

Privacy Policy

BRAZILIAN RARE EARTHS LIMITED

ACN 649 154 870

(Approved by the board of directors on 13 February 2023)

1. Purpose

The purpose of this policy is to:

- (a) record Brazilian Rare Earths Limited's ("BRE" or "the Company") commitment to complying with all related party transaction requirements under the Corporations Act and, if applicable, the ASX Listing Rules;
- (b) set out a framework for obtaining approval for all related party transactions; and
- (c) establish a clear process to comply with BRE's related party transaction obligations.

2. Interpretation

Board means the board of directors of Brazilian Rare Earths Limited.

Concepts not defined in this policy which are given a meaning in the Corporations Act have the same meaning as in the Corporations Act.

Any section within this Policy that references the ASX Listing Rules is only applicable upon The Company's successful listing on the Australian Stock Exchange (ASX).

3. Scope

The policy applies to all related parties of BRE and its subsidiaries ("BRE Group").

4. Policy

In summary, all related party transactions must be:

- (a) notified to the company secretary of BRE ("Company Secretary") prior to their execution; and
- (b) on arm's length terms; and
- (c) approved by the Board.

Related party transactions not on arm's length terms must be approved by the Company's shareholders.

5. Related Party Transactions

BRE and members of the BRE Group are prohibited from giving a financial benefit to a related party unless:

- (a) BRE's shareholders have approved the giving of the financial benefit; or
- (b) an exception applies.

If BRE is a listed entity, BRE is also prohibited by the ASX Listing Rules from entering into certain transactions with related parties without shareholder approval.

6. Who is a related party?

For the purposes of this policy, BRE has adopted the following definition of a related party:

- (a) any person or entity that controls BRE;
- (b) a director of BRE, or of a BRE Group member, or of an entity that controls BRE;
- (c) the spouses, parents or children of the persons referred to in (b) above;
- (d) any entity:
 - i. controlled by a person referred to in (a), (b) or (c) above; or
 - ii. in which a person referred to in (a), (b) or (c) above has a material personal interest; and
- (e) any other person or entity whose relationship with BRE or a member of the BRE Group is, in the opinion of the Board, such that this policy should apply to that person or entity.

The rules regarding related party transactions also apply to:

- (a) any person who has been a related party (as defined above) at any time in the previous six months (even if they are not a related party, as defined above, at the time of the relevant transaction); and
- (b) any person who the Board believes, or has reasonable grounds to believe, is likely to become a related party (as defined above) at any time in the future.

Note: If there is any doubt as to whether a particular person or entity is a related party of the BRE Group for the purposes of this policy, the matter should be referred to the Company Secretary and a decision will be made by the Board.

7. What is a financial benefit

When applying this policy, the Board will have regard to the commercial nature of the transaction, and any consideration given for the benefit will be disregarded (even if the consideration is considered to be adequate).

The term 'financial benefit' is given a broad meaning under the Corporations Act, and includes:

- (a) giving a benefit through an interposed entity;
- (b) giving a financial benefit by making an informal agreement, oral agreement or an agreement that has no binding force; and
- (c) giving a financial benefit that does not involve paying money.

The Corporations Act provides the following examples of financial benefits:

- (a) giving or providing the related party finance or property;
- (b) buying an asset from or selling an asset to a related party;
- (c) leasing an asset from or to a related party;
- (d) supplying services to or receiving services from a related party;
- (e) issuing securities or granting an option to a related party; and
- (f) taking up or releasing an option of the related party

There are a number of exceptions to the requirement to obtain shareholder approval for the giving of a financial benefit to a related party. However, unless one of these exceptions applies, **shareholder approval must be obtained in accordance with this policy prior to the giving of a financial benefit to a related party.**

The 'arm's length' exception

BRE is not required to obtain shareholder approval for the giving of a financial benefit to a related party if the proposed transaction is on arm's length terms, or on terms that are less favourable to the related party.

In determining whether the arm's length exception applies to a transaction, the Board will have regard to the following factors:

- (a) the terms of the transaction;
- (b) any protocols adopted by BRE to ensure that conflicts of interest were appropriately managed;
- (c) the impact of the proposed transaction on BRE and its shareholders;
- (d) any other options that may be available; and
- (e) any expert advice received in relation to the proposed transaction.

BRE will only rely on the arm's length exception in circumstances where the Board is confident that the exception applies. If there is any doubt, shareholder approval will be sought in accordance with this policy.

