of the Shares, Convertible Notes and Options issued to the Directors (or their associates), including as equity remuneration.

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 Non-Executive Directors is A\$350,000 per annum.

(b) Directors interests in Securities

The Directors and their associated entities have the following interests in Securities as at the date of this Prospectus:

Table 14: Summary of Directors' interests in Securities at the date of this Prospectus

DIRECTOR	SHARES	OPTIONS ¹	CONVERTIBLE NOTES
Todd Hannigan and his associates ³	24,577,875 ²	2,868,775	–
Bernardo da Veiga and his associates ³	17,586,625	3,824,975	–
Kristie Young and her associates	–	266,525	20,000 ⁴
Camila Ramos and her associates	–	266,525	–

Notes:

1. These Options comprise of Management Performance Options and Director Options which were issued to executive Directors and non-executive Directors (respectively) (and/or their respective nominee(s)) prior to the date of this Prospectus as detailed in Sections 4.5 and 4.6, pursuant to the Employee Incentive Plan and on the terms in Section 9.4 (for the Management Performance Options) and in Section 9.3 (for the Director Options).
2. Held in the name of DITM Holdings Pty Ltd, being a company controlled and owned by Mr Hannigan and his spouse.
3. In addition to these Securities, Rare Earths Americas Pty Ltd, being a company in which Mr Hannigan and Dr da Veiga are minority shareholders and Dr. da Veiga is also a director, holds 5,024,600 Shares as at the date of this Prospectus. Refer to Sections 4.4(d) and 9.6(g) for further information.
4. Held in the name of Ms Young's partner.

4. Board, Management and Corporate Governance continued

Based on the intentions of the Directors as at the date of this Prospectus in relation to the Offer, the Directors and their associated entities will have the following interests in Securities on Admission:

Table 15: Summary of Directors' interests in Securities at the date of Admission

DIRECTOR	MAXIMUM SHARES ¹	OPTIONS ²	MAXIMUM VOTING POWER IN COMPANY UPON ADMISSION ³
Todd Hannigan	24,577,875 ⁴	2,868,775	12.24%
Bernardo da Veiga ⁵	17,586,625	3,824,975	9.55%
Kristie Young	41,518 ⁶	266,525	0.14%
Camila Ramos ⁵	–	266,525	0.12%

Notes:

- Includes the existing interests of Directors in Shares as at the date of this Prospectus and, in the case of Ms Young, the Shares that are proposed to be issued to her pursuant to the Offer. This table does not include the 5,024,600 Shares held by Rare Earths Americas Pty Ltd, being a company in which Mr Hannigan and Dr da Veiga are minority shareholders and Dr. da Veiga is also a director (refer to Sections 4.4(d) and 9.6(g)).
- These Options comprise of Management Performance Options and Director Options which were issued to executive Directors and non-executive Directors (respectively) (and/or their respective nominee(s)) as detailed in Sections 4.5 and 4.6, pursuant to the Employee Incentive Plan and on the terms in Section 9.4 (for the Management Performance Options) and in Section 9.3 (for the Director Options).
- Maximum Voting Power is calculated on a fully diluted basis (and assuming that the Convertible Notes convert into 33,624,073 Shares pursuant to the Notes Conversion on the Allotment Date). The actual Voting Power may vary if that conversion of the Convertible Notes occurs at a different time, due to that impacting on the number of Shares to be converted from interest due on the Founder Notes, as detailed in Section 9.6(c).
- Held in the name of DITM Holdings Pty Ltd. Todd Hannigan does not intend to participate in the Offer. Refer to Section 4.4(d) for information regarding the proposed issue of Shares to Mr Hannigan's father pursuant to the Offer.
- Dr da Veiga and Ms Ramos do not intend to participate in the Offer.
- Includes 31,313 Shares to be issued pursuant to the Notes Conversion in relation to the 20,000 Convertible Notes held as at the date of this Prospectus by Ms Young's partner and 10,205 Shares intended to be issued to Ms Young pursuant to the Offer.

Directors may hold their interests in Securities shown above directly or indirectly through holdings by companies, trusts or other nominees.

(c) Senior management remuneration

The remuneration of members of the senior management team as at Admission is summarised in the following table:

Table 16: Summary of senior management remuneration at the date of Admission

NAME	ROLE	ANNUAL REMUNERATION (A\$) ¹	MANAGEMENT PERFORMANCE OPTIONS ²
Alexandre Magno Rocha da Rocha ^{3,4}	Chief Geologist	114,545	–
Mr Renato Gonzaga ^{3,5}	CFO – Brazil	100,000	956,200
Mr Stephen Kelly ^{3,6}	Company Secretary and CFO – Australia	100,000	956,200

Notes:

- Inclusive of superannuation.
- These Options comprise Management Performance Options which were issued to certain members of senior management (and/or their respective nominee(s)) prior to the date of this Prospectus pursuant to the Employee Incentive Plan and on the terms in Section 9.4.
- Senior management are not contractually entitled to receive any short term incentives or bonuses however the Company's Directors may elect to implement a short term plan for senior management and/or pay discretionary bonuses to senior management.
- Mr Rocha da Rocha provides geological consulting services to Borborema, Jeque and Ubaira pursuant to a project-based contract which commenced on 1 October 2021. The contract may be terminated by either party providing thirty days written notice to the other party. In 2022, the total aggregate amount paid to Mr Rocha da Rocha amounted to R\$378,000.
- Mr Gonzaga is employed as Chief Financial Officer (Brazil) by Borborema pursuant to a contract which commenced on 1 July 2023 and expires on 30 June 2024. Mr Gonzaga receives a gross salary of R\$27,750 per month. The contract may be terminated by either party providing ninety days written notice to the other party.
- Mr Kelly provides Company Secretarial and CFO services to the Company pursuant to a consultancy agreement with KCG Advisors Pty Ltd. A monthly retainer of A\$8,500 plus GST is payable to KCG Advisors Pty Ltd for 37.5 hours. Hours in addition to 37.5 hours shall be invoiced by KCG Advisors Pty Ltd at A\$275 per hour excluding GST. The agreement may be terminated by either party giving the other party three months' notice.

(d) Related Party Transactions

Parties are related (among other circumstances) if one party has the ability, directly or indirectly, to control the other party.

The Company (and/or certain of its wholly owned subsidiaries) has entered into related party transactions, including as disclosed elsewhere in this Prospectus. This includes, without limitation:

- (i) Executive Agreements with Todd Hannigan and Bernardo da Veiga and Non-Executive Director Appointment Letters with Kristie Young and Camila Ramos, being the Directors of the Company (refer to Sections 4.5 and 4.6 for further details);
- (ii) Deeds of Indemnity, Insurance and Access with each of its Directors (refer to Section 4.7 for further details);
- (iii) an agreement pursuant to which Borborema (being a wholly owned subsidiary of the Company) hires, on an arms-length basis, at market prices, exploration equipment from Brazil Royalty Corp Participacoes E Investimentos Ltda (**BRC**) (refer to Section 9.6(h) for further details);
- (iv) an agreement pursuant to which BRC provides management services to Borborema (refer to Section 9.6(i) for further details);
- (v) Royalty Agreements with BRC, pursuant to which BRC holds a 2.5% royalty over some of the Company's tenements (refer to Section 9.6(d) and section IX.1 of the Independent Solicitor's Report for further details);
- (vi) Alpha Tenement Acquisition Agreement, pursuant to which Borborema will acquire the Alpha Tenements from Alpha Brazil, which is a wholly owned subsidiary of Rare Earths Americas Pty Ltd (refer to Section 9.6(g) for further details);
- (vii) participation by the existing Directors and a previous director of the Company (Mr Dominic Allen) or their related persons or entities, in various issues of Securities, including as referred to in this Prospectus;
- (viii) the Company proposes to issue up to 10,205 Shares to Ms Young pursuant to the Offer, as referred to in Section 4.4(b) of this Prospectus;
- (ix) the Company proposes to issue up to 61,225 Shares to Mr Hannigan's father pursuant to the Offer; and
- (x) the acquisition by Alpha Minerals Pty Ltd from BRE of the 50% shareholdings previously held by BRE in two inactive shell companies with negligible assets, being:
 - (A) Alpha Minerals UK Investments Limited (CN: 13753178) on 28 August 2023 in consideration for £1.00 which has been paid to BRE; and
 - (B) Alpha Consulting Oz Pty Ltd (ACN 652 552 764) on 28 August 2023 in consideration for A\$1.00 which has been paid to BRE.

Further to the above, disclosures are made regarding Alpha Minerals Pty Ltd and its wholly owned subsidiary BRC, as Dr da Veiga and Mr Dominic Allen are the directors of (and collectively have capacity to determine the outcome of decisions about the financial and operating policies of) Alpha Minerals Pty Ltd and Dr da Veiga, Mr Allen and Mr Hannigan are minority shareholders of Alpha Minerals Pty Ltd (each holding less than 20% of the shares). Mr Allen is a related party of the Company as he was a Director within the six month period prior to the date of this Prospectus (him having resigned as a Director on 28 August 2023).

Disclosures are also made regarding Rare Earths Americas Pty Ltd and its wholly owned subsidiary company Alpha Brazil, as Dr da Veiga and Mr Dominic Allen are the directors of (and collectively have capacity to determine the outcome of decisions about the financial and operating policies of) Rare Earths Americas Pty Ltd and Dr da Veiga, Mr Allen and Mr Hannigan are minority shareholders of Rare Earths Americas Pty Ltd (each holding less than 20% of the shares).

4. Board, Management and Corporate Governance continued

4.5 Executive Agreements

The Company has entered into employment agreements with Mr Hannigan and Dr da Veiga in respect of their engagements with the Company (**Executive Agreements**). Details of the Executive Agreements are provided below.

(a) Executive Chair Services Agreement – Todd Hannigan

The Company has entered into an employment agreement with Todd Hannigan pursuant to which the Company has agreed to pay Mr Hannigan A\$280,000 per annum (inclusive of statutory superannuation) for services provided as Executive Chair.

Pursuant to the agreement, Mr Hannigan is responsible for performing the role of Executive Chair within the scope of his qualifications, skills and experience and to report to the Board of Directors as the Company may reasonably require from time to time.

In addition, in accordance with the terms of the agreement and the Employee Incentive Plan, the Company has issued Mr Hannigan (or his nominee) 2,868,775 Management Performance Options comprising of:

- (i) 860,650 Tranche A Management Performance Options;
- (ii) 860,650 Tranche B Management Performance Options;
- (iii) 573,825 Tranche C Management Performance Options; and
- (iv) 573,650 Tranche D Management Performance Options.

on the terms and conditions set out in Section 9.4.

Mr Hannigan may also, at the absolute discretion of the Board, be entitled to an annual short term incentive bonus of up to 100% of his annual base remuneration subject to Mr Hannigan achieving key performance indicators set by the Board each year. No key performance indicators have been set by the Board for the current or future periods as at the date of this Prospectus.

If a Relevant IPO Transaction is successfully completed by the end of the 2023 calendar year, the Company will pay to Mr Hannigan a one-time bonus of A\$280,000 (inclusive of any statutory superannuation/pension benefits), payable 30 days following the closing of the Relevant IPO Transaction. Any such Relevant IPO Transaction bonus earned or paid to Mr Hannigan shall not reduce Mr Hannigan's entitlement to an annual short-term incentive bonus.

The Company may terminate Mr Hannigan's employment by giving not less than twelve months' notice and may elect to pay out the notice period. If the Company terminates the employment for redundancy, Mr Hannigan shall be entitled to an additional payment equivalent to six months' remuneration plus an amount equal to two months remuneration for each full year of completed service with the Company (with payment for any part year of service calculated on a pro rata basis). The Company may also terminate Mr Hannigan's employment at any time without notice (or payment in lieu of notice) in certain customary circumstances such as involving material breaches by him.

Mr Hannigan may also terminate his employment without notice for Good Reason, in Good Faith or for a Change Reason.

If the employment of Mr Hannigan is terminated by Mr Hannigan for Good Reason, in Good Faith or for a Change Reason the Company shall pay to Mr Hannigan and provide Mr Hannigan with the remuneration and benefits arising under the agreement as if his employment had ended with a notice by the Company and the termination will not be construed in any way or have the effect of termination for cause. Mr Hannigan may otherwise terminate his employment by giving not less than three months' notice.

Shareholder approval for certain termination benefits that may become payable to Mr Hannigan under his Executive Agreement was obtained at the Company's Annual General Meeting held on 1 September 2023.

Mr Hannigan's Executive Services Agreement otherwise contains provisions considered standard for an agreement of this nature.

(b) Managing Director and CEO Services Agreement – Bernardo da Veiga

The Company has entered into an employment agreement with Bernardo da Veiga pursuant to which the Company has agreed to pay Dr da Veiga A\$436,000 per annum (inclusive of statutory superannuation) for services provided as Managing Director and Chief Executive Officer of the Company.

Pursuant to the agreement, Dr da Veiga is responsible for performing the role of Managing Director and CEO within the scope of his qualifications, skills and experience and to report to the Board of Directors as the Company may reasonably require from time to time.

In addition, in accordance with the terms of the agreement and the Employee Incentive Plan, the Company has issued Dr da Veiga (or his nominee) 3,824,975 Management Performance Options comprising of:

- (i) 1,147,650 Tranche A Management Performance Options;
- (ii) 1,147,475 Tranche B Management Performance Options;
- (iii) 764,925 Tranche C Management Performance Options; and
- (iv) 764,925 Tranche D Management Performance Options.

on the terms and conditions set out in Section 9.4.

Dr da Veiga may also, at the absolute discretion of the Board, be entitled to an annual short term incentive bonus of up to 150% of his annual base remuneration subject to Dr da Veiga achieving key performance indicators set by the Board each year. No key performance indicators have been set by the Board for the current or future periods as at the date of this Prospectus.

If a Relevant IPO Transaction is successfully completed by the end of the 2023 calendar year, the Company will pay to Dr da Veiga a one-time bonus of A\$436,000 (inclusive of any statutory superannuation/pension benefits), payable 30 days following the closing of the Relevant IPO Transaction. Any such Relevant IPO Transaction bonus earned or paid to Dr da Veiga shall not reduce Dr da Veiga's entitlement to an annual short-term incentive bonus.

In addition, the Company will provide Dr da Veiga with a fully maintained motor vehicle (as selected by the Directors of the Company at their absolute discretion).

The Company may terminate Dr da Veiga's employment by giving not less than twelve months' notice and may elect to pay out the notice period. If the Company terminates the employment for redundancy, Dr da Veiga shall be entitled to an additional payment equivalent to six months' remuneration plus an amount equal to two months remuneration for each full year of completed service with the Company (with payment for any part year of service calculated on a pro rata basis). The Company may also terminate Dr da Veiga's employment at any time without notice (or payment in lieu of notice) in certain customary circumstances, such as involving material breaches by him.

Dr da Veiga may also terminate his employment without notice for Good Reason, in Good Faith or for a Change Reason.

If the employment of Dr da Veiga is terminated by Dr da Veiga for Good Reason, the Company shall pay to Dr da Veiga and provide Dr da Veiga with the remuneration and benefits arising under the agreement as if his employment had ended with a notice by the Company and the termination will not be construed in any way or have the effect of termination for cause. Dr da Veiga may otherwise terminate his employment by giving not less than three months' written notice.

