

## **BRE Expands Control Over Rocha da Rocha Rare Earth Province**

- **Accelerated consolidation of the world class Rocha da Rocha Rare Earths Province**
- **Signed binding option agreement to acquire the advanced Sulista Rare Earth Project with over 100km<sup>2</sup> of highly prospective exploration licences**
- **Sulista Rare Earth Project is located 80km southwest of BRE's Monte Alto Project and includes an extensive database of historical drill results, hard rock surface outcrops and corestones**
- **Highly prospective for ultra-high grade hard rock rare earth mineralisation including high grades of niobium and scandium**
- **BRE exploration team have discovered several corestones/boulders at the Sulista Project with comparable gamma readings to the ultra-high grade REE-Nb-Sc mineralisation discovered at the Monte Alto Project**
- **New strategic staking of over 2,600km<sup>2</sup> of highly prospective rare earth exploration licences**
- **Exploration results from the Monte Alto Phase I diamond drilling program targeting REE-Nb-Sc mineralisation are expected in the coming weeks**

### **Strategic Large-Scale Expansion**

Brazilian Rare Earths (BRE) has taken steps to secure control and consolidate its dominant position over the world class Rocha da Rocha rare earth province.

An option agreement has been signed to acquire the Sulista Rare Earth Project, with exceptional potential for ultra-high grade rare earth, niobium and scandium (REE-Nb-Sc) hard rock mineralisation.

BRE has also applied for an expansive ~2,640 km<sup>2</sup> of highly prospective rare earth licences to the west and north to add to the current 1,410 km<sup>2</sup> exploration licence area.

### **Acquisition of the Sulista Rare Earth Project**

BRE has signed an option agreement to acquire the advanced Sulista Rare Earth Project that includes surface hard rock outcrops, corestones/boulders and an extensive diamond drill core and auger sample database.

Sulista Project's geological database indicates exceptional potential for ultra-high grade rare earth, niobium and scandium hard rock mineralisation as well as extensive surface ionic clay rare earth mineralisation. The proposed acquisition totals 108km<sup>2</sup> of exploration licences in a near continuous block that links the southern extension of the Rocha da Rocha Rare Earth Province.

### **Sulista Project Validation**

BRE's project due diligence identified hard rock outcrops and corestones/boulders that are visually comparable to those discovered at the Monte Alto Project.

On-site reconnaissance sampling of the hard rock outcrops and corestones/boulders recorded gamma spectrometry readings within the same range as those obtained for the ultra-high grade REE-Nb-Sc mineralisation near the Monte Alto Project - which recorded grades of up to 40.5% (405,000ppm) of Total Rare Earth Oxide (TREO), high grades of niobium (up to 1.5%) and scandium (up to 269ppm)<sup>1</sup>.

### **Diamond Drilling Highlights Potential for Ultra-High Grade REE-Nb-Sc Mineralisation**

On-site review of the Sulista historical diamond drill core (~1,000m of drill core) identified significant hard rock mineralisation via gamma spectrometry also with similar readings to the REE-Nb-Sc mineralisation sampled near the Monte Alto rare earth project.

Historical diamond drill core will be expedited for re-assay and BRE's diamond drilling teams have been mobilised to twin existing drill holes and explore for ultra-high grade mineralised extensions.

### **Ionic Clay Rare Earth Mineralisation**

The Sulista Project has a geological database of 499 auger drill holes (~5,000m) recording high grades of ionic clay style rare earth mineralisation.

BRE will validate this geological database in compliance with JORC standards via an accelerated program of re-assays and confirmatory surface drilling.

### **New Strategic Staking of Exploration Licences**

BRE has also strategically applied for ~2,640 km<sup>2</sup> of highly prospective exploration licences covering the western and northern extensions to BRE's current province scale landholdings (1,410km<sup>2</sup>).

These exploration licences have highly significant geophysical anomalies identified using BRE's proprietary geophysical dataset.

If fully granted, these new licences will secure BRE near total control over the significant geophysical anomalies across this leading rare earth province with a dominant (4,158 km<sup>2</sup>) of total landholdings – which would lead to a near 3x increase in BRE's controlled landholdings.

