DIAMOND DRILLING PROGRAM COMMENCES AT CALADÃO

HIGHLIGHTS:

- **Phase 1 exploration program to commence at the Caladão REE Project as part of the 20,000m drill campaign planned over the next 2 years**
- **Aggressive diamond drilling aims to extend the open REE mineralisation at two prospects (Area A and Area B) that previously uncovered 25km of mineralised strike, including a large radiometric circular structure at Area B**
- **Phase 1 program will also test the depth of the clay profile with diamond drilling the most effective method to drill to bedrock. Previous auger drilling (to average 15m depth) indicated REE mineralisation is open at depth**
- **This first program will include 52 holes and is anticipated to total ~2,600 metres of diamond drilling**
- **Phase 1 program at Caladão opens Axel's aggressive IPO exploration strategy, with Caldas (Poços de Caldas REE) and Itiquira (Mato Grosso REE/Nb) Phase 1 campaigns to follow in the coming weeks**

Axel REE Limited (**ASX: AXL, "Axel"** or **"the Company"**) is pleased to advise the commencement of a robust drilling program at its 100% owned and highly prospective, but yet underexplored Caladão Project (**Caladão**). Caladão is located in a region known as the Lithium Valley in Minas Gerais, Brazil, where many major lithium discoveries have been made, including Sigma Lithium Corp's Grota do Cirilo LCE mine. Axel is the first company to realise the area's potential for high-grade REE mineralisation in the well-known mining region and with excellent access to infrastructure.

Axel holds ~400km^2 in exploration permits and applications at Caladão, which is one of four prospective rare earth elements (**REE**) and niobium (**Nb**) projects 100% owned by the Company that covers over 1,100km^2.

Managing Director, Dr Fernando Tallarico, said:

> *"Having successfully completed Axel's IPO, we are now in the position to immediately embark on our strategy to unlock value in our highly prospective Caladão Project, in the Lithium Valley, by launching our Phase 1 2,600m diamond drilling program. This program holds immense potential as the historical auger results defined two target areas that spanned a combined strike length of 25km with mineralisation open at depth, laterally, and along the strike.*
>
> *Diamond drilling will cross the entire regolith profile, and only cease once the bedrock is reached. This approach will enable us to comprehensively examine the entire clay profile, map the zoning of the clay horizons, and determine the true thickness of the potentially REE-bearing clay zone. We are also targeting a large circular radiometric structure at Area B and have planned our program to be fluid where we will follow the richest areas as results progressively return.*

This Phase 1 program forms part of our 20,000m program planned at Caladão and aligns with our IPO strategy to aggressively work our projects. Our Caldas Project in the world-class Poços de Caldas Alkaline Complex and Itiquira REE/niobium project will progressively follow and we are excited for the continuous newsflow to come."