Shareholder approval for certain termination benefits that may become payable to Dr da Veiga under his Executive Agreement was obtained at the Company's Annual General Meeting held on 1 September 2023.

Dr da Veiga's Executive Agreement otherwise contains provisions considered standard for an agreement of this nature.

4. Board, Management and Corporate Governance continued

4.6 Non-Executive Director Arrangements

The Company has entered into non-executive director appointment letters with Kristie Young and Camila Ramos (**Non-Executive Director Appointment Letters**) pursuant to which each of those Directors will receive annual director fees as follows:

- (a) a base fee of A\$80,000 per annum (exclusive of statutory superannuation); and
- (b) an additional fee of A\$9,000 per annum (exclusive of statutory superannuation) for each separately constituted sub-committee of the Board to which the non-executive director is appointed. This additional fee for each board sub-committee to which a non-executive Director is appointed shall be increased to A\$15,000 per annum (exclusive of statutory superannuation) if the non-executive Director is appointed as the Chair of the sub-committee.

The Company has also agreed to reimburse Ms Young and Ramos for reasonable expenses incurred in performing their duties as Directors (including in relation to any authorised independent professional advice sought by Ms Young or Ms Ramos to assist them in carrying out their duties as Directors).

In addition, in connection with the Non-Executive Director Appointment Letters and in accordance with the terms of the Employee Incentive Plan, the Company has issued each non-executive Director (or their respective nominee(s)) 266,525 Director Options comprising of:

- (a) 88,900 Tranche A Director Options;
- (b) 88,900 Tranche B Director Options; and
- (c) 88,725 Tranche C Director Options.

on the terms and conditions set out in Section 9.3.

Pursuant to the Non-Executive Director Appointment Letters, Ms Young and Ramos have agreed to establish (within 48 months of their respective appointment or such other time as may be agreed with the Company) and maintain a level of ownership of Shares equal in value to their base fee (or such other amount calculated by the Board from time to time in accordance with the Non-Executive Director Appointment Letters). This minimum holding includes any Shares that may be issued upon the vesting and exercise of the Director Options issued to the non-executive Directors.

The appointment of each non-executive Director shall cease upon the non-executive Director:

- (a) ceasing to be a Director under any provision of the Corporations Act or other applicable laws;
- (b) becoming bankrupt or make any arrangement or composition with her creditors generally;
- (c) becoming prohibited from being a Director by reason of any order made under the Corporations Act;
- (d) becoming of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
- (e) resigning her office by notice in writing to the Company;
- (f) being removed from office by resolution of the Company;
- (g) not being elected or re-elected at any general meeting of the Shareholders of the Company at which a resolution for her election or re-election is voted on; or
- (h) ceasing to hold office under any other circumstances as specified in the Constitution.

The Non-Executive Director Appointment Letters otherwise contain terms and conditions that are considered standard for agreements of this nature, including in relation to confidentiality and disclosure of interests.

4.7 Deeds of Indemnity, Insurance and Access

The Company has entered into standard deeds of indemnity, insurance and access with each of the Directors and Mr Stephen Kelly. Pursuant to those deeds, the Company will indemnify the Directors and Mr Kelly to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company or of any subsidiary of the Company and for all legal expenses incurred by the officer as an officer of the Company or of any subsidiary of the Company. The Company is also required to maintain insurance policies for the benefit of the Directors and Mr Kelly which insures them against all liabilities incurred by them acting directly or indirectly as an officer of the Company or of any subsidiary of the Company and the Company must also allow them to inspect Board papers and other Company records in certain circumstances.

Certain prohibitions under the Corporations Act limit certain benefits which may be provided by the Company under the deeds of indemnity, insurance and access.

4.8 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the Company's policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent considered appropriate for the Company's size and nature, the Company has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current Board composition and structure is a cost effective and practical method of directing and managing the Company. If the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are detailed below. The Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website at www.brazilianrareearths.com.

(a) Board of Directors

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. Clearly articulating the division of responsibilities between the Board and management will help manage expectations and avoid misunderstandings about their respective roles and accountabilities.

In general, the Board assumes (amongst others) the following responsibilities:

- (i) providing leadership and setting the strategic objectives of the Company;
- (ii) appointing, monitoring and managing the performance of the Company's executive Directors and senior management;
- (iii) undertaking appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director;
- (iv) overseeing management's implementation of the Company's strategic objectives and its performance generally;
- (v) approving operating budgets and major capital expenditure;
- (vi) overseeing the integrity of the company's accounting and corporate reporting systems, including the external audit;

4. Board, Management and Corporate Governance continued

- (vii) overseeing the company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Shares;
- (viii) ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate; and
- (ix) monitoring the effectiveness of the Company's governance practices.

The Company is committed to ensuring that appropriate checks are undertaken before the appointment of a Director and has in place written agreements with each Director which detail the terms of their appointment.

(b) Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. On Admission, the Board will comprise of two executive Directors (being Mr Hannigan and Dr da Veiga) and two independent non-executive Directors (being Ms Young and Mrs Ramos). The Board considers the Company's non-executive Directors are free from any interest, position, association or relationship that may influence or reasonably be perceived to influence, the independent exercise of their judgement and that each of them is able to fulfil the role of an independent Director for the purpose of the Recommendations. Subject to the Board's discretion and the identification of a suitable candidate, the Board may consider appointing a further independent non-executive Director following Admission. No decision has been made to do so, and no candidate has been identified as at the date of this Prospectus.

If the Company's activities develop in size, nature and scope, the composition of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

(c) Identification and management of risk

The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(d) Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

(e) Independent professional advice

Subject to the Chair's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(f) Nomination and Remuneration Committee

The Company has established a Nomination and Remuneration Committee the members of which will be Kristie Young (Chair), Camila Ramos and Todd Hannigan. The objectives of the Nomination and Remuneration Committee are to:

- (i) review and advise the Board on the composition of the Board and its committees;
- (ii) advise on the process of recruitment, appointment and re-election of directors;
- (iii) review the performance of the Board, the Chairperson, the executive and non-executive directors and other individual members of the Board;
- (iv) ensure proper succession plans are in place for consideration by the Board;
- (v) assist the Board with the establishment of remuneration policies and practices for the Company's Managing Director, senior managers and staff, as well as to ensure director compensation is fair and current; and
- (vi) evaluate the competencies required of prospective directors (both non-executive and executive), identify those prospective directors and establish their degree of independence.

(g) Audit and Risk Committee

The Company has established an Audit and Risk Committee the members of which are Kristie Young (Chair), Camila Ramos and Bernardo da Veiga. The objectives of the Audit and Risk Committee are to:

- (i) oversee, review and supervise the Company's risk management framework and promote a risk management culture, including considering the appropriateness of implementing an internal audit function;
- (ii) assist the Board in discharging its responsibilities relative to the financial reporting process, the system of internal control relating to all matters affecting the Company's financial performance and the audit process;
- (iii) review and assess the appointment, qualifications, independence, performance and remuneration of, and relationship with, the Group's external auditors and the integrity of the audit process as a whole;
- (iv) assist the Board in monitoring compliance with laws and regulations and the Company's Code of Conduct;
- (v) assist the Board to adopt and apply appropriate ethical standards in relation to the management of the Company and the conduct of its business; and
- (vi) review the adequacy of the Company's insurance policies.

(h) External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors following the recommendation from the Audit and Risk Committee.

(i) Internal audit

The Company does not have an internal audit function. The Board considers the board's oversight and financial control function in conjunction with its risk management policy is sufficient for a Company of its small size and lack of complexity. The Company's Audit and Risk Committee is designed to assist the Board in evaluating and seeking to improve the effectiveness of the Company's governance, risk management and internal control processes.

4.9 Corporate Governance Policies

The Company has adopted the following policies, each of which has been prepared having regard to the Recommendations and is available on the Company's website at www.brazilianrareearths.com.

(a) Whistleblower policy

The Company has adopted a whistleblower policy to ensure concerns regarding unacceptable conduct including breaches of the Company's code of conduct can be raised on a confidential basis, without fear of reprisal, dismissal or discriminatory treatment. The Company is committed to creating and maintaining a culture of corporate compliance and ethical behaviour in which employees are responsible and accountable and behave with honesty and integrity.

(b) Anti-Bribery and Anti-Corruption policy

The Company is committed to ensuring that its corporate culture, in all its offices and operations worldwide, discourages fraudulent and corrupt conduct and has adopted an anti-bribery and anti-corruption policy. The purpose of the anti-bribery and anti-corruption policy is to educate and inform personnel and representatives of the Company of the Company's commitment to anti-corruption and bribery requirements arising out of anti-bribery and corruption laws and the various laws prohibiting fraudulent and corrupt behaviour more generally.

4. Board, Management and Corporate Governance continued

(c) Securities Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of Securities by its key management personnel (i.e. Directors and the senior management). The policy generally provides that the written acknowledgement of the Chair (or the Board in the case of the Chair) must be obtained prior to trading.

(d) Diversity policy

The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has set in place a Diversity, Equality and Inclusion policy. This policy provides that the Board may adopt measurable objectives to achieve diversity and review the Company's progress in meeting these objectives and the effectiveness of these objectives each year.

(e) Code of Conduct

This policy details the standards of ethical behaviour that the Company expects from its Directors, officers and employees.

(f) Continuous Disclosure Policy

Once listed on the ASX, the Company will need to comply with the continuous disclosure requirements of the Listing Rules and the Corporations Act to ensure the Company discloses to the ASX any information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares (subject to certain exceptions). As such, this policy sets out certain procedures and measures which are designed to ensure that the Company complies with its continuous disclosure obligations.

(g) Shareholder Communications Policy

This policy details the practices which the Company will implement to ensure effective communication with its shareholders.

(h) External Communications Policy

This policy details the practices which the Company will implement to ensure effective communication with its external stakeholders.

(i) Risk Management Policy

This policy is designed to assist the Company to identify, assess, monitor and manage risks affecting the Company's business. The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(j) Related parties policy

This policy has been adopted by the Company to record the Company's commitment to complying with all related party transaction requirements under the Corporations Act and, if applicable, the Listing Rules. This policy sets out a framework for obtaining approval for all related party transactions and is designed to ensure that the Company complies with its related party transaction obligations.

4.10 Departures from ASX Recommendations

The Recommendations are not prescriptions but guidelines. However, under the Listing Rules the Company will be required to provide a statement in its annual report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's departures from Recommendations are detailed in the following table, which the Board considers reasonable given the current stage of development of the Company and its business. Otherwise, the Company will comply with the Recommendations as at the date of Admission, as applicable to the Company.

Table 17: Summary of departures from ASX Recommendations

PRINCIPLE	EXPLANATION FOR DEPARTURE
ASX Recommendation 1.5 A listed entity should set measurable objectives for achieving gender diversity.	<p>The Company has adopted a diversity policy and the Board recognises the benefit of having a diverse employee base from a variety of ages, genders, cultural backgrounds or other personal factors.</p> <p>Due to the size and specialist nature of the Company's current business activities and the small workforce currently employed, it is not practical for the Company to set measurable objectives for achieving gender diversity.</p>
ASX Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	<p>At the time of Admission, the Company's Board will comprise two independent directors and two non-independent directors. Accordingly, a majority of directors will not be independent directors.</p> <p>Given the size and scope of the Company's operations, the Board considers that it has the relevant experience in the exploration and mining industry and is appropriately structured to discharge its duties in a manner that is in the best interests of its shareholders from both a long-term strategic and operational perspective.</p> <p>The Board Charter provides that it is preferable that the majority of the Board be independent non-executive directors. Accordingly, the Board may appoint further independent non-executive directors as suitably qualified candidates are identified and as the size and scale of the Company's operations determine.</p>
ASX Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<p>The Executive Chair, Mr Hannigan is not considered to be an independent Director. The Board believes Mr Hannigan to be the most appropriate person to act as Chair of the Company at this time as he has been instrumental in the formation of the Company and has extensive skills and experience in managing and developing mining companies.</p> <p>Mr Hannigan's role as Executive Chair is balanced by the appointment of Ms Kristie Young as Lead Independent Director. The Lead Independent Director ensures the views of independent directors are raised and considered by the Board and provides leadership and support to the other independent director in relation to matters that uniquely concern them as independent directors. The Lead Independent Director, in conjunction with the Chair ensures that conflicts of interest on the Board (whether actual or potential) are identified and managed appropriately.</p>
ASX Recommendation 4.1 A listed entity should have an audit committee which has at least three members all of whom are non-executive directors.	<p>The Company's Audit and Risk Committee includes one Executive Director, Dr da Veiga.</p> <p>The Company considers that as the majority of the members of the Audit and Risk Committee are independent, non-executive Directors the partial compliance with the recommendation will not be detrimental to the Company. However, as the scale of operations increases, the Board will review the membership of the Audit and Risk Committee.</p>



5. Industry Overview Report

5. Industry Overview Report



Rare Earth Market Outlook

Independent Analysis for Brazilian Rare Earths



Adamas Intelligence

Q3 2023

5. Industry Overview Report continued

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This report contains "forward-looking statements" – that is, statements related to future events. In this report, forward-looking statements address our expectations of future rare earth production, supply, demand, consumption, and prices within parameters defined by stated scenarios, and often contain words such as "forecast", "project", "expect," "anticipate," "intend," "plan," "believe," "seek," "see," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain.

A number of future uncertainties exist that could cause actual results to be materially different than those expressed in our forward-looking statements. Readers are responsible for assessing the relevance and accuracy of these forward-looking statements. Adamas Intelligence will not be liable for any loss, damage, cost, or expense incurred or arising by any reason of any person or business using or relying on forward-looking statements and/or other information contained in this report.

Important Notes:

All prices and values referred to herein are in U.S. dollars unless specified otherwise.

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Terminology and Abbreviations

Abbreviation	Terminology	Definition
REE	Rare Earth Element	The lanthanide series of chemical elements, plus yttrium
REO(s)	Rare Earth Oxide(s)	Chemical oxides of lanthanides and/or yttrium
REO Equivalent	Rare Earth Oxide Equivalent	An amount or concentration of REE metals or REE compounds expressed in terms of their equivalent amount or concentration of REE oxide
TREO	Total Rare Earth Oxide	The collective of all rare earth oxides combined
Mag REO	Magnet Rare Earth Oxides	The collective of Nd ₂ O ₃ , Pr ₆ O ₁₁ , Dy ₂ O ₃ and Tb ₄ O ₇ combined
LREO(s)	Light Rare Earth Oxide(s)	La ₂ O ₃ , CeO ₂ , Pr ₆ O ₁₁ , Nd ₂ O ₃ , Sm ₂ O ₃ , Eu ₂ O ₃ , Gd ₂ O ₃
HREO(s)	Heavy Rare Earth Oxide(s)	Tb ₄ O ₇ , Dy ₂ O ₃ , Ho ₂ O ₃ , Er ₂ O ₃ , Lu ₂ O ₃ , Yb ₂ O ₃ , Tm ₂ O ₃ , Y ₂ O ₃
Nd ₂ O ₃	Neodymium Oxide	Commonly produced form of neodymium oxide
Pr ₆ O ₁₁	Praseodymium Oxide	Commonly produced form of praseodymium oxide
Dy ₂ O ₃	Dysprosium Oxide	Commonly produced form of dysprosium oxide
Tb ₄ O ₇	Terbium Oxide	Commonly produced form of terbium oxide
(Nd,Pr) ₂ O ₃	NdPr Oxide / Didymium Oxide	Combined form of neodymium (75%) and praseodymium (25%) oxide commonly used by NdFeB manufacturers instead of individual neodymium and/or praseodymium oxides
NdFeB Alloy	NdFeB Alloy	The NdFeB precursor materials from which sintered NdFeB magnets are manufactured
NdFeB Powder	NdFeB Powder	The NdFeB precursor materials from which bonded and hot deformed fully dense NdFeB magnets are manufactured
NdFeB Magnet	NdFeB Magnet	The final sintered or bonded magnet form (often coated to protect from corrosion) ready for use in a particular end-use or application
\$	U.S. dollars	All prices and values referred to herein are in U.S. dollars unless specified otherwise

5. Industry Overview Report continued

Introduction to the Rare Earth Elements

Rare Earth Elements: Critical Enablers of Electric Mobility and Energy Efficiency

Compared to similarly abundant elements in nature, such as copper, lead, and tin, global annual production of rare earth elements is notably low.