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<sup>1</sup> Refer Prospectus dated 13 November 2023 for reported exploration results. The Company is not aware of any new information or data that materially affects the information contained in the Prospectus.

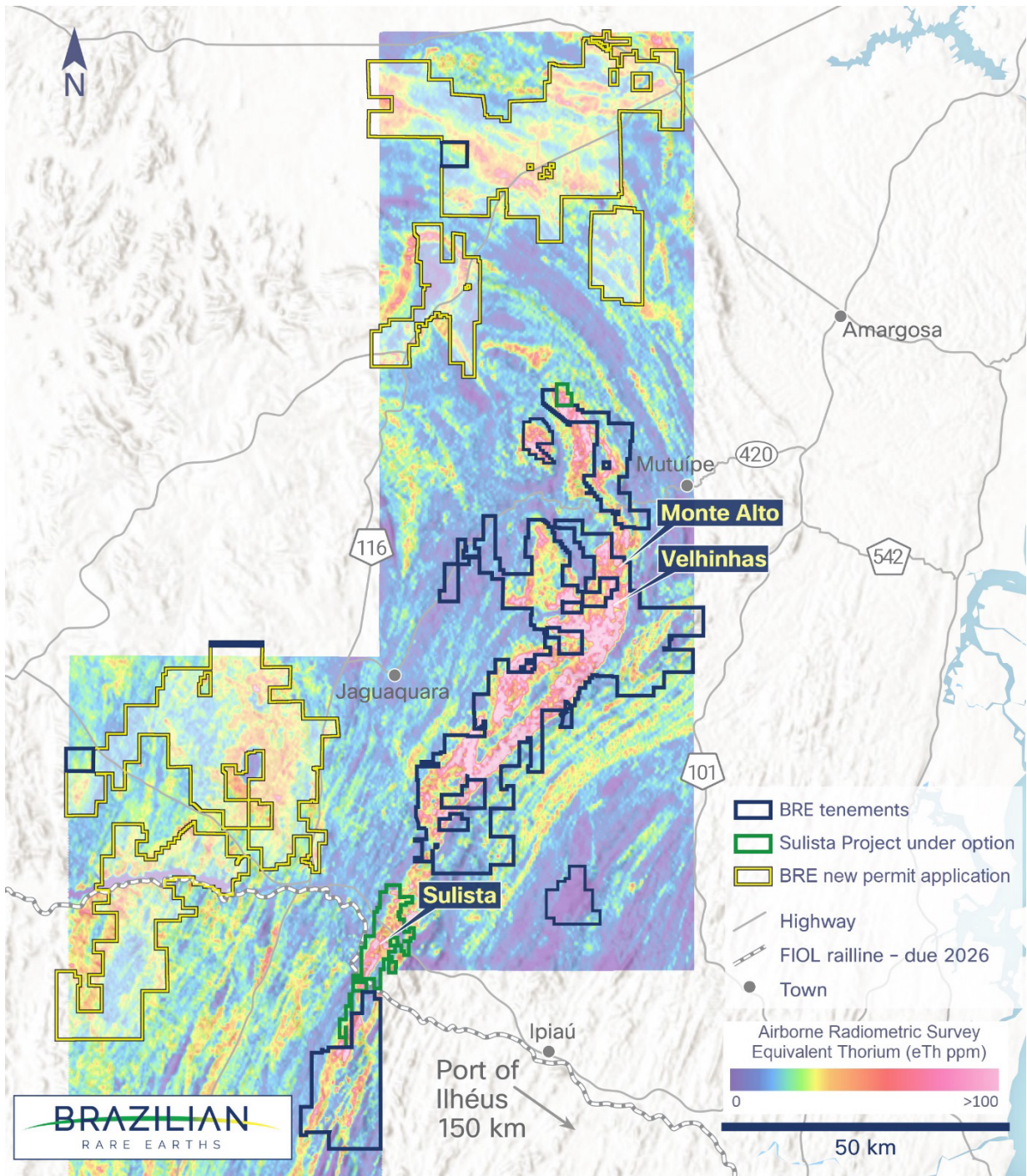


Figure 1: Rocha da Rocha Province geophysical map<sup>2</sup> - Existing BRE exploration licences (blue), Sulista Project (green) and exploration licences under application (yellow)

<sup>2</sup> Refer Prospectus dated 13 November 2023 for reported exploration results. The Company is not aware of any new information or data that materially affects the information contained in the Prospectus

**Brazilian Rare Earths' MD and CEO, Bernardo da Veiga commented:**

“The exceptional exploration success at the Monte Alto project has galvanized the BRE exploration team and our priority is to target ultra-high grade hard rock mineralisation rich in rare earths, niobium and scandium. The Monte Alto discovery stands out globally for some of the highest rare-earth grades ever recorded and positions this project as a world leading rare earth exploration target.