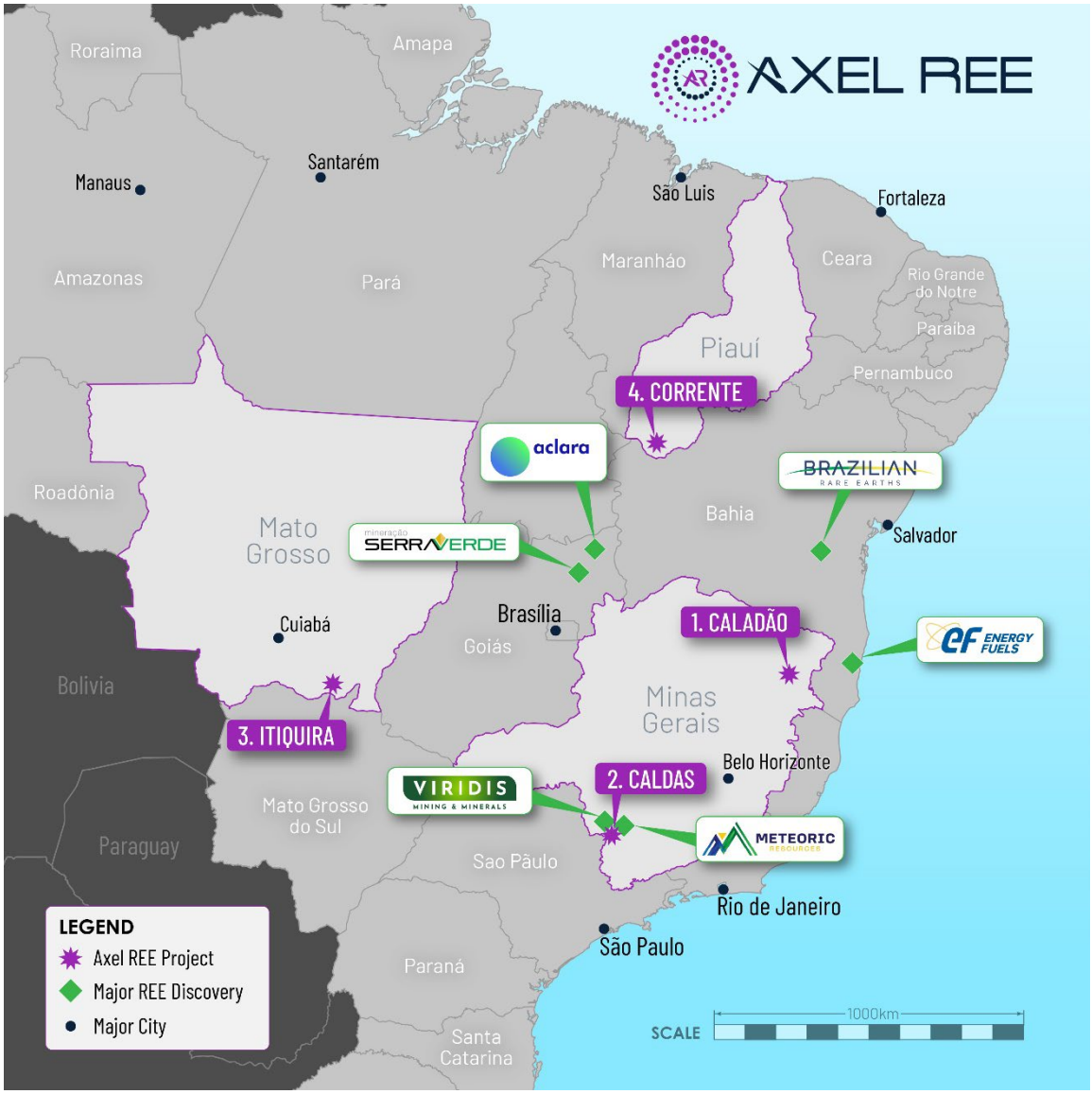

Figure 1 – Map of the Axel REE's 100% owned projects in Brazil.

Previous geochemical and shallow auger drilling programs completed by the Company in 2023 that covered only ~20% of the Project, determined two highly prospective targets (Area A and Area B), with elevated soil samples up to **3,547 ppm TREO** and auger drill intercepts up to **2 metres @ 7,612 ppm TREO**, with the thickest intercept including **18 metres @ 2,678 ppm TREO**. ***All mineralised auger holes ended in mineralisation*** denoting that the true thickness of the REE mineralisation is yet to be determined. The prospective area is large-scale, covering more than 400km^2 with Area A and Area B both open in all directions (along-strike and laterally).

