



**HEAVY RARE EARTHS LIMITED**  
**ABN 35 648 991 039**

# **Notice of Annual General Meeting**

## **Explanatory Statement and Proxy Form**

Date of Meeting:  
**Thursday, 28 November 2024**

Time of Meeting:  
**3.00PM (AEDT)**

Location:  
**As a virtual meeting**

*This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.  
If shareholders are in doubt as to how they should vote, they should seek advice from their  
accountant, solicitor or other professional advisor without delay.*

For personal use only

# HEAVY RARE EARTHS LIMITED

ABN 35 648 991 039

Registered office: Level 21, 459 Collins Street, Melbourne Victoria 3000

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of Heavy Rare Earths Limited (the "Company") will be held as a virtual meeting on Thursday, 28 November 2024 at 3.00pm (AEDT) ("Annual General Meeting" or "Meeting").

Shareholders are encouraged to submit their proxies as early as possible, and in any event, prior to the cut-off date for proxy voting as set out in the Notice. To lodge your proxy, please follow the directions on your personalised proxy form.

As permitted by section 110D of the Corporations Act, the Company will not be sending hard copies of the Notice of Meeting to Shareholders. Instead, Shareholders can access a copy of the Notice at the following link: <https://www2.asx.com.au/markets/trade-our-cash-market/announcements.hre>.

Shareholders attending the AGM virtually will be able to ask questions and the Company has made provision for Shareholders who register their attendance before the start of the meeting to also cast their votes on the proposed resolutions at the AGM.

The virtual meeting can be attended using the following details:

**When:** Thursday, 28 November 2024 at 3.00pm (AEDT)

**Topic:** Heavy Rare Earths Limited - Annual General Meeting

**Register in advance for the virtual meeting:**

[https://us06web.zoom.us/webinar/register/WN\\_tfgx7PSEQWGZkVl9lq03yA](https://us06web.zoom.us/webinar/register/WN_tfgx7PSEQWGZkVl9lq03yA)

After registering, you will receive a confirmation email containing information about joining the meeting. As noted previously, the Company strongly recommends its shareholders to lodge a directed proxy as soon as possible in advance of the meeting even if they are planning to attend the meeting online. The Company will conduct a poll on each resolution presented at the meeting. The Company will accept questions during the meeting either by submitting a question through the Q&A box located on screen or by raising the hand function also located on screen at which point the Company will allow your question verbally.

The Company is happy to accept and answer questions submitted prior to the meeting by email to [justin@hreltd.com.au](mailto:justin@hreltd.com.au). The Company will address relevant questions during the meeting or by written response after the Meeting (subject to the discretion of the Company not to respond to unreasonable and/or offensive questions).

Any shareholders who wish to attend the AGM should monitor the Company's website and its ASX announcements for any updates about the AGM. If it becomes necessary or appropriate to make alternative arrangements for the holding or conducting of the meeting, the Company will make further information available through the ASX website at [asx.com.au](http://asx.com.au) (ASX: HRE) and on its website at [www.hreltd.com.au](http://www.hreltd.com.au).

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# AGENDA

The Explanatory Statement and Proxy Form which accompany and form part of this Notice, include defined terms and describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety.

## Financial Statements and Reports - Period July 2023 – June 2024

To receive and consider the Annual Financial Statements, the Directors' Report and the audit report of the Company for the financial year ended 30 June 2024.

**Note:** there is no requirement for Shareholders to approve these reports.

## RESOLUTIONS

### Resolution 1: Adoption of Remuneration Report (non-binding Resolution)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding** resolution:

*"That for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report (included in the Directors' Report) for the financial year ended 30 June 2024 be adopted."*

**Voting Exclusion:** A vote must not be cast on this Resolution by any member of the Key Management Personnel of the Company whose remuneration is included in the Remuneration Report, or a Closely Related Party of such member. However, such a person may cast a vote on this Resolution if:

- (a) the person is appointed as proxy by writing that specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected with the remuneration of the Key Management Personnel of the Company.