Our immediate focus is to rapidly advance exploration at the Monte Alto Project. Our exploration success underpins our decision to commence the Phase II and Phase III diamond drilling programs at Monte Alto targeting ultra-high grade REE-Nb-Sc hard rock mineralisation beneath the shallow high-grade monazite-sand resource.

Our exploration team will also widen exploration across the province, targeting REE-Nb-Sc mineralisation along the +140km strike of our landholdings. There is evidence that REE-Nb-Sc mineralisation is a province scale opportunity, supported by the discovery of the highest grade REE-Nb-Sc corestone some 7km south of the Monte Alto Project at our Velinhas target. We have commenced exploration at Velinhas to test for REE-Nb-Sc mineralisation and this will soon be followed by a range of highly prospective regional targets.

The Sulista Rare Earth Project is located 80km southwest of the Monte Alto Project and the historical drill results, surface hard rock outcrops, corestones/boulders and geophysical anomalies indicates potential for a major rare earth endowment. We believe there is exceptional potential for a disruptive discovery at the southern end of the mineralised linear trendline that runs down the extensive spine of this world class province.

Exploration results from Monte Alto's Phase I diamond drilling program are expected in the coming weeks. This drill program was guided by results from magnetic and gravity surveys and a very strong REE anomaly – which defined a highly prospective exploration corridor spanning over 800m in length and 200m in width.

With the potential for ultra-high grade REE-Nb-Sc mineralisation to repeat across the province we have decided to strategically stake ~2,640 km<sup>2</sup> of highly prospective exploration licences across the western and northern extensions to our current landholdings. If they are fully granted, they will nearly triple our exploration licence area to 4,158 km<sup>2</sup> and secure near full control over this leading rare earth province.

We now have a compelling range of REE-Nb-Sc exploration targets to systematically drill in the first half of 2024. We are committed to move quickly to unlock the full value of this exceptional province scale opportunity.”

### **Sulista Project Option Agreement**

BRE has the exclusive option to acquire 100% of the granted exploration licences comprising the Sulista Rare Earth Project (Table 1) from R. E. 17 Mineração and Jitauna Pesquisa E Mineração Ltda (**Vendors**) on the following terms:

- BRE has paid to the Vendors a BRL 200,000 (A\$ 61,910 at a FX rate of 3.23 BRL per A\$) non-refundable deposit on signing the binding agreement on 21 January 2023 for a 7 day exclusive option to acquire the

exploration licences (**Option Term**). During the Option Term the Vendors shall provide BRE full access to the licences and all related data to enable BRE to undertake further due diligence.

- If BRE exercises its option to acquire the exploration licences it will pay the following consideration to the Vendors:
  - (a) A cash payment of BRL 4,800,000 (A\$ 1,485,835 at a FX rate of 3.23 BRL per A\$).
  - (b) 4,000,000 fully paid ordinary shares in BRE subject to voluntary escrow for a period of two years from the date of issue (**Tranche A Shares**).
  - (c) 4,000,000 fully paid ordinary shares in BRE subject to voluntary escrow until the later of two years from the date of issue or the date on which the final exploration report for each of areas 870930/2011 and 870008/2015 is approved by the Agencia Nacional de Mineração (**ANM**) (**Tranche B Shares**).
- If the ANM does not approve the final exploration report filed for either of exploration licences 870930/2011 and 870008/2015, subject to all necessary regulatory and shareholder approvals, BRE shall have the right to buy back the Tranche B Shares from the Vendors for a total consideration of the BRL equivalent of A\$1.
- Following the voluntary escrow period, BRE also has a transferable right of first refusal over the sale of Tranche A and Tranche B Shares by the Vendors. If BRE does not exercise the right of first refusal in respect of some or all of the shares specified in a transfer notice provided to BRE by the Vendors, the Vendors have a period of 10 business days to sell those shares for not less than the price at which the shares were offered to BRE.

