MINAS GERAIS GOVERNMENT FORMALISES SUPPORT FOR CALADÃO REE ISR AND GALLIUM DEVELOPMENT

Highlights

- **Axel REE and its Brazilian subsidiary Axel REE Ltda have executed a Protocol of Intent with the Minas Gerais State Secretariat of Economic Development (SEDE) and Invest Minas**
- **The Protocol formalises Invest Minas' commitment to support Axel's rare earth and gallium development at the 100%-owned Caladão Project, and recognises the project's strategic importance to the State**
- **The Protocol identifies two investment workstreams:**
  - **In situ recovery (ISR) field validation testing of rare earth elements, scheduled to commence in 2027**
  - **Continued development of economically viable gallium extraction and processing techniques**
- **Prospective products include rare earth products (such as mixed rare earth carbonate or concentrate) and gallium products, subject to the results of the research and pilot stage**
- **Invest Minas to support Axel through the licensing, implementation and operation phases, including attracting and expanding suppliers to build a regional supply base for field-scale activities**
- **Builds on the Company's March 2025 MoU with the State, moving from a general State-wide framework to a project-specific investment programme for Caladão**

Axel REE Limited (ASX: AXL, FSE: HN8, Axel or **the Company**) is pleased to announce that it and its Brazilian subsidiary, Axel REE Ltda, have executed a Protocol of Intent (Protocolo de Intenções) (**Protocol**) with the Government of the State of Minas Gerais, represented by the State Secretariat of Economic Development (**SEDE**) and the Integrated Development Institute of Minas Gerais (**INDI**), the State Government's investment promotion agency, which operates as Invest Minas (**Invest Minas**).

Axel REE Managing Director, Dr Patience Mpofu, commented:

> *"This Protocol marks an important step in our relationship with the State of Minas Gerais. It moves our engagement with the Government from general support to a defined investment programme that specifically recognises our planned ISR field validation at Caladão and our gallium development work.*
>
> *Having SEDE and Invest Minas formally aligned with that programme is significant because it provides recognised State level support for our planned investment in ISR field validation and gallium development. It establishes a framework through which Invest Minas can assist with supplier development, industry engagement and implementation support as we progress towards larger-scale field activities. In practical terms, it gives us a formal point of engagement within the*

State Government as we move from the laboratory to the field, and an agency partner working to build the regional supply base that field-scale ISR will need. Having that framework in place ahead of our 2027 field validation programme is an important step as we advance Caladão towards an assessment of commercial-scale feasibility.

We thank SEDE Secretary Mila Corrêa da Costa, Invest Minas Chief Executive Officer Milena Andrade Pedrosa and their teams for their continued support of Axel and of critical minerals development in Minas Gerais."



Image: Protocol of Intent signing. Left to right: Mr Ronaldo Barquette (Investment Director, Invest Minas), Ms Ana Sullato (Strategic Advisor, Invest Minas), Dr Patience Mpofu (Managing Director, Axel REE), Mr Pat Volpe (Director, Axel REE)

The Protocol formalises the commitment of Invest Minas, as an entity of the Government of Minas Gerais, to support Axel's rare earth and gallium development at the 100%-owned Caladão Project, located in the municipality of Padre Paraíso, Minas Gerais, through the licensing, implementation and operation phases. This includes working to attract new suppliers to the region and expand existing ones to service the project. The Protocol also represents formal recognition by the State of the strategic importance of the project.

The Protocol builds on the Company's March 2025 MoU with the State, moving the relationship from a general cooperation framework covering Minas Gerais to a project-specific investment programme for

Caladão, with defined ISR and gallium workstreams, identified prospective products and a stated role for Invest Minas in implementation.

A DEFINED INVESTMENT PROGRAMME FOR CALADÃO

The Protocol identifies two investment workstreams at the Caladão Project:

- **ISR field validation:** field validation testing of in situ recovery of rare earth elements, scheduled to commence in 2027; and
- **Gallium development:** the continued development of economically viable techniques for the extraction and processing of gallium.

Both workstreams are directed at establishing the technical and economic feasibility of future commercial production of rare earth products, such as a mixed rare earth carbonate or concentrate, and gallium products. The Protocol notes that these products are prospective and subject to the results of the research and pilot stages.

SUPPLY CHAIN AND IMPLEMENTATION SUPPORT

Under the Protocol, Invest Minas intends to provide support and assistance to Axel during the implementation and operation phases of the project, with the aim of attracting and expanding suppliers in the project's supply chain. The aim is to help build a regional supply base with the specialised equipment, services and contractor capability required for field-scale ISR and gallium activities. This support is expected to assist the Company as it moves towards controlled field-scale testing.

In addition to its role under the Protocol, Invest Minas' services to investors include assistance in obtaining the licences and authorisations required to develop Axel's projects in Minas Gerais.

KEY TERMS OF THE PROTOCOL OF INTENT

The key terms of the Protocol are summarised in Table 1.