Nevertheless, rare earth elements have become critical enablers of technologies at the heart of clean energy initiatives worldwide, as well as ubiquitous gadgetry and electronics that have pervaded modern society.

Rare earth elements are used in small, but often necessary, amounts in hundreds of different technologies, materials, and chemicals worldwide for commercial, industrial, social, medical, and environmental applications.

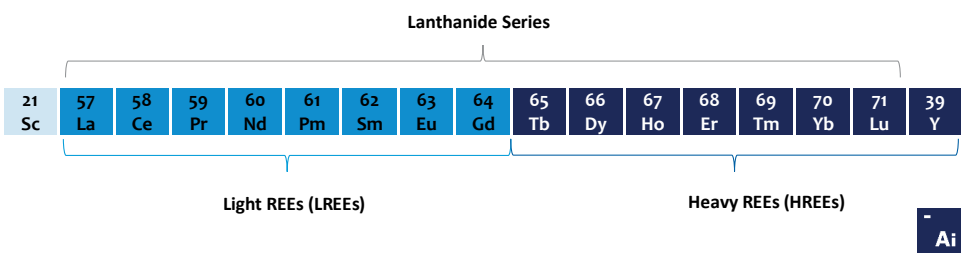
In just a period of decades, rare earth elements have seeped deeply into the fabric of modern technology and industry and have proven exceptionally challenging to duplicate or replace.

Classification and Terminology

On the Periodic Table of Elements, rare earth elements include the lanthanide series, plus yttrium and scandium (see Figure 1).

Yttrium is classified as a rare earth element because of its similar ionic radius to the lanthanides, as well as its similar chemical properties, whereas scandium is classified as a rare earth element because of its tendency to concentrate into many of the same minerals.

Figure 1: Rare earth elements include the lanthanide series plus scandium and yttrium



Rare earth elements are arbitrarily classified as light rare earth elements or oxides (“LREEs” or “LREOs”) or heavy rare earth elements or oxides (“HREEs” or “HREOs”) based on their electron configurations.

By virtue of having a higher crustal abundance, LREOs collectively make up over 90% of the total rare earth oxide (“TREO”) content in a typical rare earth deposit and thereby also make up the vast majority of the world’s TREO output each year. Heavy rare earth oxides, on the other hand, are present in the Earth’s crust in substantially lower concentrations than LREOs and as such make up a relatively small portion of the world’s TREO output each year.

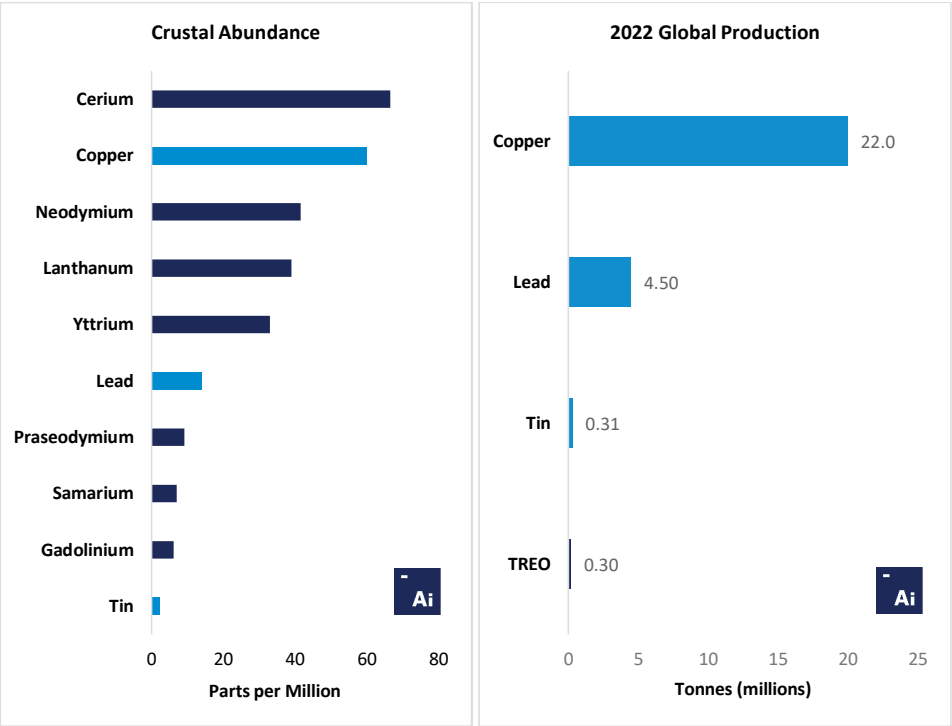
Rarely Enriched in Nature

Rare earth elements are not remarkably rare in nature, but rather are rarely concentrated into economically significant amounts for extraction and processing owing to certain physical and chemical characteristics that promote their broad dissipation in most rock types.

In fact, cerium is more abundant in the Earth’s crust than copper; neodymium, lanthanum and yttrium are more abundant than lead; and praseodymium, samarium and gadolinium are more abundant than tin (see Figure 2 – LHS).

Despite this fact, there were only 297,730 tonnes of all 17 REOs combined (“TREO”) produced globally in 2022 versus 22.0 million tonnes of copper, 4.5 million tonnes of lead and 310,000 tonnes of tin in the same year (see Figure 2 – RHS).

Figure 2: Global production of REEs is remarkably low compared to similarly abundant elements



Source: Adamas Intelligence research, USGS, Jefferson Lab

5. Industry Overview Report continued

Eight End-Use Categories

Rare earth elements are used in hundreds of unique end-uses and applications that collectively fall into one of eight end-use categories: 1.) Battery Alloys, 2.) Catalysts, 3.) Ceramics, Pigments and Glazes, 4.) Glass Polishing Powders and Additives, 5.) Metallurgy and Alloys, 6.) Permanent Magnets, 7.) Phosphors, and 8.) Other End-Uses and Applications (see Figure 3).

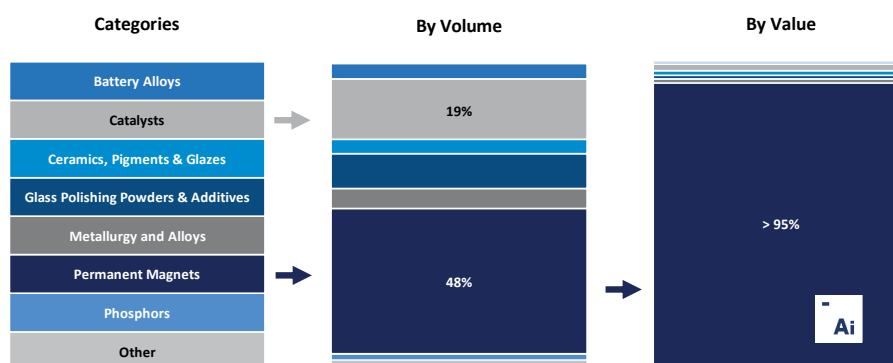
Figure 3: Rare earth applications and end-uses fall into one of eight end-use categories

End-Use Category	Description	Ai
Battery Alloys (La, Ce, Pr, Nd)	Rare earth elements are used to produce anode materials for nickel-metal hydride ("NiMH") batteries. NiMH batteries are used in hybrid electric vehicles, consumer electronics, cordless shavers, cordless power tools, baby monitors and other applications of rechargeable batteries.	
Catalysts (La, Ce)	Rare earth elements, such as cerium and lanthanum, are used in catalytic converters of gasoline- and diesel-powered vehicles, as well as fuel cracking catalysts and additives used by oil refiners to break down crude oil into lighter distillates, such as gasoline, diesel, kerosene and more.	
Ceramics, Pigments and Glazes (La, Ce, Pr, Nd, Y)	Rare earth elements are used to produce decorative ceramics, functional ceramics, structural ceramics, bio ceramics and many other types of ceramics used in everything from jet engine coatings to ceramic cutting tools, dental crowns, ceramic capacitors, ceramic tiles, and more.	
Glass Polishing Powders and Additives (Ce, La, Er, Gd, Y)	Rare earth elements, such as cerium, are used to polish optical glass, hard disk drive platters, LCD display screens and gemstones, among a long list of applications. Cerium is also used as an additive in UV-filtering glass and container glass, whereas lanthanum, yttrium and gadolinium are used to produce high quality optical glass used in camera lenses, microscopes and telescopes.	
Metallurgy and Alloys (La, Ce, Ho, Gd, Y)	Rare earth mischmetal (a mixture of light REE metals) is used during production of some types of steel, as well as ductile iron making. Rare earth elements are also used to produce a variety of different alloys, such as ferro-cerium, ferro-holmium, ferro-gadolinium and a growing list of others.	
Permanent Magnets (Nd, Pr, Dy, Tb, Sm)	Rare earth elements are used to produce high-strength permanent magnets that have enabled the production of ubiquitous gadgets and electronics, such as mobile phones and laptops, as well as power dense energy-efficient electric motors and generators used in electric vehicles, wind turbines, energy efficient appliances and hundreds of other applications.	
Phosphors (Ce, La, Y, Tb, Eu)	Rare earth elements are used in phosphors for energy efficient lamps, display screens and avionics, and are added to fiat currency in some nations as an anti-counterfeit measure.	
Other (La, Ce, Nd, Dy, Tb, Gd, Lu, Tm)	Aside from the above-described end uses and categories, rare earth elements are used in a long list of other end uses and applications, including many in defense, medicine, health, wellness, aerospace, agriculture, high-tech and chemical industries.	

Global Rare Earth Consumption in 2022

By volume, permanent magnets and catalysts were collectively responsible for 67% of global TREO consumption in 2022 (see Figure 4). However, by value, permanent magnets alone were responsible for over 95% of the total value of global TREO consumption last year (see Figure 4) and this share is poised to expand further as demand for (and prices of) neodymium, praseodymium, didymium, dysprosium and terbium continue to rise strongly in the years ahead.

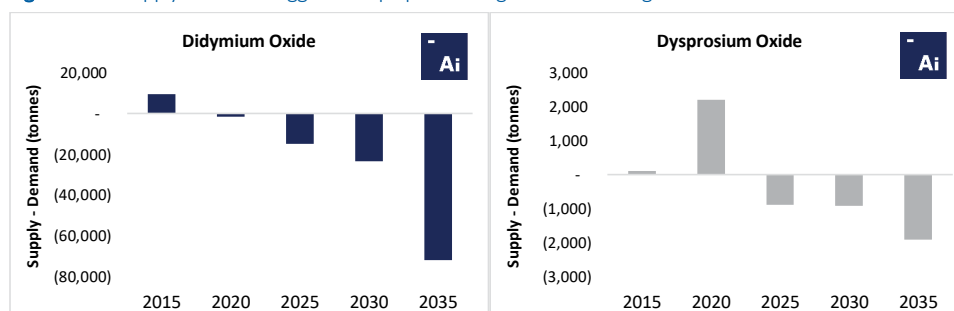
Figure 4: Permanent magnets and catalysts are the largest rare earth demand drivers



Not only does demand for neodymium, praseodymium, didymium, dysprosium and terbium collectively make up the majority of global value today, but in the years ahead demand for these four rare earth elements is expected to grow faster than demand for all other rare earth elements, challenging the ability of the supply-side to keep up.

As shown in Figure 5, Adamas Intelligence forecasts that global annual demand for didymium oxide and dysprosium oxide (or oxide equivalents) will substantially exceed global annual production by 2025, leading to the depletion of historically accumulated inventories and, ultimately, shortages of these critical magnet materials if substantial additional sources of supply are not developed.

Figure 5: The supply-side will struggle to keep up with rising demand for magnet rare earths

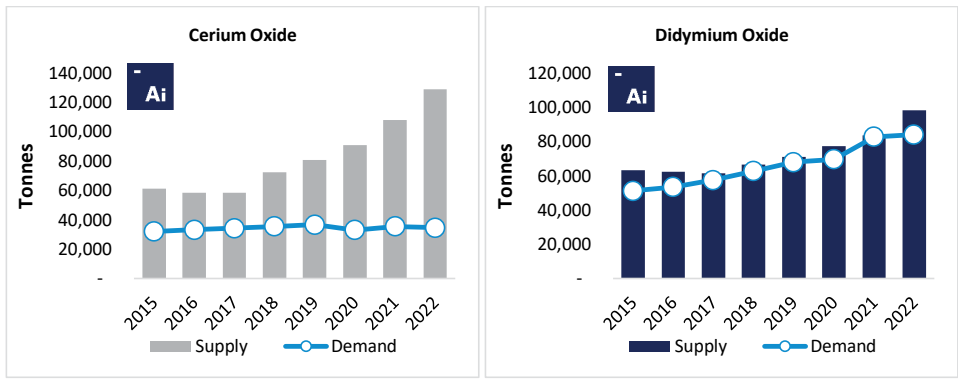


5. Industry Overview Report continued

Rare Earth Balance Problem

Over the past decade, rare earth producers globally have sacrificially overproduced certain low value rare earth elements, such as cerium (see Figure 6 – LHS), in order to keep up with rapidly growing demand for other high value rare earth elements and compounds, such as didymium (see Figure 6 – RHS).

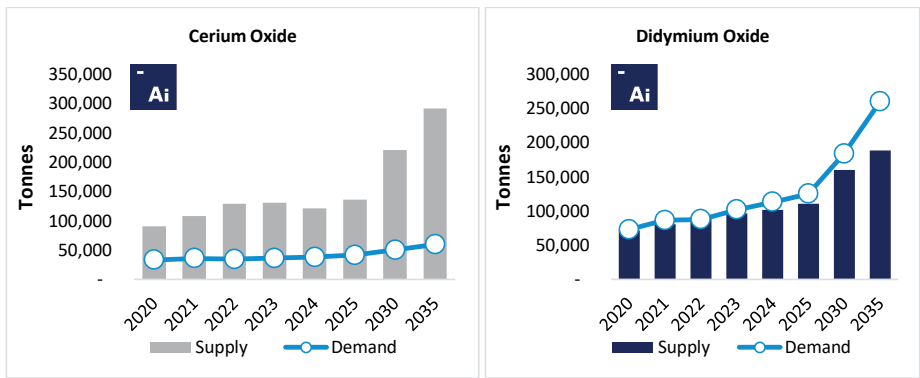
Figure 6: Sacrificial over-production of cerium oxide to satisfy rapidly growing demand for didymium oxide



Looking ahead, Adamas Intelligence forecasts that ever-increasing demand for rare earth permanent magnets will drive global demand for didymium oxide (or oxide equivalent) to towering new heights (see Figure 7 – RHS), exacerbating the imbalance between production and demand of other rare earth elements, such as cerium oxide (see Figure 7 – LHS) if the industry continues on a path of business-as-usual.