Other exceptions

Other exceptions to the requirement to obtain shareholder approval for the giving of a financial benefit to a related party include:

- (a) where the financial benefit represents reasonable remuneration payable to the related party as an officer or employee, or the reimbursement of expenses;
- (b) the giving of an indemnity, exemption or insurance policy in respect of a liability incurred as an officer or employee;
- (c) where the value of the financial benefit (together with all other financial benefits given to the related party in the relevant financial year without shareholder approval) is less than \$5,000;
- (d) benefits given to a shareholder of BRE that do not discriminate unfairly against other shareholders of BRE;
- (e) the benefit is given pursuant to a Court order; and
- (f) benefits given by BRE to a wholly-owned subsidiary (or vice versa).

Where the Board is satisfied that one of the above exceptions applies, shareholder approval will not be required for the giving of the financial benefit.

8. Protocols for negotiations with related parties

In respect of negotiations with related parties, the Board should consider putting in place protocols to ensure that the related party does not influence BRE's decisions. For example, it may be appropriate to put in place 'Chinese Walls' in relation to the proposed transaction, form a Board sub-committee to consider the proposed transaction or seek independent advice.

9. All related party transactions to be referred to the Board

Where a member of the BRE Group proposes to enter into a transaction with a related party the following procedure must be followed.

- (a) Full and appropriate disclosure about the proposed transaction is to be made to the Company Secretary prior to any transactions being entered into. Such disclosure should include the following information:

- i. full details of the proposed transaction, including the parties and the nature of their relationship (that is, why they are or might be considered to be related parties);
 - ii. whether an exception to the requirement to obtain shareholder approval applies or may apply;
 - iii. why the exception (if any) applies to the proposed transaction; and
 - iv. any other information appropriate or necessary in the circumstances for the Board to determine whether the arm's length or any other exception applies.
- (b) The Company Secretary will compile the information provided, and include an item in the agenda for the Board to consider the proposed transaction at the next Director's meeting.
- (c) Where appropriate, the Board may refer to any internal or external advice or recommendations on the proposed transaction.
- (d) Where the Board determines that the proposed transaction is on arm's length terms or subject to any other exception such that shareholder approval is not required, it may resolve to proceed with the proposed transaction on terms it considers appropriate.
- (e) Where the Board determines, based on the information available to it, that the proposed transaction is:
- i. not on arm's length terms;
 - ii. not subject to any other exception; or
 - iii. such that shareholder approval should nevertheless be obtained,

and resolves that the proposed transaction should nevertheless proceed (subject to the required shareholder approval), the Board must call a meeting of shareholders to be held to consider and, if thought fit, approve the proposed transaction.

Note: The procedures set out in this policy must be complied with in relation to all related party transactions.

10. Persons with material interest not to participate

Any person who has a material personal interest in the outcome of a proposed related party transaction must disclose that interest to the Company Secretary, who will notify the Board. The interested person must not participate or be anyway involved in the decision-making process of BRE or the Board in relation to the proposed related party transaction.

Where the interested person is a director of BRE, he or she must not:

- (a) be present while the proposed transaction is being considered by the Board; or
- (b) vote on the proposed transaction.

11. All related party transactions to be appropriately documented

All related party transactions (including those that are determined by the Board to be on arm's length terms or otherwise subject to an exception must be appropriately recorded and documented.

12. Disclosure of related party transactions

Details of all related party transactions are to be fully disclosed:

- i. in each annual report issued by BRE in accordance with Australian accounting standard AASB 124;
- ii. in any notice of meeting of shareholders

13. Register of related party transactions

The Company Secretary will keep and maintain a register of all related party transactions involving members of the BRE Group, including details of the transaction, the parties and whether shareholder approval was obtained or one of the exceptions applied.

14. Breach of policy

Failure to properly identify, avoid or manage conflicts of interest and related party transactions can have serious professional, reputational and financial consequences for both BRE and the BRE Personnel involved.

The consequences of breaching the laws relating to related party transactions are severe and can include court injunctions and financial penalties. Directors and officers of BRE Limited who are involved in the failure to obtain shareholder approval may commit an offence under the Corporations Act if their involvement was dishonest.

Consequently, all BRE Personnel must:

- i. properly assess and manage conflict risk as each potential/perceived conflict arises; and
- ii. properly assess any proposed transaction to determine if it may be a related party transaction.

All BRE Personnel have a strict obligation to comply with this Policy. A breach of the Policy may result in disciplinary action up to and including termination of employment for employees, or termination of contract for contractors or consultants.

15. Review

This policy will be reviewed by the Board as necessary to ensure that it remains relevant and appropriate to the BRE Group, to determine the effectiveness of the policy, and to make any changes necessary.