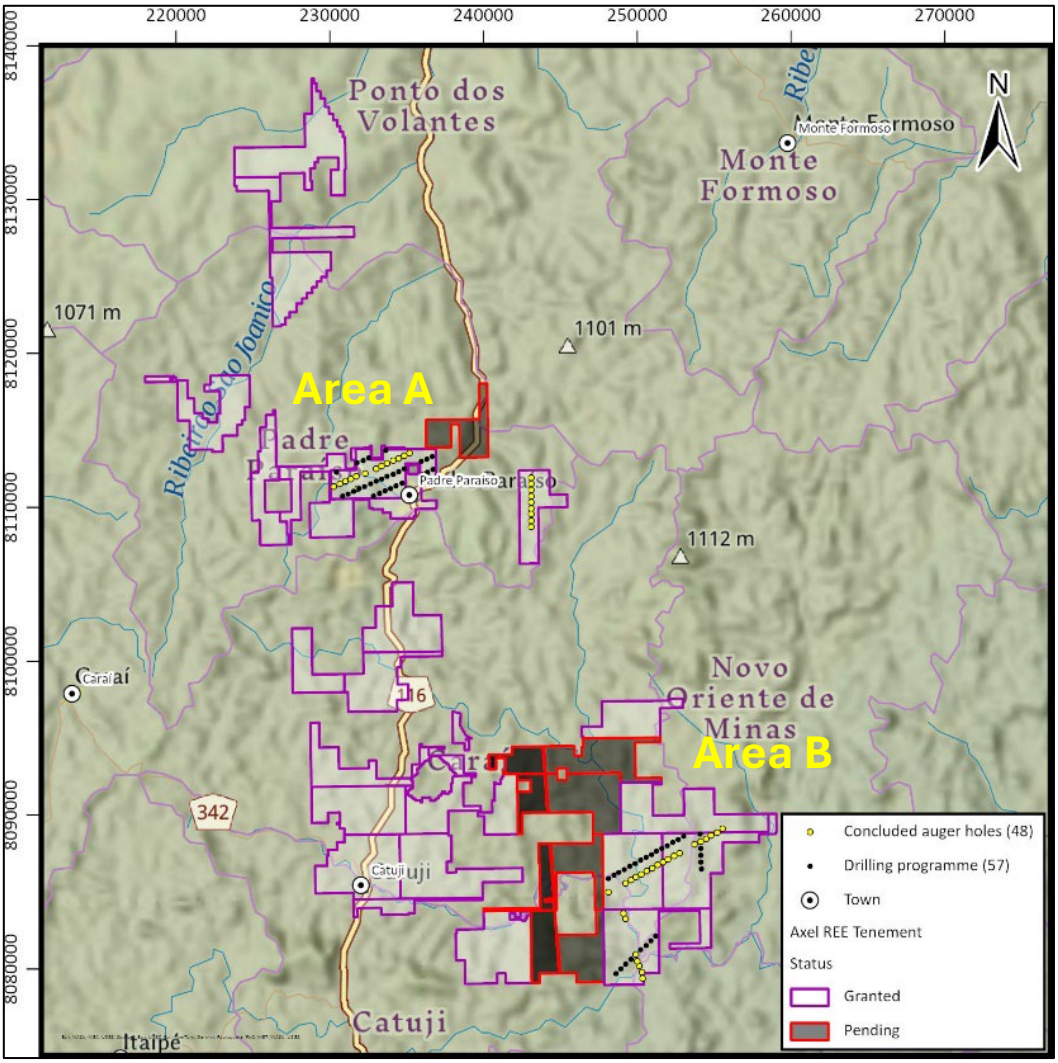

Figure 2 – Map of the Caladão Project showing the distribution of Axel's tenements and the priority drill targets A and B.

The Company has planned a systematic diamond drilling program to follow up on these historical auger results, in Area A and Area B. In the first phase of the program, 24 diamond drill holes are planned in Area A, totalling about 1,200 metres with an estimated average depth of 50 metres per vertical hole. However, the depth of the holes can, and will probably vary as we are yet to determine the true thickness of the REE-bearing clay profile. By employing diamond drilling we will have the opportunity to cross the entire weathering profile until we reach the fresh basement rock.

In Area B, 28 holes for a total of 1,400 metres of drilling is expected. 13 of these holes will test an outstanding airborne ring-shaped thorium anomaly spanning ~18km diameter (Figure 5), which we expect may be related to REE-bearing clays. Another 15 of the holes in area B were collared along a line offset 800 metres laterally from the historical auger holes, with holes every 400 metres along the line.

In total, the diamond drilling program at the Caladao project will include the drilling of 52 holes, totalling ~2,600 metres. Mobilisation will start in mid-August and we expect to complete the program in October this year.