Emerging rare earths producers are set to primarily benefit from opportunities related to the so-called magnet rare earths (i.e., neodymium, praseodymium, dysprosium and terbium) as market conditions for most other rare earth elements are expected to remain less favorable into the foreseeable future.

Figure 7: Strong future demand growth for permanent magnets will exacerbate the balance problem



Implications of the Balance Problem

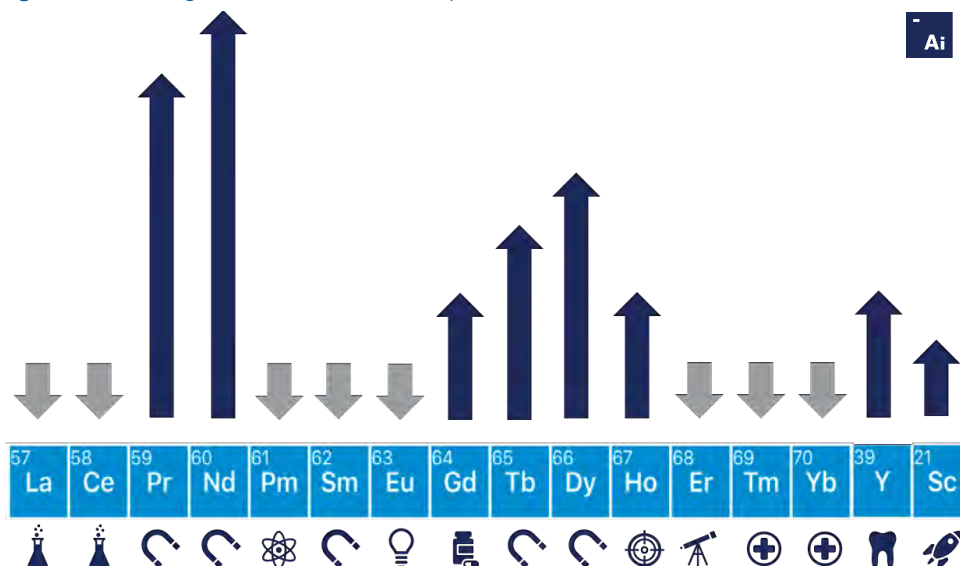
Unless new end-uses and applications are developed for cerium, lanthanum, and other sacrificially-overproduced rare earth elements in the near-term (see Figure 8 – light grey arrows), Adamas Intelligence expects that prices of high-demand elements, like neodymium, praseodymium, dysprosium and terbium, will stay strong and/or rise accordingly (see Figure 8 – dark blue arrows) to compensate for losses that producers are chronically incurring by necessarily over-producing the other unsaleable, surplus rare earths.

The industries that will feel these price increases the most in the coming years are those reliant on use of high-strength NdFeB permanent magnets, such as the automotive industry, the wind power sector, the consumer electronics industry, the defense industry, and many others.

Ultimately, price increases of magnet input materials may upend the economics of using rare earths in some of the aforementioned sectors – pushing some manufacturers to adopt alternatives to rare earth permanent magnets where possible.

However, for the most promising of end-use sectors – such as electric vehicles, wind power, general automotive, industrial applications, and others – the economics of using rare earth elements are robust and these segments will continue to fuel strong demand growth into the foreseeable future.

Figure 8: Prices of magnet rare earths will rise to compensate for losses incurred on other rare earths



5. Industry Overview Report continued

Forecasted TREO Demand by End-Use Category

Following a 6.3% pandemic-induced drop in global TREO consumption in 2020, Adamas Intelligence data indicates that global consumption jumped 14.0% higher in 2021, bolstered by the materialization of some pent-up consumer and industrial demand from the year prior. In 2022, suppressed by strict pandemic control measures in China and economic headwinds in Europe and North America, global consumption decreased 2.0% overall (see Figure 9).

Looking forward, from 2022 through 2035 Adamas forecasts that global TREO demand will rise at a CAGR of 6.8%, from 181,635 tonnes to 424,790 tonnes, driven primarily by the permanent magnet sector (see Figure 9).

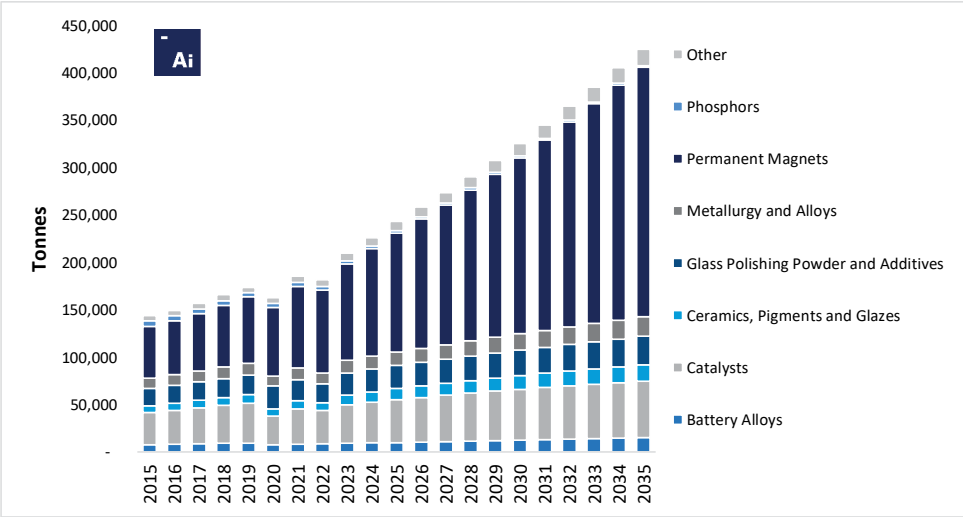
In the years ahead, global TREO demand for permanent magnets and “other” end-uses and applications is projected to rise at market leading CAGRs of 8.9% and 7.0%, respectively (see Figure 9).

Conversely, over the forecast period, global TREO demand for all other end-use categories, except for phosphors, is projected to grow at market lagging CAGRs of 3.1% to 5.9%, while TREO demand for phosphors is projected to fall at a CAGR of -5.5% (see Figure 9).

In the years ahead, the rapid TREO demand growth expected for permanent magnets will lead the end-use category to continuously absorb market share from incumbent categories.

By 2035, Adamas projects that permanent magnets will drive 62% of global TREO demand by volume and over 95% of the market’s value each year.

Figure9: Historical global consumption and forecasted demand for all rare earth oxides by end-use



NdFeB Permanent Magnets: Enablers of Modern Technology

What is NdFeB?

Neodymium-iron-boron ("NdFeB") is a permanent magnet alloy that was developed and commercialized in the 1980s as an alternative to costly samarium-cobalt ("SmCo") alloy that was developed and commercialized three decades earlier.

What is it made of?

As the name suggests, NdFeB alloy is comprised primarily of neodymium, iron, and boron in a $\text{Nd}_2\text{Fe}_{14}\text{B}$ tetragonal crystalline structure, and often contains minor concentrations of praseodymium, dysprosium, terbium, copper, cobalt, niobium, and other metals to optimize the alloy's properties for certain applications.

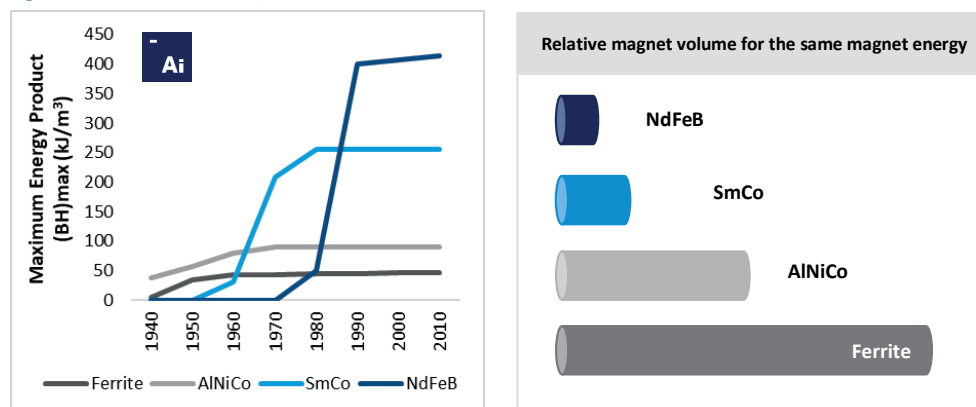
Why is it special?

NdFeB permanent magnet alloy is the strongest type of permanent magnet material commercially available today in terms of maximum energy product (i.e., magnetic flux output per unit volume, measured in megagauss-oersteds (MGOe) or Joules per cubic meter (J/m^3)) (see Figure 10).

As such, NdFeB magnets have largely supplanted SmCo, AlNiCo, and ferrite magnets in many size- and weight-sensitive applications since the 1980s, and simultaneously have enabled the conception and miniaturization of a wide array of ubiquitous gadgets and electronics that have pervaded modern society.

NdFeB permanent magnets are used in hundreds of different end-uses and applications – many of which we interact with daily, whether we realize it or not. From mobile phone loudspeakers and vibration motors, to hard disk drives, optical disc drives, electric vehicle traction motors, wind power generators, and beyond – NdFeB permanent magnets are literally all around us.

Figure 10: NdFeB is the strongest permanent magnet material commercially available today



Source: after Kallaste et al. (2012), Adamas Intelligence

5. Industry Overview Report continued

Forecasted TREO Demand for Permanent Magnets by End-Use Category

From 2022 through 2035, Adamas Intelligence forecasts that global TREO demand for permanent magnets will rise at a CAGR of 8.3%, from 87,000 tonnes to 246,000 tonnes, boosted by strong demand growth from electric vehicle, wind power, general automotive and other applications of NdFeB magnets (see Figure 11).

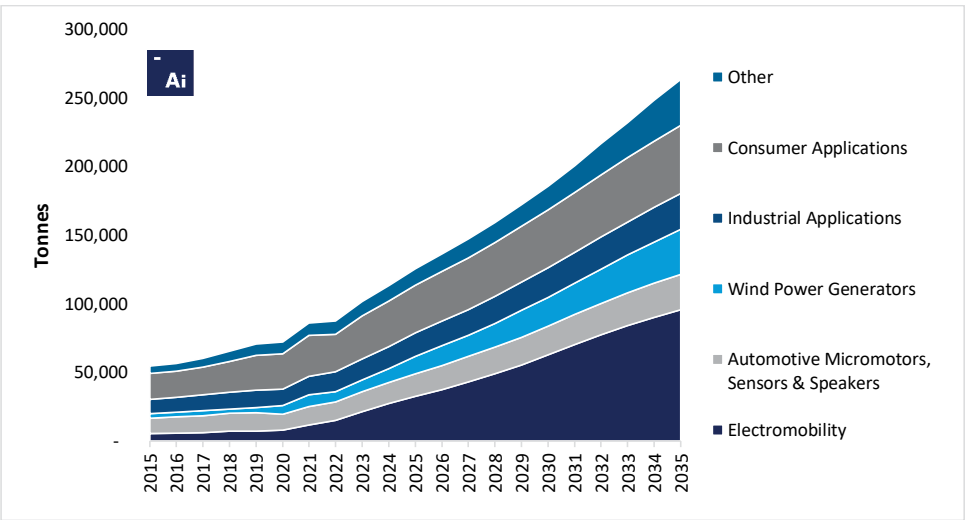
Specifically, from 2022 through 2035 Adamas forecasts that global TREO demand for passenger EV traction motors, commercial EV traction motors and “other e-mobility” applications will collectively increase at a CAGR of 14.0%, together representing the single largest demand driver by 2035 (see Figure 11).

Similarly, from 2022 through 2035 Adamas forecasts that global TREO demand for automotive micromotors, sensors and speakers will collectively increase at a CAGR of 4.9%, growing faster than the underlying vehicle market as automakers increasingly employ NdFeB-powered motors, sensors and speakers in new models to reduce vehicle weight, and thereby improve fuel efficiency, reduce emissions and/or maximize electric driving range (see Figure 11).

Moreover, from 2022 through 2035 Adamas projects that global TREO demand for direct drive and hybrid direct drive wind power generators for onshore and offshore applications will rise at a CAGR of 13.0% as the increasingly competitive economics of wind power generation (and low maintenance of direct drive generators) continue to spur rising adoption (see Figure 11).

Lastly, from 2022 through 2035 Adamas forecasts that global TREO demand for all other end-uses and applications of NdFeB permanent magnets will increase at CAGRs of 3.4% to 5.4%, forgoing market share to electric vehicles, wind power generators and other high-growth applications (see Figure 11).

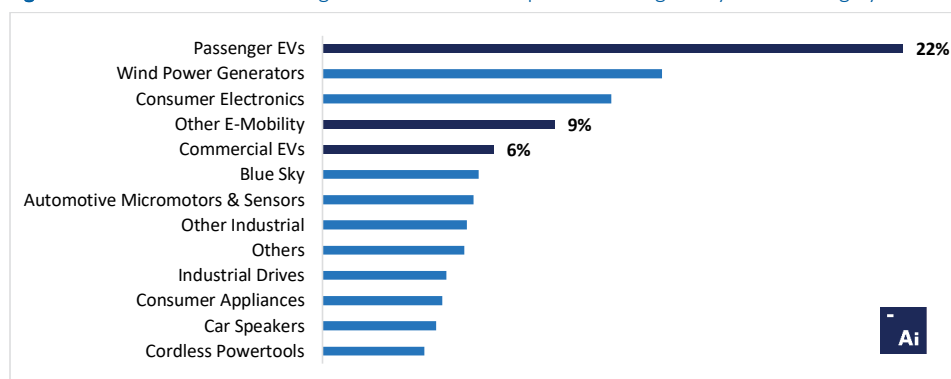
Figure 11: Historical global consumption and forecasted demand for magnet rare earth oxides by end-use category



EVs to Drive Over 40% of Global Magnet Earth Oxide Demand by 2035

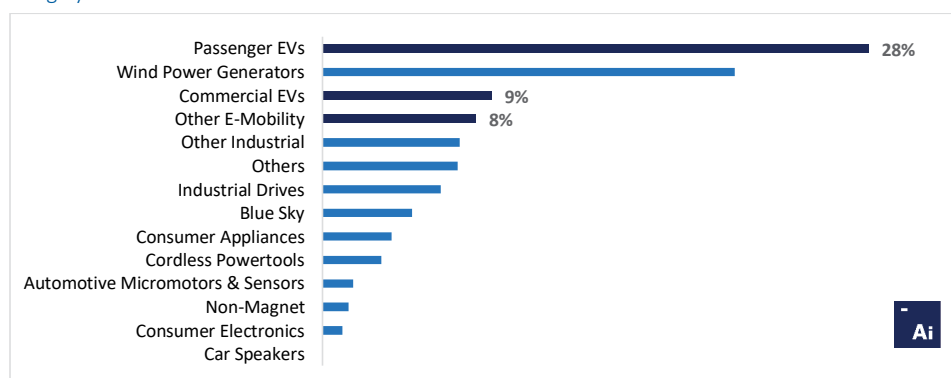
By 2035, Adamas forecasts that passenger EV traction motors, commercial EV traction motors and other e-mobility types, such as electric bicycles, motorcycles, and scooters, will collectively be responsible for 36% of total global NdFeB magnet demand (see Figure 12 – dark blue bars). Considering additional uses of NdFeB magnets in EVs, including automotive micromotors, sensors and speakers, Adamas conservatively projects that EVs will be responsible for over 40% of total global NdFeB magnet demand by 2035, but an even higher share of total global consumption.