The Vendors completed over 5,000m of auger drilling across 499 holes and circa 1,000m of deeper diamond drilling. Vendors submitted positive final exploration reports for rare earths elements on two licences, with draft exploration reports on other licences substantially progressed. BRE intends to re-assay and validate the historic drilling, explore for hard rock REE-Nb-Sc mineralisation and progress the remaining final exploration reports in the coming months.

Table 1: Details of exploration licences under option

Licence	Area (Ha)	Licence Type	Vendor	Grant date	Due date for Final Exploration Report
870930/2011	1,994.9	Exploration Licence	RE17	04/07/2011	Positive Final Exploration Report filed. Awaiting ANM analysis.
870004/2013	1,531.3	Exploration Licence	Jitauna	24/09/2015	30/08/2024
870002/2013	1,957.0	Exploration Licence	Jitauna	24/09/2015	30/08/2024
870003/2013	1,979.2	Exploration Licence	Jitauna	24/09/2015	30/08/2024
872651/2013	253.9	Exploration Licence	Jitauna	11/02/2016	30/09/2024
870008/2015	707.2	Exploration Licence	RE17	10/06/2015	Positive Final Exploration Report filed. Awaiting ANM analysis.
872549/2015	216.7	Exploration Licence	RE17	14/04/2016	13/07/2024
870725/2016	861.9	Exploration Licence	RE17	14/09/2016	30/11/2024
870730/2016	447.2	Exploration Licence	RE17	17/10/2016	30/11/2024
871103/2016	750.3	Exploration Licence	RE17	28/09/2016	30/09/2024
870409/2017	105.6	Exploration Licence	RE17	21/08/2017	30/09/2025

### BRE Reconnaissance Program

The BRE exploration team visited the Sulista Project in January 2024 to conduct initial reconnaissance exploration and on-site due diligence of historical exploration. These activities identified a number of hard rock corestones and outcrops with comparable geophysical signatures to the ultra-high grade REE-Nb-Sc corestones at the Monte Alto Project.

Reconnaissance exploration involved a handheld gamma spectrometry survey targeting outcrops at three sites with strong thorium anomaly signatures in BRE's proprietary geophysical dataset. As shown in Figure 2, BRE geophysicists utilized a RS-230 Portable Gamma Spectrometer positioned above the outcrop to measure a Count of gamma particles Per Second ("CPS"). Diamond drill hole ZMC-2S was selected for verification by the BRE Exploration team. The drill collar location was located in the field (Figure 3) and drill core inspected. A portion of drill core at approximately 100m downhole depth was selected for gamma spectrometry. For both outcrop and drill core the modal CPS value observed during a 30 second period was recorded.

BRE has recorded a strong correlation between high CPS values and monazite mineralisation and found gamma spectrometry to be an effective method for identifying primary REE mineralization. This method led to the discovery of ultra-high grade REE-Nb-Sc mineralisation in corestones and outcrops at Monte Alto and Velhinhos<sup>3</sup>.



Figure 2: BRE geophysics team conducting gamma spectrometry on hard rock outcrops in Site 3

Anomalous CPS values were recorded at sampled outcrop sites and drill core that ranged from 16,000 to 55,000 CPS (Table 2.) These values are comparable to those associated with REE-Nb-Sc mineralisation at Monte Alto and represent an intensity of approximately 20 to 50 times background CPS values for the region.

<sup>3</sup> Refer Prospectus dated 13 November 2023 for reported exploration results. The Company is not aware of any new information or data that materially affects the information contained in the Prospectus.