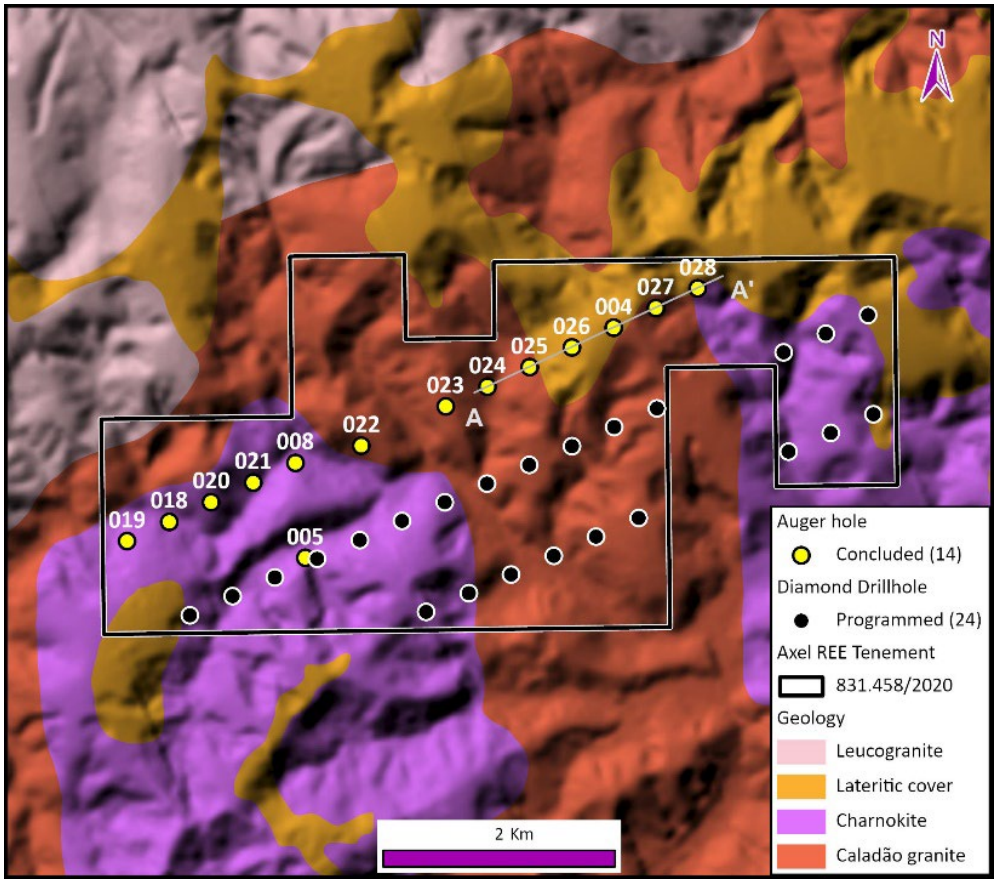

Figure 3 – Geological Map of Caladão Area A target, draped on the topography, showing the historical auger holes in yellow and the programmed diamond drill holes in black. AA' shows the position of the cross-section shown in Figure 4.

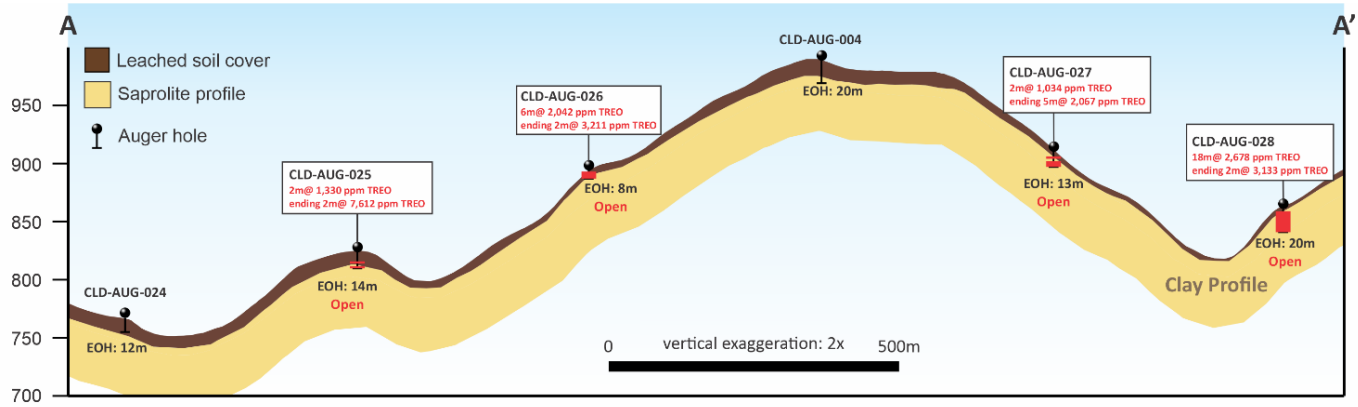

Figure 4 – Vertical cross-section AA' of the historical auger program in Area A of the Caladão Project. Note several holes ending in mineralisation and therefore open at depth.