Term	Detail
Parties	SEDE, Invest Minas, Axel REE Limited and Axel REE Ltda.
Scope	Research, development and field validation activities at the Caladão Project, being: (a) ISR field validation testing of rare earth elements, and (b) the continued development of gallium extraction and processing techniques
Investment value	To be determined by Axel on completion of the research and pilot stage, covering pilot-scale machinery, equipment and civil works and research, development and field validation activities. The annual disbursement schedule is to be defined by Axel based on the results of each stage
State support	Invest Minas to provide support and assistance during the implementation and operation phases, with the aim of attracting and expanding suppliers in the supply chain
Binding effect	The Protocol does not constitute a binding contract or agreement
Term and termination	No fixed term. Any party may terminate on 30 days' written notice
Other	Customary anti-corruption and data protection undertakings. Disputes to be resolved by mutual agreement

Table 1: Key terms of the Protocol of Intent

The Protocol is non-binding and does not commit the Company, SEDE or Invest Minas to any minimum level of expenditure. It is not a permit, licence or approval, nor a funding agreement, and any future development of the project remains subject to the usual regulatory approvals.

NEXT STEPS

The Protocol is intended to support the Company's progression from laboratory and pilot-scale studies towards controlled field-scale validation and future assessment of commercial development opportunities at Caladão. It aligns with the Company's planned work programme at Caladão, which includes:

- **ISR field test development:** progressing the technical design and preparatory studies for a controlled field test, including hydrogeological, geotechnical and environmental assessments;
- **Metallurgical optimisation:** continued precipitation and product quality testwork on leach-derived solutions;
- **Gallium development:** continued development of gallium extraction and processing techniques; and
- **Supply chain engagement:** working with Invest Minas to identify suppliers and services required for field-scale activities.

ABOUT SEDE AND INVEST MINAS

SEDE is the department of the Government of Minas Gerais responsible for planning, coordinating and implementing the State's economic development policy, including investment attraction, the strengthening of production chains, regional development and the promotion of science, technology and innovation. Invest Minas is linked to SEDE, which works with Invest Minas to formulate and implement the State's economic development and investment attraction policy.

Invest Minas' purpose is to attract investment to the State of Minas Gerais, Brazil. Its services to investors include guidance on tax incentives, support in identifying land and facilities, and assistance in obtaining required licences and authorisations. To achieve this goal, it seeks, among other actions, to facilitate cooperation between private companies, investors, and the public administration.

One of its main objectives is to increase the level of employment and reduce the regional and social inequalities in the State, for which it is essential to protect existing investments, encourage new ones that streamline and modernise production in the State and form partnerships with the private sector.

Invest Minas is focused on not only supporting companies to develop their projects, but also to extend this support towards building an integrated critical minerals sector. This extends investment beyond the mine to include downstream activities such as the processing and refining of rare earths and other strategic minerals. Invest Minas' role is to enable future investment and partnerships that support the expansion and growth of the sector.

This announcement was authorised by the Board of Directors.

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About Axel REE

Axel REE is a critical minerals exploration company which is primarily focused on developing the Caladão REE-Gallium and Caldas REE Projects in Brazil, the second largest country globally in terms of REE reserves.

Axel is advancing a modular development concept at Caladão based on in situ recovery (ISR) of ionic clay-hosted rare earth mineralisation using magnesium sulphate leaching. This approach aims to minimise surface disturbance and capital intensity by deploying modular hydrometallurgical plants within wellfields. In parallel, Axel is progressing metallurgical programmes to unlock additional value from gallium and scandium within the near-surface oxidised profile.

Deposit	JORC Category	Tonnes (Mt)	TREO (ppm)
Caladão Area A	Inferred	233.00	2,133
Marambaia	Inferred	126.00	1,154
Tiger Creek	Inferred	85.00	1,050
Woolrich	Inferred	154.51	1,120
Woolrich	Indicated	110.08	1,073
Total Caladão	**Inferred**	**598.51**	**1,512**
Total Caladão	**Indicated**	**110.08**	**1,073**
Total MRE	**Inferred + Indicated**	**708.6**	**1,443**

Global REE Mineral Resource Estimate at the Caladão Project, Minas Gerais

Deposit	JORC Category	Tonnes (Mt)	Gallium (ppm)
Caladão Area A	Inferred	100.00	42.23
Marambaia	Inferred	126.07	35.80
Tiger Creek	Inferred	85.02	40.10
Woolrich	Inferred	154.51	34.48
Woolrich	Indicated	110.08	35.05
Total Caladão	**Inferred**	**465.60**	**37.53**
Total Caladão	**Indicated**	**110.08**	**35.05**
Total MRE	**Inferred + Indicated**	**575.68**	**37.05**

Global Gallium Mineral Resource Estimate at the Caladão Project, Minas Gerais

Refer AXL release 24 September 2026, "Caladão Project global REE resource growth and Woolrich resource upgrade" for further information.

Forward Looking Statement

This announcement contains projections and forward-looking information that involve various risks and uncertainties regarding future events. Such forward-looking information can include without limitation statements based on current expectations involving a number of risks and uncertainties and are not guarantees of future performance of the Company. These risks and uncertainties could cause actual results and the Company's plans and objectives to differ materially from those expressed in the forward-looking information. Actual results and future events could differ materially from those anticipated in such information. These and all subsequent written and oral forward-looking information are based on estimates and opinions of management on the dates they are made and expressly qualified in their entirety by this notice. The Company assumes no obligation to update forward-looking information should circumstances or management's estimates or opinions change.