Table 2: Reconnaissance spectrometer results

Location	Sample Type	Easting	Northing	CPS
Site 1	Hard rock outcrop	393,515	8,458,747	55,800
Site 2	Hard rock outcrop	389,402	8,450,353	48,500
Site 3	Hard rock outcrop	392,964	8,455,546	35,400
Historical hole ZMC-2S	Historical drill core intercept	393,139	8,457,830	16,600

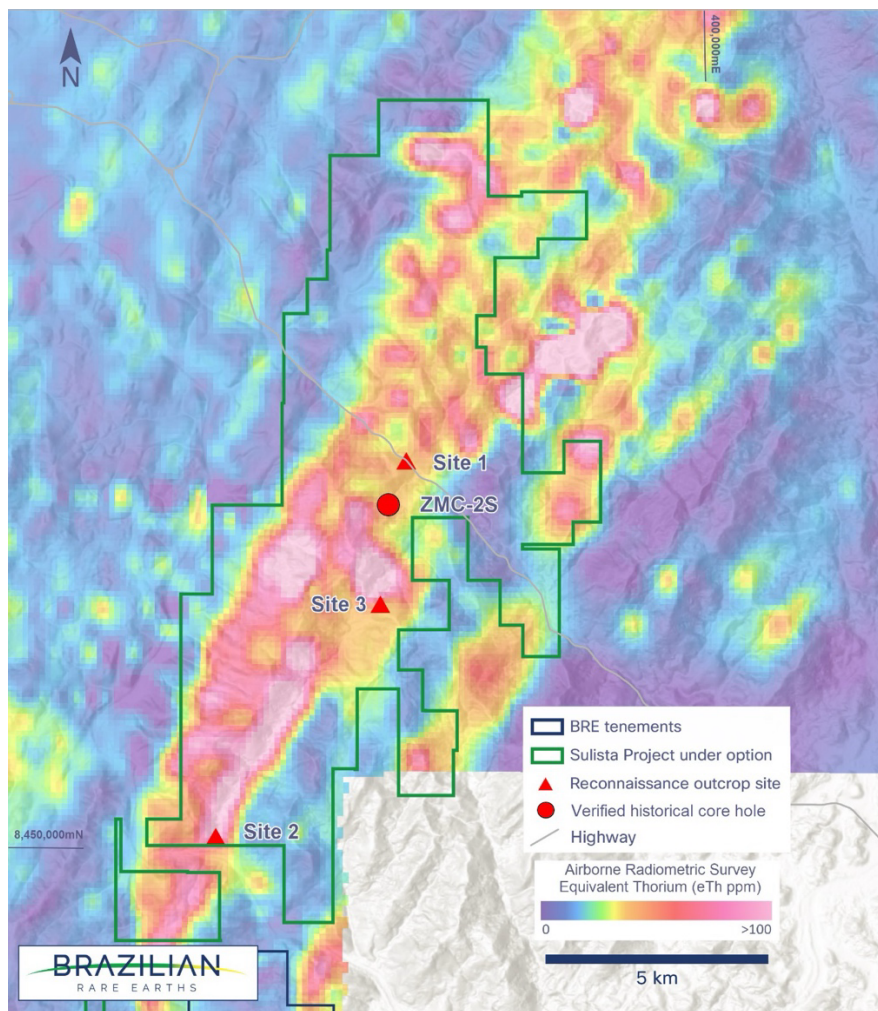


Figure 3: Reconnaissance exploration sites at the Sulista Project





Figure 4: BRE geophysics team conducting gamma spectrometry on hard rock outcrops in Site 2

### Cautionary Statement Portable Gamma Spectrometer Results

Gamma spectrometer results included in this report are preliminary only. The use of point location gamma readings only provides an indication of the presence of gamma releasing minerals such as monazite. The material that is the subject of this report will be submitted for laboratory assay to determine full suite TReO grades .

This announcement has been authorized for release by the CEO and Managing Director.

For further information and enquires please contact:

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**MD and CEO**

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### Forward-Looking Statements and Information

This Announcement may contain “forward-looking statements” and “forward-looking information”, including statements and forecasts which include (without limitation) expectations regarding industry growth and other trend projections, forward-looking statements about the BRE’s Projects, 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 of the Prospectus dated 13 November 2023. 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 in this Announcement) are reasonable, readers are cautioned that this is not exhaustive of all factors which may impact on the forward-looking information.

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 Announcement will actually occur and prospective investors are cautioned not to place undue reliance on these forward-looking information or statements.

Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

### Competent Persons Statement

The information in this announcement that relates to Exploration Results is based on, and fairly represents, information compiled or reviewed by Mr. Leon McGarry, a Competent Person who is a Professional Geoscientist (P.Geo.) and registered member of ‘Professional Geoscientists Ontario’ (PGO no. 2348), a ‘Recognized Professional Organization’ (RPO). Mr. McGarry is a Principal Resource Geologist and full-time employee at McGarry Geoconsulting Corp. Mr. McGarry has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Mineral Resources and Ore Reserves’. Mr. McGarry consents to the inclusion in this report of the results of the matters based on his information in the form and context in which it appears.

## APPENDIX A – JORC Table

### Section 1 Sampling Techniques and Data

Criteria in this section apply to all succeeding sections

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<p>Measurements were made using a RS-230 Portable Gamma Spectrometer. In survey mode, the total Count of gamma particles Per Second ("CPS") is recorded in real time.</p> <p>Measured material included fragments of historical drill core, and portions of outcropping rock exposures of approximately 1m<sup>2</sup>. Both material types were measured in the field and were deemed to be representative of broader lithologic units in which they occur based on a visual assessment of rock characteristics,</p> <p>High CPS occur in the presence of gamma releasing minerals. Throughout the Rocha da Rocha Critical Mineral Province, BRE has observed a positive correlation between CPS and thorium and REE bearing monazite. BRE has determined that gamma spectrometry is an effective method for determining the presence of REE mineralization that is material to this report.</p>
Drilling techniques	<ul style="list-style-type: none"> <li>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</li> </ul>	This Report does not include drilling or drilling results.
Drill sample recovery	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>	This Report does not include drilling or drilling results.
Logging	<ul style="list-style-type: none"> <li>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>Whether logging is qualitative or quantitative</li> </ul>	This Report does not include drilling or drilling results.

	<p><i>in nature. Core (or costean, channel, etc) photography.</i></p> <ul style="list-style-type: none"> <li>• <i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li>• <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li>• <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li>• <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li>• <i>Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.</i></li> <li>• <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	This Report does not include drilling or drilling results.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>• <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li>• <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></li> <li>• <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i></li> </ul>	<p>This Report does not include assaying or laboratory results.</p> <p>Geophysical measurements were made using a RS-230 Portable Gamma Spectrometer. Before the field activity, reliability, and precision of the device was confirmed by analysis of the calibration curve using the RS-Analyst software and by daily repeat reading tests in previously known locations.</p>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>• <i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li>• <i>The use of twinned holes.</i></li> <li>• <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li>• <i>Discuss any adjustment to assay data.</i></li> </ul>	This Report does not include drilling or drilling results.
Location of data points	<ul style="list-style-type: none"> <li>• <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i></li> <li>• <i>Specification of the grid system used.</i></li> <li>• <i>Quality and adequacy of topographic control.</i></li> </ul>	<p>Outcrop sample sites were located by handheld GPS. The insitu position of measured core fragments is approximated from historical drill collar sites located by handheld GPS. This Report does not include historical drilling results. Except for the position of a subset of core drillhole collars, no verification of historical survey data has been conducted by the company.</p> <p>Topographic control is provided by a DEM obtained from SRTM data at a lateral resolution of 30 m<sup>2</sup>. The accuracy of projected exploration data locations is sufficient for this early reconnaissance stage of exploration. The grid datum used is SIRGAS 2000 UTM 24S.</p>

<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>• <i>Data spacing for reporting of Exploration Results.</i></li> <li>• <i>Whether the data spacing, and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></li> <li>• <i>Whether sample compositing has been applied.</i></li> </ul>	Findings presented in this Report are derived from irregularly distributed data points at spacing of 3 to 6km along strike. The data spacing is appropriate for initial reconnaissance.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>• <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></li> </ul>	Measurements are collected at sample location points on drill core fragments or outcropping material. Point locations do not represent a continuous sample along any length of the mineralized system.
<i>Sample security</i>	<ul style="list-style-type: none"> <li>• <i>The measures taken to ensure sample security.</i></li> </ul>	Historical drill core is secured in a locked compound.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>• <i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	No audits or reviews have been completed.