Figure 12: Forecasted breakdown of global TREO demand for permanent magnets by end-use category in 2035



Moreover, given that EV traction motors and generators tend to use high-temperature-performance grades of NdFeB magnets that contain elevated concentrations of the heavy rare earth elements dysprosium and terbium, Adamas forecasts that passenger EV traction motors, commercial EV traction motors and other e-mobility types will collectively drive 44% of total global dysprosium and terbium oxide demand annually by 2035, but an even higher share of global consumption (see Figure 13 – dark blue bars).

Figure 13: Forecasted breakdown of dysprosium and terbium oxide demand for permanent magnets by end-use category in 2035



5. Industry Overview Report continued

Forecasted Production – Demand Balance for Didymium, Dysprosium and Terbium to 2035

In 2022, Adamas estimates that global production of neodymium oxide and praseodymium oxide (or oxide equivalents), combined, exceeded global demand by a mere 3,000 tonnes, however, from 2023 onward the firm expects this trend will reverse as demand growth increasingly exceeds supply growth (see Figure 14 - LHS).

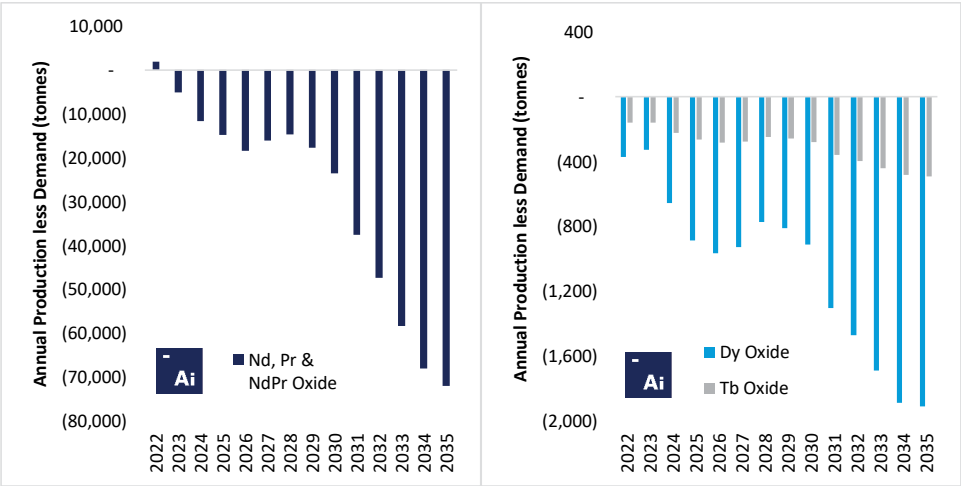
By 2025, Adamas forecasts that the global market’s underproduction will rise to nearly 8,000 tonnes annually, resulting in the depletion of historically accumulated inventories and persistent shortages from 2026 on (see Figure 14 - LHS).

Conversely, in 2022, Adamas estimates that global consumption of dysprosium oxide (or oxide equivalent) exceeded global production by 200 tonnes, and this amount will rise to over 500 tonnes in 2023, resulting in the depletion of historically accumulated inventories and dysprosium oxide shortages from 2024 on (see Figure 14 - RHS).

Similarly, in 2022, Adamas estimates that global consumption of terbium oxide (or oxide equivalent) exceeded global production by nearly 300 tonnes resulting in the drawdown of historically accumulated inventories and terbium oxide shortages from this year forward (see Figure 14 - RHS).

By 2035, Adamas projects the global rare earth market will be short more than one China’s worth of NdPr oxide supply, and over five China’s worth of Dy and Tb oxide supply, annually (referring to China’s 2022 production levels) should supply not increase substantially more than what is currently anticipated.

Figure 14: Forecasted global production – demand balance for rare earth oxides used in permanent magnets



Forecasted REO Prices to 2035

As per its latest “Rare Earth Pricing Quarterly Outlook” report (Q3 2023), Adamas Intelligence forecasted annual average prices for each rare earth oxide to 2035 under three scenarios (see Figure 15).

Base Case

In the Base Case, Adamas forecasts that magnet rare earth prices will trend steadily higher from 2023 through 2026 on the back of increasingly tight supplies and rapidly growing demand for EV traction motors, wind power generators and other applications of NdFeB magnets.

From 2026 through 2029, however, Adamas expects that battery materials and/or other component shortages will slow the EV market’s growth by 15% to 30%, leading magnet rare earth prices to increase just slightly over the four-year period.

Thereafter, from 2029 through 2035, Adamas projects that the EV market will return to unhindered growth, exacerbating the imbalance between global supply and demand while sending magnet rare earth prices steadily higher through the end of the forecast period.

Upside

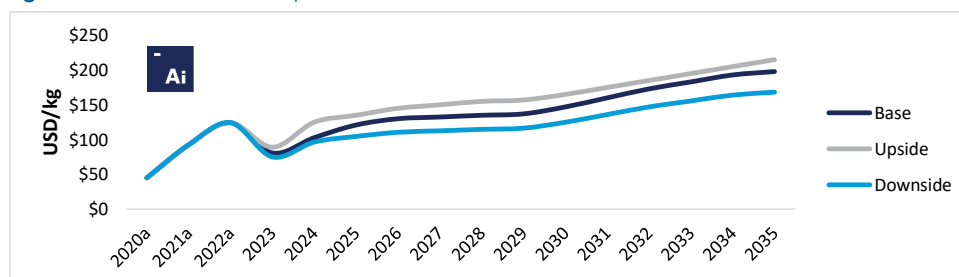
In the Upside scenario, Adamas forecasted prices in an outlook that sees accelerated supply and demand growth in the years ahead versus what is expected in its Base Case scenario.

In this scenario, magnet rare earth prices are expected to rise steadily throughout the forecast period as demand progressively outpaces supply and EVs, wind power and other less-price-sensitive applications increasingly make up a larger and larger share of overall NdFeB demand.

Downside

In the In the Downside scenario, Adamas forecasted prices in in an outlook that sees decelerated supply and demand growth in the years ahead versus what is expected in its Base Case scenario translating to lower price over the forecast period.

Figure 15: Forecasted NdPr oxide price to 2035



* Forecasted prices are in Real 2023 US dollars and include 13% VAT; if selling into China, VAT should be deducted; if selling ex-China prices above should be taken at face value

5. Industry Overview Report continued

Importance of Rare Earths to Ongoing Energy Transition

In 2022, Adamas Intelligence data indicates that \$3.8 billion worth of magnet rare earth oxides, namely NdPr, Dy and Tb oxides, were consumed globally in NdFeB alloys for energy-transition-related applications, including EV traction motors and wind power generators.

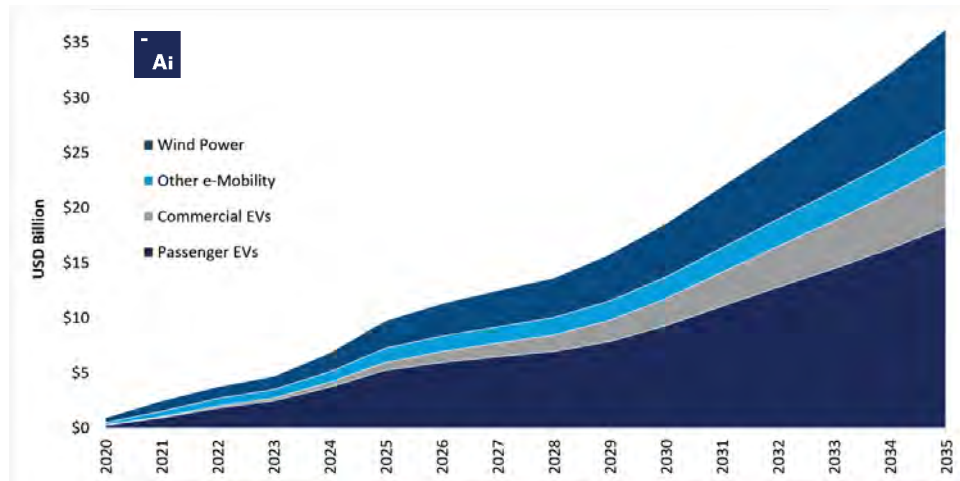
With demand and prices soaring in recent years, the total value of rare earth oxides consumed for the energy transition each year quadrupled between 2020 and 2022. By 2035, with demand and prices expected to continue rising, Adamas projects the value of consumption will increase another 10-fold.

Passenger EV traction motors and wind power generators will fuel the greatest growth:

Specifically, from 2022 through 2035, Adamas forecasts that the value of rare earth oxides consumed by energy-transition-related applications will rise at a CAGR of 19.1%, from \$3.8 billion in 2022 to \$36.2 billion in 2035.

This growth will be led primarily by passenger EV traction motors, which will drive over 50% of the value of consumption in 2035, followed by wind power generators, which will propel another 25%.

Figure 16: Forecasted value of rare earth oxide demand for NdFeB alloys for energy-transition-related applications by end-use category

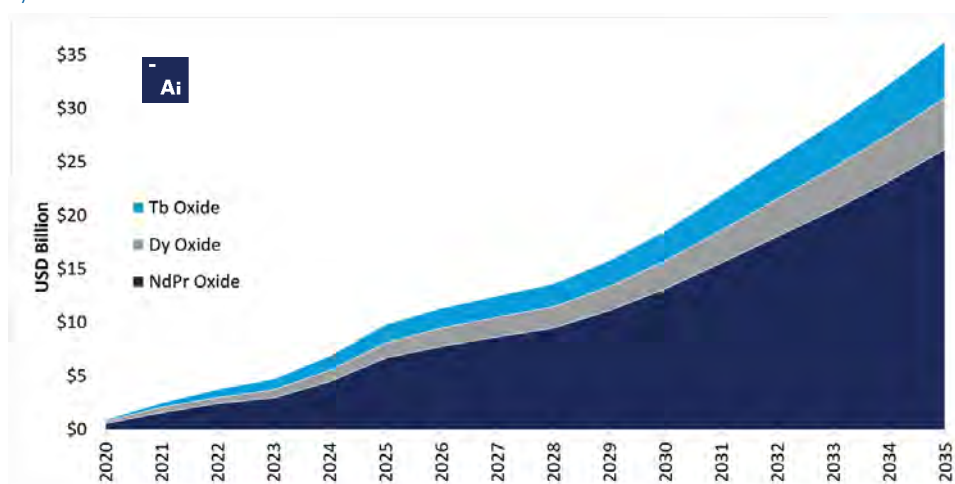


NdPr oxide to benefit most but the rising tide will float all boats:

By oxide, NdPr consumption value is expected to see the greatest rise over the forecast period, increasing 11-fold by 2035, underpinned by strong demand growth across all applications, rising prices, and ongoing thrifting of heavy rare earth concentrations in high grade NdFeB magnets and the consequential bolstering of NdPr concentrations.

Conversely, Dy and Tb oxide consumption value is expected to increase at a slightly slower pace, rising 7- to 9-fold over the forecast period as supply scarcity and technical innovations fuel an incremental reduction in Dy and Tb use per unit of magnet.

Figure 17: Forecasted value of rare earth oxide demand for NdFeB alloys for energy-transition-related applications by oxide



Energy transition ‘tag-along’ applications to add billions more in market value:

Alongside the energy-transition-related applications considered above are a handful of related uses of NdFeB magnets that also stand to benefit from the ongoing shift to electromobility and renewable power generation.

Within each EV are an array of micromotors, sensors and audio speakers that also, in many cases, use NdFeB magnets to minimize vehicle weight, and thereby maximize driving range and/or minimize battery costs. As such, rapidly growing EV sales globally stand not only to boost NdFeB demand for EV traction motors but also for the wealth of smaller applications pervading modern electric vehicles.

Moreover, with ever-increasing focus on energy efficiency, energy costs and related emissions by manufacturers and consumers alike, rare earths and the magnets that use them also stand to benefit from rising demand for efficient and reliable motors, pumps and compressors used in everything from industrial robots and assembly line conveyors to best-in-class white goods, air conditioners, battery powered lawnmowers and more.

The above mentioned ‘tag-along’ applications add billions more to the market outlook and serve as a testament to the importance of the energy transition to rare earths, and of rare earths to the energy transition.

5. Industry Overview Report continued

International Supply Chain Development

Outside of China and Japan, a wave of incoming NdPr oxide supply is helping de-risk the business case for downstream investments in metals, alloy and magnet production capacity, spurring public and private sectors into action over the past eighteen months.

Company announcements:

In late-2021 and 2022, companies including MP Materials, Vacuumschmelze, USA Rare Earth, Neo Performance Materials, GKN Powder Metallurgy, Solvay and Noveon, announced plans to establish NdFeB magnet production capacity in North America and Europe within the near- to medium-term.

These developments, and others yet to come, are a testament to the upstream market's rising diversity and supply security coupled with the downstream market's rapidly increasing demand for sustainable supplies of NdFeB magnets – particularly for electric vehicles.

Government announcements:

Similarly, in late-2021 and 2022, governments in the U.S., Canada, Europe and Australia announced aggressive support for development of respective and collective critical minerals supply chains, which is helping facilitate investment in new mine-to-magnet production capacity globally.

In 2022, U.S. President Biden invoked the Defense Production Act to give the government enhanced powers and funding to expedite development of critical minerals supply chains needed for advanced technologies, such as electric vehicles, while reducing long-term dependence on China.

Similarly, in 2022, Canada announced a critical minerals strategy that includes \$3 billion in support for project infrastructure investments and tax credits aimed at expediting project development.

Moreover, in early 2022, Canada and the European Commission issued a joint statement highlighting their mutual commitment to ensuring security of critical minerals and metals supply chains to reduce dependence on Russian minerals while facilitating the shift to a climate-neutral economy.

Additionally, in 2022, the Australian government announced a critical minerals strategy aimed at growing domestic production and expanding downstream processing to support and capitalize on the ongoing shift to electromobility and cleaner energy. In 2022, Australia's strategy underpinned over USD \$1 billion worth of investment commitments into the nation's rare earth industry.

Alternative supply chains are coming together:

These recent announcements, and others to come, reflect a growing concern in North America and Europe about supply chain sustainability, and signal the coalescing of new alternative international mine-to-magnet supply chains connecting North America, Europe, Africa and Australia.

These emerging supply chains, and the electromobility and clean energy shift propelling them, stand to fuel rising demand for non-China mined rare earth oxides in the decade ahead.

Heavy rare earths: A critical blindspot in emerging alternative supply chains:

As new alternative mine-to-magnet supply chains continue to emerge, Adamas believes there will be insufficient heavy rare earth oxide supply outside of China and Myanmar to meet the needs of emerging magnet makers.

Moreover, with China's known heavy rare earth resources dwindling and the future of rare earth flows from Myanmar to China uncertain, Adamas expects China will soon face a domestic heavy rare earth supply crunch that could severely curtail its dysprosium and terbium exports.

Without sufficient supply of dysprosium and terbium, future magnet makers in North America and Europe will collectively not be able to produce enough high-grade NdFeB magnets for the automotive industry, wind power sector and other critical end-use sectors, jeopardizing the competitiveness of downstream industries in these regions and potentially derailing the roadmaps of automakers, technology developers and governments alike.