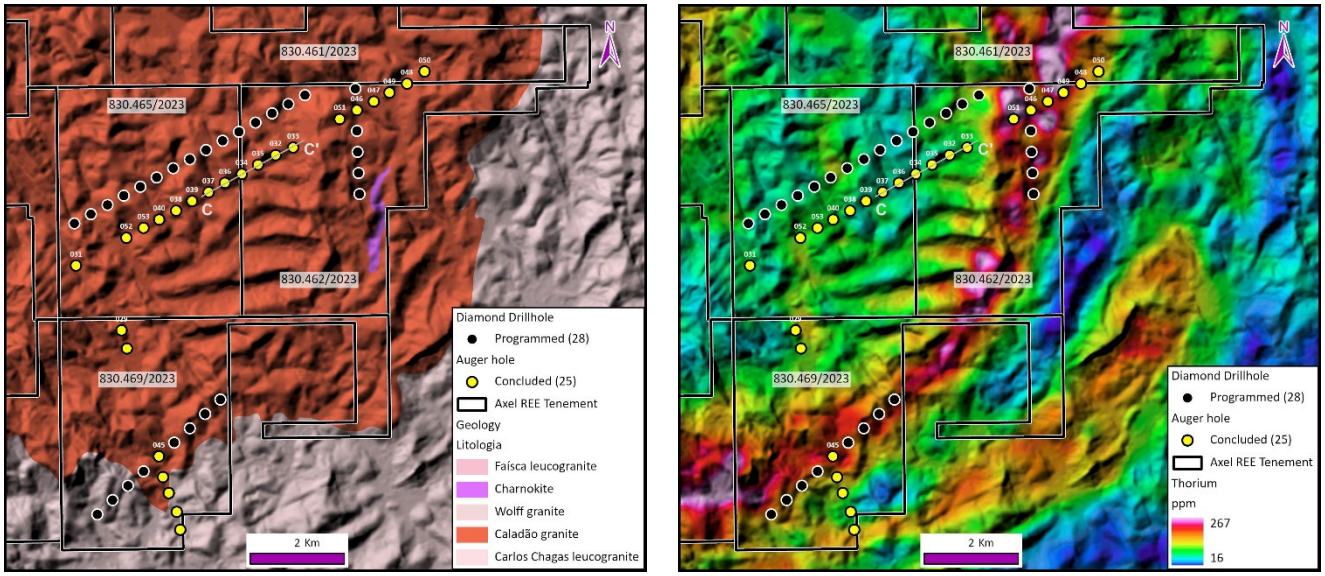

Figure 5 – Right – Airborne radiometrics of Caladão Area B. Left - Geological Map of Caladão Area B, draped on the topography, showing the historical auger holes in yellow and the programmed diamond drill holes in black.

This announcement was authorised by the Board of Directors.

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Reference to Previous Announcements

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

Competent Persons Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources, or Ore Reserves is based on information compiled by Dr Fernando Tallarico, who is a member of the Association of Professional Geoscientists of Ontario, and Dr Paul Woolrich, who is a Competent Person and a Member of the Australian Institute of Mining and Metallurgy (**AusIMM**). Dr Tallarico is a full-time employee of the company. Dr. Tallarico and Dr Woolrich have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves. Dr Tallarico and Dr Woolrich consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

About Axel REE

Axel REE is an exploration company which is primarily focused on exploring the Caladáo, Caldas, Itiquira, and Corrente rare earth elements (REE) projects in Brazil. Together, the project portfolio covers over 1,105km^2 of exploration tenure in Brazil, the equal third largest country globally in terms of REE Reserves.

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