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li>• <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i></li> <li>• <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i></li> </ul>	<p>Details of BREs existing licences are detailed in the Company prospectus.</p> <p>The Sulista Rare Earth Project that is the subject of this Report is to be acquired by subsidiaries of Brazilian Rare Earths Limited (BRE), an Australian registered company. The Project is in the State of Bahia, North-eastern Brazil, and is comprised of 11 (eleven) granted exploration permits registered at the Brazil's National Mining Agency covering a land area of approximately 108 km<sup>2</sup>.</p> <p>All mining permits in Brazil are subject to state and landowner royalties, pursuant to article 20, § 1, of the Constitution and article 11, "b", of the Mining Code. In Brazil, the Financial Compensation for the Exploration of Mineral Resources (Compensação Financeira por Exploração Mineral - CFEM) is a royalty to be paid to the Federal Government at rates that can vary from 1% up to 3.5%, depending on the substance. It is worth noting that CFEM rates for mining rare earth elements are 2%. CFEM shall be paid (i) on the first sale of the mineral product; or (ii) when there is mineralogical mischaracterization or in the industrialization of the substance, which is which is considered "consume" of the product by the holder of the mining tenement; or (iii) when the products are exported, whichever occurs first. The basis for calculating the CFEM will vary depending on the event that causes the payment of the royalty. The landowners royalties could be subject of a</p>

		<p>transaction, however, if there's no agreement to access the land or the contract does not specify the royalties, article 11, §1, of the Mining Code sets forth that the royalties will correspond to half of the amounts paid as CFEM.</p> <p>The Sulista Rare Earth licences are not known to fall within areas of native title interest or environmental parkland. The licences are in good standing with no known impediments to obtaining a licence to operate in the area.</p>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li><i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<p>Between 2013 and 2019 the project Vendors conducted exploration on the Licences that included drilling of approximately 5,000m of across 499 auger holes and approximately 1,000m of core holes. This Report does not include results from this historical program. As of the effective date of this report, BRE is appraising the exploration data collected by other parties.</p>
<i>Geology</i>	<ul style="list-style-type: none"> <li><i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<p>The Sulista Rare Earth project has a substantially similar geological setting to BRES existing licences detailed in the Company prospectus. The project is hosted by the Jequié Complex, a terrain of the north-eastern São Francisco Craton, that includes the Volta do Rio Plutonic Suite of high-K ferroan ("A-type") granitoids, subordinate mafic to intermediate rocks; and thorium rich monazitic leucogranites with associated REE.</p> <p>Initial reconnaissance on the property has identified potential for the same assemblage of REE deposits encountered elsewhere in the RCMP including: Hard rock deposits of REE-Nb-Sc monazite cumulate mineralization; Regolith enriched with REE bearing monazite sand; and REE ionically adsorbed to clay ("IAC") deposits.</p>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> <li><i>easting and northing of the drill hole collar</i></li> <li><i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li><i>dip and azimuth of the hole</i></li> <li><i>down hole length and interception depth</i></li> <li><i>hole length.</i></li> </ul> </li> <li><i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i></li> </ul>	<p>This Report does not include drilling or drilling results.</p>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i></li> <li><i>Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and</i></li> </ul>	<p>Exploration results have not been aggregated. This Report does not include drilling or drilling results.</p>

	<p><i>some typical examples of such aggregations should be shown in detail.</i></p> <ul style="list-style-type: none"> <li>• <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></li> </ul>	
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <li>• <i>These relationships are particularly important in the reporting of Exploration Results.</i></li> <li>• <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></li> <li>• <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i></li> </ul>	Measurements are collected at sample location points on drill core intercepts or outcropping material. This Report does not present an assessment of mineralization widths or lengths.
<i>Diagrams</i>	<ul style="list-style-type: none"> <li>• <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i></li> </ul>	A map of licences and projected sample locations detailed in this report are presented in the body of report.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li>• <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced avoiding misleading reporting of Exploration Results.</i></li> </ul>	The Report describes geophysical measurements made at a limited number of isolated sample locations for the purpose of initial reconnaissance. This Report does not present mineralization grades or widths.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li>• <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></li> </ul>	This Report does not contain other substantive exploration data.
<i>Further work</i>	<ul style="list-style-type: none"> <li>• <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li>• <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></li> </ul>	BRE intends to validate the historic drilling, test undrilled areas, and continue to progress the remaining final reports in the coming months.