Dysprosium and terbium: Crack in the emerging armor:

By the end of the decade, Adamas expects ex-China NdPr oxide supply will be sufficient for production of more than 60,000 tonnes of NdFeB magnets annually.

However, unless numerous HREO producers come online outside of China and Myanmar over the same period, just a fraction of this prospective NdFeB magnet production could be high grade (i.e., high-temperature-performance) magnets for automotive or wind applications.

Overall, for North America and Europe to fully electrify vehicle production and sales by 2035 with just 50% of vehicles using permanent magnet traction motors (versus 97% using them in 2022) will conservatively necessitate all the world's current global dysprosium and terbium oxide supply annually. Fully electrifying vehicle production and sales in the Asia Pacific region will necessitate the same.

With current global heavy rare earth oxide production increasing just marginally each year and the outlook for Myanmar (miner of 40% of the world's dysprosium and terbium) uncertain, heavy rare earth elements remain a massively under-addressed blind spot in the automotive and wind supply chains.

According to Adamas Intelligence data, there are more than a dozen emerging rare earth producers globally with potential to produce modest amounts of dysprosium and terbium oxide annually by the middle-to-end of the decade, however, their collective supply would still be insufficient for the North American and European automotive industries, let alone the wind power, industrial, consumer and defense end-use sectors in these regions.

In Adamas' view, stakeholders need to collectively and imminently address the looming heavy rare earth supply crunch or risk seeing current momentum and magnet supply chain investments fatally undermined by a lack of dysprosium and terbium.

5. Industry Overview Report continued

Current State of the Market and Near-Term Outlook

Magnet rare earth prices poised to sail higher:

In 2022, prices of magnet rare earths (i.e., NdPr, Dy and Tb) were subdued by weak demand from legacy automotive applications (due to ongoing microchip shortages), coupled with a historic consumer confidence crisis in Europe, Asia and North America.

Encouragingly, China set the stage for recovering consumer confidence in late-2022 by ending domestic 'COVID Zero' policy and reversing unpopular property restrictions in a push to turn around the nation's economic slide.

Similarly, after hitting a record low in the second half of last year, consumer confidence in Europe trended steadily higher through the end of 2022, back above levels experienced in early-2020 at the outset of the pandemic.

Looking forward, Adamas Intelligence believes the current market malaise will ease in the coming 6 to 12 months, steering magnet rare earth demand and prices higher through the medium- to long-term.

Latent demand pop, tight inventory levels a recipe for higher prices:

As auto industry bottlenecks ease and consumer confidence recovers in the coming 6 to 18 months, Adamas sees potential for a latent demand pop in late-2023/24, whereby consumer purchases that were delayed in 2022 materialize in 2023/24.

The rare earth demand market experienced this type of phenomenon in 2021 following the initial year of the COVID-19 pandemic and Adamas expects will experience another such event in the not-too-distant future.

Coupling this expected demand pop with the reality that China's rare earth industry is holding just weeks of NdPr oxide supplies, Adamas sees potential for rare earth prices to jump back to early-2022 levels again in the near-term, if only temporarily.

Inducement curve supports a current NdPr oxide price of US \$150 per kilogram:

With magnet rare earth prices down from the 10-year highs reached in early 2022, it's easy to lose sight of the base fundamentals underpinning the industry, and their overarching influence on prices in an unimpaired market.

From a cost-curve perspective, Adamas Intelligence analysis reveals that a present-day incentive price of ~US \$150 per kilogram of NdPr oxide is required to justify and induce the breadth of supply-side investments needed to meet medium-and long-term demand growth.

Not surprisingly, NdPr oxide prices started 2022 in the ~US \$150 per kilogram range before auto industry bottlenecks and faltering consumer confidence suppressed near-term demand growth.

Demand is evolving, increasingly dominated by less cost sensitive applications:

According to Adamas Intelligence, the nature of global NdFeB magnet demand is rapidly evolving as the market shifts from a past driven by hard disk drives, optical disc drives, consumer electronics, automotive micromotors, sensors and loudspeakers to a future led by electric vehicle traction motors, wind power generators and other energy-efficient motors, pumps and compressors.

In the years ahead, Adamas projects that demand will be increasingly led by applications in which the use of NdFeB magnets imparts an economic benefit at the system-level (be it through battery cost savings, maintenance cost reductions or reduced emissions), making the nature of future demand significantly less sensitive to rare earth input prices than that of past and present.

China becoming less vertically integrated, increasingly reliant on expensive concentrate imports:

While conventional wisdom suggests China's rare earth industry is a super consolidated, monolithic entity – the reality is that most producers and value-adders in the nation are not vertically integrated and, as a whole, China's industry has become increasingly reliant on foreign sources of expensive feedstock from abroad in recent years.

In 2015, over 90% of all separated light rare earth oxides produced in China were derived from domestically mined feedstock but by 2021, this share was down to nearly 70% as the nation's reliance on imports expands.

Similarly, in 2015, nearly 85% of all heavy rare earth oxides produced in China were derived from domestically mined feedstock but as of 2021 this share was down to just 53%.

Notably, Adamas analysis indicates that the price of these feedstock imports is increasing too – increasing disproportionately more than the value of the products they yield, adding forward support for higher rare earth oxide, metal and magnet prices downstream.



6. Financial Information and Independent Limited Assurance Report

6. Financial Information and Independent Limited Assurance Report

6.1 Introduction

This section sets out the Historical and Pro Forma Financial Information of BRE. The Directors are responsible for the inclusion of all financial information in this Prospectus. The purpose of the inclusion of the Historical and Pro Forma Financial Information is to illustrate the effects of the Offer and other pro forma events on BRE. Hall Chadwick WA Audit Pty Ltd (**Hall Chadwick**) has prepared an Independent Limited Assurance Report in respect to the Historical and Pro Forma Financial Information. A copy of that report, within which appears an explanation of the scope and limitations of Hall Chadwick's work, is set out in Section 6.11.

All information presented in this Section should be read in conjunction with the balance of this Prospectus, including (without limitation):

- the risk factors described in Section 3;
- the description of the use of proceeds of the Offer described in Section 1.6;
- the Independent Limited Assurance Report, set out in Section 6.11; and
- the indicative capital structure described in Section 1.7.

Investors should note that historical results are not a guarantee of future performance.

6.2 Basis and method of preparation

The Historical and Pro Forma Financial Information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards and the accounting policies adopted by BRE as detailed in Section 6.7. The Historical and Pro Forma Financial Information has been derived from the historical financial information and assumes the completion of the pro forma adjustments as set out Sections 6.6(b) and 6.6(c) as if those adjustments had occurred as at 30 June 2023.

The Historical and Pro Forma Financial Information contained in this Section of this Prospectus is presented in an abbreviated form and does not contain all the disclosures that are provided in a financial report prepared in accordance with the Corporations Act and Australian Accounting Standards and Interpretations.

The historical financial information comprises the following (collectively referred to as the **Historical Financial Information**) for BRE:

- The historical consolidated Statements of Profit or Loss and Other Comprehensive Income for the period from BRE's date of incorporation being 31 March 2021 to 31 December 2021, for the year ended 31 December 2022 and for the half-year ended 30 June 2023;
- The historical consolidated Statements of Financial Position as at 31 December 2021, 31 December 2022 and 30 June 2023; and
- The historical Statements of Cash Flows for the period from BRE's date of incorporation being 31 March 2021 to 31 December 2021, for the year ended 31 December 2022 and for the half-year ended 30 June 2023.

The historical and pro forma financial information comprises:

- The pro forma statement of financial position as at 30 June 2023, prepared on the basis that the Subsequent Events and IPO Adjustments detailed in Section 6.6(b) and Section 6.6(c) respectively had occurred as at 30 June 2023; and
- the notes to the historical and pro forma financial information,

(collectively referred to as the **Historical and Pro Forma Financial Information**).

The Historical Financial Information of BRE has been extracted from the consolidated financial report for the period from BRE's date of incorporation being 31 March 2021 to 31 December 2021, the consolidated financial report for the year ended 31 December 2022 and the consolidated financial report for the half-year ended 30 June 2023.

6. Financial Information and Independent Limited Assurance Report continued

The consolidated financial report for the period from BRE's date of incorporation being 31 March 2021 to 31 December 2021 and the consolidated financial report for the year ended 31 December 2022 were audited by Hall Chadwick in accordance with Australian Auditing Standards. Hall Chadwick issued unqualified audit opinions on the financial reports with material uncertainty related to going concern paragraphs.

The consolidated financial report for the half-year ended 30 June 2023 was reviewed by Hall Chadwick in accordance with Australian Auditing Standards. Hall Chadwick issued an unqualified review conclusion on the financial report with a material uncertainty related to going concern paragraph.

6.3 Historical statements of profit or loss and other comprehensive income

Set out below are the statutory historical consolidated statements of profit or loss and other comprehensive income for the period from BRE's date of incorporation being 31 March 2021 to 31 December 2021, for the year ended 31 December 2022 and for the half-year ended 30 June 2023:

	CONSOLIDATED REVIEWED HALF YEAR ENDED 30 JUNE 2023 A\$	CONSOLIDATED AUDITED YEAR ENDED 31 DECEMBER 2022 A\$	CONSOLIDATED AUDITED PERIOD FROM 31 MARCH 2021 TO 31 DECEMBER 2021 A\$
REVENUES			
Interest income	178,895	301	68
Other income	–	56,094	–
	178,895	56,395	68
EXPENSES			
Depreciation expense	(98,117)	(95,593)	(3,995)
Key management personnel and employee remuneration	(480,594)	(1,059,793)	–
Exploration and evaluation expense	(5,030,817)	(4,384,104)	(552,547)
Corporate compliance and shareholder relations	(10,000)	(157,650)	(59,008)
Finance charges	(1,425,291)	(232,444)	(3,850)
General and administrative expenses	(17,272)	(3,893)	(750)
Professional fees	(426,580)	(245,727)	(4,188)
Share based payments expense	–	(1,757,934)	(220,752)
Travel expenses	(35,298)	(18,198)	–
Losses on foreign exchange	(14,823)	(2,142)	(85)
Operating loss before income tax	(7,359,897)	(7,901,083)	(845,107)
Income tax expense	–	–	–
Loss for the period	(7,359,897)	(7,901,083)	(845,107)
Other comprehensive income/(loss)			
<i>Items that may be reclassified to the profit or loss</i>			
Exchange differences on translation of foreign operations	643,141	64,255	(116,668)
Total comprehensive income/(loss)	(6,716,756)	(7,836,828)	(961,775)

* Refer to Section 6.2 with respect to the review conclusion and audit opinions issued by Hall Chadwick on the Historical Financial Information. The financial information should be read in conjunction with the accounting policies in Section 6.7 and the Independent Limited Assurance Report in Section 6.11.

6.4 Historical statements of financial position

	CONSOLIDATED REVIEWED 30 JUNE 2023 A\$	CONSOLIDATED AUDITED 31 DECEMBER 2022 A\$	CONSOLIDATED AUDITED 31 DECEMBER 2021 A\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	11,545,753	18,430,214	202,750
Trade and other receivables	237,195	1,154,217	140,777
Other assets	300,232	39,557	14,304
TOTAL CURRENT ASSETS	12,083,180	19,623,988	357,831
NON CURRENT ASSETS			
Property, plant and equipment	1,661,395	419,467	66,735
TOTAL NON-CURRENT ASSETS	1,661,395	419,467	66,735
TOTAL ASSETS	13,744,575	20,043,455	424,566
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	535,483	854,091	21,216
Provisions	5,255	-	-
Borrowings (Note 1)	18,214,857	17,532,591	-
Derivative financial instruments (Note 1)	3,232,260	3,183,297	-
TOTAL CURRENT LIABILITIES	21,987,855	21,569,979	21,216
TOTAL LIABILITIES	21,987,855	21,569,979	21,216
NET ASSETS	(8,243,280)	(1,526,524)	403,350
EQUITY			
Issued capital	7,241,829	7,241,829	625,000
Other equity	-	-	725,000
Reserves	620,978	(22,163)	(101,543)
Accumulated losses	(16,106,087)	(8,746,190)	(845,107)
TOTAL EQUITY	(8,243,280)	(1,526,524)	403,350

* Refer to Section 6.2 with respect to the review conclusion and audit opinions issued by Hall Chadwick on the Historical Financial Information. The financial information should be read in conjunction with the accounting policies in Section 6.7 and the Independent Limited Assurance Report in Section 6.11.

1. Borrowings and derivative financial instruments related to Convertible Notes with an aggregate face value of A\$21.432 million which will convert into Shares in the Company pursuant to the Notes Conversion.

6. Financial Information and Independent Limited Assurance Report continued

6.5 Historical statement of cash flows

	CONSOLIDATED REVIEWED HALF YEAR ENDED 30 JUNE 2023 A\$	CONSOLIDATED AUDITED YEAR ENDED 31 DECEMBER 2022 A\$	CONSOLIDATED AUDITED PERIOD FROM 31 MARCH 2021 TO 31 DECEMBER 2021 A\$
OPERATING ACTIVITIES			
Payments to suppliers and employees	(6,026,239)	(5,608,598)	(726,943)
Finance costs paid	(694,062)	(32,639)	(3,850)
Other income	-	56,094	-
Interest received	178,895	301	68
Net cash flows used in operating activities	(6,541,406)	(5,584,842)	(730,725)
INVESTING ACTIVITIES			
Loan to related party	-	(1,725)	(138,904)
Repayment of loan to related party	-	138,904	-
Payments for property, plant and equipment	(1,662,355)	(439,266)	(70,699)
Net cash flows used in investing activities	(1,662,355)	(302,087)	(209,603)
FINANCING ACTIVITIES			
Proceeds from issue of shares	-	4,149,020	1,144,373
Proceeds from issue of convertible notes	1,000,000	20,000,000	-
Net cash provided by financing activities	1,000,000	24,149,020	1,144,373
Net change in cash and cash equivalents	(7,203,761)	18,262,091	204,045
Cash and cash equivalents beginning of period	18,430,214	202,750	-
Effect of exchange rate fluctuations on cash and cash equivalents	319,300	(34,627)	(1,295)
Cash and cash equivalents end of period	11,545,753	18,430,214	202,750

* Refer to Section 6.2 with respect to the review conclusion and audit opinions issued by Hall Chadwick on the Historical Financial Information. The financial information should be read in conjunction with the accounting policies in Section 6.7 and the Independent Limited Assurance Report in Section 6.11.

6.6 Historical and Pro forma statement of financial position

The table below sets out the summary historical consolidated statement of financial position as at 30 June 2023 and the pro forma adjustments that have been made to the consolidated statement of financial position as at 30 June 2023. The pro forma consolidated statement of financial position below is provided for illustrative purposes only and is not represented as being necessarily indicative of the Group's view of its future financial position.

	NOTES	REVIEWED 30 JUNE 2023 A\$	PRO FORMA SUBSEQUENT EVENT ADJUSTMENTS A\$	IPO ADJUSTMENTS A\$	PRO FORMA BALANCE A\$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6.6(d)(i)	11,545,753	(8,344,835)	45,716,916	48,917,834
Trade and other receivables		237,195	-	-	237,195
Other assets		300,232	(102,284)	-	197,948
TOTAL CURRENT ASSETS		12,083,180	(8,447,119)	45,716,916	49,352,977
NON CURRENT ASSETS					
Property, plant and equipment		1,661,395	-	-	1,661,395
TOTAL NON-CURRENT ASSETS		1,661,395	-	-	1,661,395
TOTAL ASSETS		13,744,575	(8,447,119)	45,716,916	51,014,372
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables		535,483	(233,333)	-	302,150
Borrowings	6.6(d)(ii)	18,214,857	20,724	(17,710,581)	525,000
Provisions		5,255	-	-	5,255
Derivative financial instruments	6.6(d)(iii)	3,232,260	-	(3,232,260)	-
Deferred consideration for acquisition of tenements	6.6(d)(iv)	-	7,526,550	-	7,526,550
TOTAL CURRENT LIABILITIES		21,987,855	7,313,941	(20,942,841)	8,358,955
NON-CURRENT LIABILITIES					
Deferred consideration for acquisition of tenements	6.6(d)(v)	-	3,504,362	-	3,504,362
TOTAL NON-CURRENT LIABILITIES		-	3,504,362	-	3,504,362
TOTAL LIABILITIES		21,987,855	10,818,303	(20,942,841)	11,863,317
NET ASSETS/(LIABILITIES)		(8,243,280)	(19,265,422)	66,659,757	39,151,055
EQUITY					
Issued capital	6.6(d)(vi)	7,241,829	7,386,162	96,561,136	111,189,127
Reserves	6.6(d)(vii)	620,978	243,590	-	864,568
Accumulated losses	6.6(d)(viii)	(16,106,087)	(26,895,174)	(29,901,379)	(72,902,640)
TOTAL EQUITY		(8,243,280)	(19,265,422)	66,659,757	39,151,055

* Refer to Section 6.2 with respect to the review conclusion and audit opinions issued by Hall Chadwick on the Historical Financial Information. The financial information should be read in conjunction with the accounting policies in Section 6.7 and the Independent Limited Assurance Report in Section 6.11.

6. Financial Information and Independent Limited Assurance Report continued

The following sets out the main elements of the statement of financial position as at 30 June 2023.

(a) Description of Pro Forma Adjustments

The Historical and Pro Forma Statement of Financial Position comprises:

- (i) Material transactions undertaken that have occurred since 30 June 2023 as if they had occurred at 30 June 2023 (**Subsequent Events**); and
- (ii) Transactions that will be undertaken on or immediately prior to completion of the Offer (**IPO Adjustments**).

(b) Subsequent Events

Set out below are the material transactions that have occurred since 30 June 2023 and the impact on the Statement of Financial Position as if they had occurred as at 30 June 2023:

- (i) The accrual and payment of interest on the Convertible Notes for the quarters ended 30 September 2023 and 31 December 2023. The estimated date on which the Convertible Notes will convert into Shares is 31 December 2023;
- (ii) Estimated cash expenditure by the Company and its subsidiaries in the period from 1 July 2023 to the date of this Prospectus. As at 30 June 2023, the Group held cash and cash equivalents of A\$11,545,753. As disclosed in Section 1.6, it is estimated that at the date of this Prospectus the Group's cash and cash equivalents are approximately A\$3,200,000. Significant items of expenditure during the period include A\$1,050,000 interest paid on the Convertible Notes (other than the Founder Notes), A\$3,010,620 in payments made under the Amargosa Tenement Acquisition Agreement to purchase the Amargosa Tenements from Rio Tinto Brazil (refer to Section 6.6(b)(iii)), and operating expenditures for the period of approximately A\$4,284,215.
- (iii) On 4 July 2023 and as subsequently replaced by the Amargosa Tenement Acquisition Agreement on 19 October 2023, Borborema Mineracao entered into a binding agreement to acquire the Amargosa Tenements from Rio Tinto Brazil, a subsidiary of Rio Tinto as detailed in Section 9.6(e). The consideration for the acquisition is the Brazilian Real equivalent of USD9.328 million in cash payable by the following instalments:
 - (A) A deposit of the Brazilian Real equivalent of USD100,000 payable 5 days from the execution of the 4 July 2023 agreement. The deposit was paid on 4 July 2023.
 - (B) A first instalment of the Brazilian Real equivalent of USD2,000,000 (less the deposit) payable on the signing date of the Amargosa Tenement Acquisition Agreement. On payment of the first instalment the Company will be authorised to access the mining rights areas to carry out exploration activity on the mining rights. The first instalment was paid on 23 October 2023.
 - (C) A second instalment of the Brazilian Real equivalent of USD5,000,000 payable within 9 months from the date of signing the Amargosa Tenement Acquisition Agreement. On payment of the second instalment the Rio Tinto Brazil shall apply for the registration of the transfer of title to the mining rights.
 - (D) A third and final instalment of the Brazilian Real equivalent of USD2,328,000 payable on the later of 18 months from the signing date of the Amargosa Tenement Acquisition Agreement or the date on which the transfer of title for the Amargosa Tenements is registered by the relevant authorities in Brazil.
- (iv) On 23 August 2023, the Company's Brazilian subsidiary entered into transactions (comprising the Alpha Tenement Acquisition Agreement) to acquire the Alpha Tenements from Alpha Brazil, which is a subsidiary of Rare Earths Americas Pty Ltd as detailed in Section 9.6(g). The consideration for the acquisition was 28,712 Shares in the Company on a pre-split basis or 5,024,600 Shares on a post-split basis. The fair value of the Shares issued as consideration for the acquisition was A\$7,386,162 (being 5,024,600 post-split Shares issued at the Offer Price of A\$1.47).

- (v) On 20 October 2023, the Company's wholly owned subsidiary Borborema entered into the Amargosa Option Agreement with Rio Tinto Brazil pursuant to which Borborema is granted the right, but not the obligation to acquire three exploration permits (being the Optioned Permits) for a cash payment of the Brazilian Real equivalent of USD672,000 (refer to Section 9.6(f)). This transaction has not had a financial effect on the Historical and Pro Forma Financial Information as the exercise of the option is contingent on future events.
- (vi) The issue of equity incentives (comprising the Director Options and Management Performance Options) to Directors, officers, employees and contractors (or their nominees) pursuant to the Company's Employee Incentive Plan (refer to Section 6.8).
- (vii) On 23 October 2023, the Company completed a Share split pursuant to which each Share on issue was converted into a larger number of Shares on the basis that each Share on issue immediately prior to the Share split was subdivided into 175 Shares and the Management Performance Options and Director Options on issue immediately before the Share split were also subdivided on the same basis in accordance with their terms.

(c) IPO adjustments

Set out below are the transactions that will be undertaken on, or immediately prior to, completion of the Offer, and which are accounted for in the Historical and Pro Forma Financial Information as if they had occurred as at 30 June 2023.

- (i) The revaluation of the embedded derivative liability related to the Convertible Notes and the issue of approximately 33,624,073 Shares on a post-split basis on the conversion of the Convertible Notes (including the interest payable on the Founder Notes). The fair value of the Shares issued on conversion of the Convertible Notes is estimated to be A\$49,449,029 resulting in an increase of A\$28,506,188 in the fair value of the derivative financial instrument liability with a corresponding expense recognised in the Statement of Profit and Loss. Included within the expense recognised in the Statement of Profit and Loss is an amount of A\$579,000 being the write off of capitalised borrowing expenses incurred in relation to the Convertible Notes issue.
- (ii) A capital raising of 34,013,606 Shares at the Offer Price of A\$1.47 per Share, to raise A\$50,000,000 cash before costs in accordance with this Prospectus.
- (iii) Costs of the capital raising and listing, comprising cash fees of A\$4,283,084. Depending on the nature of the cost, the capital raising fees were split between expenses through the Profit and Loss (A\$1,395,191) and charged to Issued Capital (A\$2,887,893).

6. Financial Information and Independent Limited Assurance Report continued

(d) Effect of Pro Forma Adjustments of Statement of Financial Position line items

(i) Cash & Cash equivalents

	CONSOLIDATED REVIEWED 30 JUNE 2023 A\$	PROFORMA A\$
Cash and cash equivalents	11,545,753	48,917,834
<i>Adjustments to arrive at the pro-forma balance</i>		
Reviewed consolidated balance at 30 June 2023		11,545,753
<i>Subsequent events</i>		
Payment of convertible note interest quarters ended 30 June 2023 and 30 September 2023		(1,050,000)
Amargosa Tenement Acquisition		(3,010,620)
Other estimated cash expenditure for the period from 1 July to the date of the Prospectus		(4,284,215)
		(8,344,835)
<i>IPO adjustments</i>		
Issue of IPO shares		50,000,000
Costs of IPO capital raising		(4,283,084)
		45,716,916
Proforma balance		48,917,834

(ii) Borrowings

	CONSOLIDATED REVIEWED 30 JUNE 2023 A\$	PROFORMA A\$
Borrowings	18,214,857	525,000
<i>Adjustments to arrive at the pro-forma balance</i>		
Reviewed consolidated balance at 30 June 2023		18,214,857
<i>Subsequent events</i>		
Interest accrued on convertible notes to 31 December 2023		1,050,000
Interest paid on convertible notes for June and September quarters		(1,050,000)
Capitalised interest on Founder Notes to 31 December 2023		20,724
		20,724
<i>IPO adjustments</i>		
Conversion of convertible notes into ordinary shares at IPO		(17,710,581)
		(17,710,581)
Proforma balance		525,000

(iii) Derivative financial instruments

	CONSOLIDATED REVIEWED 30 JUNE 2023 A\$	PROFORMA A\$
Derivative financial instruments	3,232,260	-
<i>Adjustments to arrive at the pro-forma balance</i>		
Reviewed consolidated balance at 30 June 2023		3,232,260
<i>IPO adjustments</i>		
Fair value adjustment immediately prior to conversion		28,506,188
Conversion of convertible notes into ordinary shares at IPO		(31,738,448)
		(3,232,260)
Proforma balance		-

(iv) Deferred consideration for acquisition of tenements – current

	CONSOLIDATED REVIEWED 30 JUNE 2023 A\$	PROFORMA A\$
Deferred consideration for acquisition of tenements – current	-	7,526,550
<i>Adjustments to arrive at the pro-forma balance</i>		
Reviewed consolidated balance at 30 June 2023		-
<i>IPO adjustments</i>		
Amargosa Tenement Acquisition		7,526,550
		7,526,550
Proforma balance		7,526,550

(v) Deferred consideration for acquisition of tenements – non-current

	CONSOLIDATED REVIEWED 30 JUNE 2023 A\$	PROFORMA A\$
Deferred consideration for acquisition of tenements – non-current	-	3,504,362
<i>Adjustments to arrive at the pro-forma balance</i>		
Reviewed consolidated balance at 30 June 2023		-
<i>IPO adjustments</i>		
Amargosa Tenement Acquisition		3,504,362
		3,504,362
Proforma balance		3,504,362

6. Financial Information and Independent Limited Assurance Report continued

(vi) Issued capital

The movements in the Company's issued capital in the period from 30 June 2023 to the date of Admission are:

	CONSOLIDATED REVIEWED 30 JUNE 2023		PROFORMA	
	SHARES	A\$	SHARES	A\$
Issued capital	778,008	7,241,829	214,107,429	111,189,127
<i>Adjustments to arrive at the pro-forma balance</i>				
On issue at 30 June 2023			778,008	7,241,829
<i>Subsequent events</i>				
Remuneration Shares issued ¹			30,250	–
Shares issued as consideration for the Alpha Tenements ²			28,712	7,386,162
Increase in securities on issue as a result of the Share split ³			145,632,780	–
			145,691,742	7,386,162
<i>IPO Adjustments</i>				
Estimated Shares to be issued pursuant to the Notes Conversion ⁴			33,624,073	49,449,029
Shares to be issued under the Offer			34,013,606	50,000,000
Costs of the Offer ⁵			–	(2,887,893)
			67,637,679	96,561,136
Proforma balance			214,107,429	111,189,127

Notes:

1. In September 2021 the Company granted certain Directors, employees and contractors the right to receive Shares subject to achievement of vesting conditions which have been satisfied. The Share based payments expense related to these Shares was recorded in the financial periods ended 31 December 2021 and 31 December 2022. Refer to the notes to Table 8 in Section 2.6 for further information.
2. Refer to Section 9.6(g) for details of the Alpha Tenement Acquisition Agreement.
3. On 23 October 2023, the Company completed a share split pursuant to which each fully paid ordinary share in BRE was converted into 175 fully paid ordinary shares and each Option on issue immediately before the Share split were also subdivided on the same basis in accordance with their terms.
4. The estimated number of Shares which the Convertible Notes (including the interest accrued on the Founder Notes) will convert into is estimated based on a subscription price per Share of approximately A\$0.6387, being the quotient (in Australian currency) which results by dividing A\$100,000,000 by the number of Shares on issue plus the Shares that would be issued assuming conversion of securities in the Company capable of being converted into Shares (but not including the Convertible Notes) as at 5:00pm on the business day immediately prior to the Allotment Date. The total number of Shares to be issued pursuant to the Notes Conversion may vary depending on the total interest accrued on the Founder Notes at the time of the Notes Conversion. Refer to Section 9.6(c) for further details on the Convertible Notes and the Notes Conversion.
5. Refer to Section 6.6(c) and Section 9.13 for details of the costs of the Offer.

(vii) Reserves

	CONSOLIDATED REVIEWED 30 JUNE 2023 A\$	PROFORMA A\$
Reserves	620,978	864,568
<i>Adjustments to arrive at the pro-forma balance</i>		
Reviewed consolidated balance at 30 June 2023		620,978
<i>Subsequent events</i>		
Issue of equity incentives		243,590
		243,590
Proforma balance		864,568

(viii) Accumulated losses

	CONSOLIDATED REVIEWED 30 JUNE 2023 A\$	PROFORMA A\$
Accumulated losses	(16,106,087)	(72,902,640)
<i>Adjustments to arrive at the pro-forma balance</i>		
Reviewed consolidated balance at 30 June 2023		(16,106,087)
<i>Subsequent events</i>		
Interest expense on convertible notes to 31 December 2023		(1,070,724)
Alpha Tenement Acquisition		(7,386,162)
Amargosa Tenement Acquisition		(14,041,532)
Issue of equity incentives		(243,590)
Other estimated expenses from 1 July 2023 to the date of the Prospectus		(4,153,166)
		(26,895,174)
<i>IPO adjustments</i>		
Revaluation of derivative liability immediately prior to conversion of convertible notes		(28,506,188)
Expense capital raising costs that do not qualify for capitalisation under the accounting standards		(1,395,191)
		(29,901,380)
Proforma balance		(72,902,640)

6. Financial Information and Independent Limited Assurance Report continued

6.7 Summary of significant accounting policies

The following is a summary of the material accounting policies adopted by the Group in the preparation of the Historical and Pro Forma Financial Information contained in this Section. The accounting policies have been consistently applied unless otherwise stated.

(a) Basis of Accounting

The Historical and Pro Forma Financial Information has been prepared in accordance with the measurement and recognition (but not the disclosure) requirements of Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act.

Except for cash flow information, the Historical and Pro Forma Financial Information has been prepared on an accruals basis, is based on historical cost and except where stated do not take into account changing money values or current valuations of selected non-current assets, financial assets and financial liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

The preparation of the Historical and Pro Forma Financial Information requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical and Pro Forma Financial Information are disclosed where appropriate.

The pro forma Statement of Financial Position as at 30 June 2023 represents the reviewed financial position adjusted for the transactions discussed in Sections 6.6(b) and 6.6(c). The Statement of Financial Position should be read in conjunction with the notes set out in this Section 6.

(b) Going Concern

The Historical and Pro Forma Financial Information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The entity's ability to continue as a going concern is dependent on the success of the Offer. The Directors believe that the entity will continue as a going concern. As a result, the financial information has been prepared on a going concern basis. However, should the Offer be unsuccessful, the entity may not be able to continue as a going concern. The Historical and Pro Forma Financial Information does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

(c) Basis of consolidation

The Historical and Pro Forma Financial Information incorporate the assets and liabilities of all subsidiaries of the Company as at the reporting date and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to as the Group or the consolidated entity.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Foreign currency

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 the Company'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 year-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.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

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 the Company'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.

(e) Exploration and Evaluation Assets

Exploration and evaluation costs, including the costs of acquiring licences, are expensed in the statement of profit or loss when incurred.

(f) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

6. Financial Information and Independent Limited Assurance Report continued

(g) Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Transaction costs that are directly attributable to the assumption of financial liabilities (other than financial liabilities at fair value through profit or loss) are deducted from the fair value of the financial liability on initial recognition. Transaction costs directly attributable to acquisition of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest rate method except for derivatives and financial liabilities designated as fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments are accounted for at fair value through profit or loss.

(h) Financial assets

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date which is, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The Group classifies its financial assets based on the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets. The Group's financial assets which comprise other receivables and cash and cash equivalents are classified at amortised cost.

Financial assets at amortised cost are subsequently measured using the effective interest rate (**EIR**) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Impairment

The Group recognises an allowance for expected credit losses (**ECLs**) for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount presented on the balance sheet when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(i) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(j) Revenue

The Company recognises revenue as follows:

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(k) Income tax

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the financial period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same tax authority.

6. Financial Information and Independent Limited Assurance Report continued

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income. Impairment testing is performed annually for intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included in other receivables or payables in the Statement of Financial Position. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(n) Share based compensation

The Group operates equity-settled share-based remuneration plans for its employees.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair value of the employees services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All share-based remuneration is ultimately recognised as an expense in profit or loss. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of equity instruments expected to vest.

Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised if there is any indication the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period.

Where the fair value of services rendered by other parties can be reliably determined, this is used to measure the equity settled payment.

(o) Critical Accounting Estimates and Judgements

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expense is provided below.

Deferred tax assets

No members of the Group have generated taxable income in the financial year and as such the Group continues to carry forward tax losses that give rise to deferred tax assets. Given that the Group's projects remain in early exploration stages, it is unlikely that the Group will generate taxable income in the foreseeable future in the absence of asset sales.

Taking account of the above, the deferred tax assets have not been recognised in the financial statements as management does not believe that the members of the Group satisfy the criteria set out in paragraph 35 of AASB 112.

Share based payments

The Group measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Fair value is calculated with reference to observable market data or the most recent capital raise.

Convertible notes and derivative financial liabilities

The Convertible Notes issued by the Company comprise a host debt contract which is measured at amortised cost and an embedded financial derivative liability which is measured at fair value through profit and loss. The initial separation of the host contract and the financial derivative liability and the subsequent measurement of the fair value of the derivative financial liability requires the fair value of the derivative financial liability to be determined. The Company has used a Monte Carlo simulation-based valuation methodology to assess the value of the derivative financial liability. Estimated fair values may vary from the actual price that would be achieved in an arm's length transaction.

6.8 Issue of equity incentives

On 1 September 2023 the Company granted 9,562,350 zero exercise price options, with an expiry of 5 years from the date of issue to executive Directors, officers, employees, and contractors to the Group (or their nominees) (being the Management Performance Options) subject to the following vesting conditions:

- (a) Tranche A of the Management Performance Options (30% of the Management Performance Options) will vest on the Company announcing that it has been granted a Mining Concession (including trial mining) over an area which includes any part of the area of the tenements which the Company or any subsidiary (as defined in the Corporations Act) of the Company:
 - (i) at the time of the Company's admission to the Official List of ASX (**IPO**), held a tenement ownership interest or was the applicant for; and
 - (ii) holds a tenement ownership interest at the time of grant of the Mining Concession;
- (b) Tranche B of the Management Performance Options (30% of the Management Performance Options) will vest on a successful feasibility study (being measured by an internal rate of return greater than 25%) of one or more of the Company's minerals projects, prepared in accordance with the provisions of the JORC Code, being announced by the Company on or before the three-year anniversary of the IPO;
- (c) Tranche C of the Management Performance Options (20% of the Management Performance Options) will vest on achieving, on or before the four year anniversary of the IPO, a 60% increase in the Share price (compared to the price per share offered pursuant to the public offer under the Company's ASX IPO prospectus) measured upon the volume weighted average market price (as defined in the ASX Listing Rules) of Shares for a period of 20 consecutive trading days on which Shares are traded (disregarding any intervening days on which no trades occurred, if any); and
- (d) Tranche D of the Management Performance Options (20% of the Management Performance Options) will vest on achieving, on or before the five year anniversary of the IPO, a 90% increase in the Share price (compared to the price per share offered pursuant to the public offer under the Company's ASX IPO prospectus) measured upon the volume weighted average market price (as defined in the ASX Listing Rules) of Shares for a period of 20 consecutive trading days on which Shares are traded (disregarding any intervening days on which no trades occurred, if any).

6. Financial Information and Independent Limited Assurance Report continued

Table 18: Valuation of Management Performance Options

	MANAGEMENT PERFORMANCE OPTIONS			
	TRANCHE A	TRANCHE B	TRANCHE C	TRANCHE D
Valuation methodology	Black Scholes	Black Scholes	Monte Carlo	Monte Carlo
Iterations	n/a	n/a	100,000	100,000
Assumed spot price at grant date (A\$)	A\$1.47	A\$1.47	A\$1.47	A\$1.47
Term	5 years	5 years	5 years	5 years
Assumed latest vesting date	n/a	n/a	4 years from grant date	4 years from grant date
Exercise price (A\$)	nil	nil	nil	nil
Assumed VWAP hurdle (A\$)	n/a	n/a	A\$2.35	A\$2.79
Risk-free rate (%)	3.686%	3.686%	3.686%	3.686%
Volatility (%)	85%	85%	85%	85%
Dividend yield (%)	nil	nil	nil	nil
Fair value per ZEPO, rounded (A\$)	A\$1.47	A\$1.47	A\$1.34	A\$1.29
Probability of non-market vesting condition being achieved	80%	70%	n/a	n/a
Fair value per ZEPO to be recognised (A\$)	A\$1.18	A\$1.03	A\$1.34	A\$1.29

On 1 September 2023 the Company granted 533,050 zero exercise price options with an expiry of 5 years from the date of issue to Non-Executive Directors of the Group (being the Director Options) subject to the following vesting conditions:

The Director Options have a term of five years from the date of issue and will vest as follows:

- Tranche A (comprising one third of the Director Options) shall vest on the one-year anniversary of the date of the Company's admission to the Official List of ASX (**IPO**);
- Tranche B (comprising one third of the Director Options) shall vest on the two-year anniversary of the IPO; and
- Tranche C (comprising one third of the Director Options) shall vest on the three-year anniversary of the IPO.

Table 19: Valuation of Director Options

	DIRECTOR OPTIONS		
	TRANCHE A	TRANCHE B	TRANCHE C
Valuation methodology	Black Scholes	Black Scholes	Black Scholes
Assumed spot price at grant date (A\$)	A\$1.47	A\$1.47	A\$1.47
Term	5 years	5 years	5 years
Assumed latest vesting date	n/a	n/a	n/a
Exercise price (A\$)	nil	nil	nil
Assumed VWAP hurdle (A\$)	n/a	n/a	n/a
Risk-free rate (%)	3.686%	3.686%	3.686%
Volatility (%)	85%	85%	85%
Dividend yield (%)	nil	nil	nil
Fair value per ZEPO, rounded (A\$)	A\$1.47	A\$1.47	A\$1.47
Probability of non-market vesting condition being achieved	90%	80%	70%
Fair value per ZEPO to be recognised (A\$)	A\$1.32	A\$1.18	A\$1.03

The fair value of the Management Performance Options and Director Options will be recognised as an expense in the Statement of Profit and Loss over the vesting period for each tranche.

6.9 Related parties

The Historical and Proforma Financial Information incorporates the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in Section 6.7.

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING
Borborema Mineração Ltda ¹	Brazil	Ordinary	100%
Jequié Mineração Ltda	Brazil	Ordinary	100%
Ubaíra Mineração Ltda	Brazil	Ordinary	100%
Alta Materials Pty Ltd	Australia	Ordinary	100%
Cronos Material Pty Ltd	Australia	Ordinary	100%
Brazilian Rare Earths UK Ltd	United Kingdom	Ordinary	100%

Note:

1. Refer to section 1.1 of the Independent Solicitor's Report in Section 8 of this Prospectus for further information regarding the Company's ownership interest in Borborema Mineração Ltda.

Refer to Section 4.4 and other parts of this Prospectus for the Board and management interests.

6. Financial Information and Independent Limited Assurance Report continued

6.10 Contingent Liabilities

(a) Royalty agreements

The Group has entered into Royalty Agreements with Brazil Royalty Corp Participações e Investimentos Ltda (**BRC**) granting BRC the right to receive 2.5% gross revenue royalty over 32 of the tenements comprising the BRE Tenements held by the Company or its wholly owned subsidiaries. Refer to Section 8 and Section 9.6(d) for further information on the Royalty Agreements.

(b) Contingent consideration in relation to acquisition of the Amargosa Tenements

On 19 October 2023 Borborema entered into the Amargosa Tenement Acquisition Agreement for the purchase of various mining rights referred to as the Amargosa Tenements from Rio de Contas Desenvolimentos Minerais Ltda (**Rio Tinto Brazil**), a subsidiary of Rio Tinto. The cash consideration payable by the Group for the Amargosa Tenements (other than the Optioned Permits detailed below) is the Brazilian Real equivalent of USD9.328 million.

In addition, in the event of the development of a bauxite mining project in the areas of the mining rights acquired from Rio Tinto Brazil, the Group is required to pay an amount of USD40 million to Rio Tinto Brazil within one year from the commencement of commercial production of that material.

Refer to section 9.6(e) for further information on this agreement.

(c) Option to acquire Additional Amargosa Tenements

On 20 October 2023, Borborema entered into an agreement with Rio de Contas Desenvolimentos Minerais Ltda pursuant to which Borborema has the option to acquire an additional three exploration permits (being the Optioned Permits) for a cash payment of the Brazilian Real equivalent of USD\$672,000. Refer to section 9.6(f) for further information on this agreement.

6.11 Independent Limited Assurance Report



13 November 2023

The Board of Directors
Brazilian Rare Earths Limited
Level 1
139 Macquarie Street
SYDNEY NSW 2000

Dear Board of Directors

Independent Limited Assurance Report - Brazilian Rare Earths Limited Historical and Pro Forma Financial Information

We have been engaged by Brazilian Rare Earths Limited ("the Company") to prepare this Independent Limited Assurance Report ("Report") in relation to certain financial information of the Company for inclusion in a prospectus to be issued by the Company ("Prospectus"). The Prospectus is being issued to raise \$50,000,000 before associated costs at an Offer Price of \$1.47 per Share to certain investors and to assist the Company to meet the requirements for listing on the Australian Securities Exchange.

Expressions and terms defined in the Prospectus have the same meaning in this Report. This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

Scope

You have requested Hall Chadwick WA Audit Pty Ltd ("Hall Chadwick") to perform a limited assurance engagement in relation to the historical and Pro Forma Financial Information described below and disclosed in the Prospectus.

The historical and Pro Forma Financial Information is presented in the Prospectus in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

6. Financial Information and Independent Limited Assurance Report continued



Historical Financial Information

You have requested Hall Chadwick to review the following historical financial information (together the “Historical Financial Information”) of the Company included in the Prospectus:

- The historical Statements of Profit or Loss and Other Comprehensive Income for the period from incorporation to 31 December 2021, the year ended 31 December 2022 and the half year ended 30 June 2023;
- The historical Statements of Financial Position as at 31 December 2021, 31 December 2022 and 30 June 2023; and
- The historical Statements of Cash Flows for the period from incorporation to 31 December 2021, the year ended 31 December 2022 and the half year ended 30 June 2023.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company’s adopted accounting policies. The Historical Financial Information of the Company has been extracted from the financial reports for the relevant periods. The financial reports for the periods ended 31 December 2021 and 31 December 2022 were audited by Hall Chadwick in accordance with Australian Auditing Standards. Hall Chadwick have issued unqualified audit opinions with material uncertainty related to going concern paragraphs on the financial reports for the periods ended 31 December 2021 and 31 December 2022. The financial report for the half year ended 30 June 2023 was reviewed by Hall Chadwick in accordance with *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Hall Chadwick issued an unqualified conclusion with a material uncertainty related to going concern paragraph on the financial report for the half year ended 30 June 2023.

Pro Forma Financial Information

You have requested Hall Chadwick to review the pro forma historical Statement of Financial Position as at 30 June 2023 referred to as “the Pro Forma Financial Information”.

The Pro Forma Financial Information has been derived from the Historical Financial Information of the Company, after adjusting for the effects of the subsequent events and pro forma adjustments described in Section 6.6 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Section 6.6 of the Prospectus, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Financial Information does not represent the Company’s actual or prospective financial position or financial performance.

Directors' Responsibility

The directors of the Company are responsible for the preparation of the Historical Financial Information and Pro Forma Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Financial Information that are free from material misstatement, whether due to fraud or error

Our Responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and Pro Forma Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable 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.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information comprising:

- The historical Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2021, the year ended 31 December 2022 and the half year ended 30 June 2023;
- The historical Statement of Cash Flows for the period ended 31 December 2021, the year ended 31 December 2022 and the half year ended 30 June 2023; and
- The historical Statement of Financial Position as at 31 December 2021, 31 December 2022 and 30 June 2023,

is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 6.2 of the Prospectus.

6. Financial Information and Independent Limited Assurance Report continued

HALL CHADWICK 

Pro Forma Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Financial Information comprising the Statement of Financial Position as at 30 June 2023 is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 6.2 of the Prospectus.

Restriction on Use

Without modifying our conclusions, we draw attention to Section 6.1 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Consent

Hall Chadwick has consented to the inclusion of this Independent Limited Assurance Report in this Prospectus in the form and context in which it is so included (and at the date hereof, this consent has not been withdrawn), but has not authorised the issue of the Prospectus. Accordingly, Hall Chadwick makes no representation or warranties as to the completeness and accuracy of any information contained in this Prospectus, and (other than as described in the Prospectus) takes no responsibility for, any other documents or material or statements in, or omissions from, this Prospectus.

Liability

The Liability of Hall Chadwick WA Audit Pty Ltd is limited to the inclusion of this report in the Prospectus and any other the statements included in the Prospectus with its consent. Hall Chadwick WA Audit Pty Ltd makes no representation regarding, and takes no responsibility for any other statements, or material in, or omissions from the Prospectus.

Declaration of Interest

Hall Chadwick WA Audit Pty Ltd does not have any interest in the outcome of this transaction or any other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Hall Chadwick WA Audit Pty Ltd will receive fees for the preparation of this report as disclosed in section 9.10 of the Prospectus.

Yours faithfully,



D M BELL CA
Director