If you are a member of the Key Management Personnel of the Company or a Closely Related Party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

### Resolution 2: Re-election of Director – Mr John Byrne

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary** resolution:

*"That for the purposes of Article 59(1) of the Constitution, Listing Rule 14.5 and for all other purposes, Mr John Byrne, retires by rotation and, being eligible, be re-elected as a Director of the Company."*

### Resolution 3: Approval of 10% Placement Facility

To consider and, if thought fit, to pass the following resolution as a **special** resolution:

*"That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed for in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement which accompanied and formed part of this Notice of Meeting."*

**Note:** If at the time of the Meeting, the Company is proposing to make an issue of Equity Securities under rule 7.1A.2, the Company will disregard any votes cast in favour of Resolution 3 by or on behalf of any persons who are expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder), or any associate of those persons.

The above voting exclusions do not apply to a vote cast in favour of the relevant Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

As at the date of dispatch of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2 and, therefore, a voting exclusion statement on this resolution is not required by Listing Rule 7.3A.7.

#### **Resolution 4: Ratification of prior issue of Tranche 1 Placement Shares – Listing Rule 7.1**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary** resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 9,241,272 Shares to non-related party Placement participants, on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue of the Shares or is a counterparty to the agreement being approved or an Associate of that person or those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Resolution 5: Ratification of prior issue of Tranche 1 Placement Shares – Listing Rule 7.1A**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary** resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 6,758,728 Shares to non-related party Placement participants, on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue of the Shares or is a counterparty to the agreement being approved or an Associate of that person or those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 6: Approval to issue Tranche 2 Placement Shares**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary** resolution:

*“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 24,000,000 Shares to non-related party Placement participants (or their respective nominees) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of non-related party Placement participants (or their respective nominees) and any person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) and any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 7: Approval to issue Consideration Securities to Havilah Resources**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary** resolution:

*“That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 38,000,000 Consideration Shares and 17,500,000 Consideration Options to Havilah Resources (or its nominee), on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of Havilah Resources, or any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any Associate of that person or those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **Resolution 8: Approval to issue Introducer Shares**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary** resolution:

*"That, subject to the passing of Resolutions 4 to 7, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 10,000,000 Introducer Shares to Cygnet Capital Pty Ltd (or its nominee), on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of Cygnet Capital Pty Ltd (or its nominee), or any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any Associate of that person or those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **Resolution 9: Approval to issue Shares to Mr John Byrne (or his nominee)**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary** resolution:

*"That for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue to Mr John Byrne (or his nominee) 1,112,500 Shares (representing \$33,375 excluding GST) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Byrne (or his nominee), who is to receive the Shares and any other person who will obtain a material benefit as a result of the issue of the Shares (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **Resolution 10: Approval to issue Shares to Mr Richard Brescianini (or his nominee)**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary** resolution:

*"That for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue to Mr Richard Brescianini (or his nominee) 3,888,887 Shares (representing \$116,667 including PAYG) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Brescianini (or his nominee), who is to receive the Shares and any other person who will obtain a material benefit as a result of the issue of the Shares (except a benefit solely by reason of being a holder of ordinary securities in

the Company) or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 11: Approval to issue Shares to Mr Ryan Skeen (or his nominee)**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*"That for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue to Mr Ryan Skeen (or his nominee) 933,333 Shares (representing \$28,000 including PAYG) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Skeen (or his nominee), who is to receive the Shares and any other person who will obtain a material benefit as a result of the issue of the Shares (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 12: Approval to issue Shares to Mr Justin Mouchacca (or his nominee)**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*"That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue to Mr Justin Mouchacca (or his nominee) 1,500,000 Shares (representing \$45,000 excluding GST) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Mouchacca (or his nominee), who is to receive the Shares and any other person who will obtain a material benefit as a result of the issue of the Shares (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 13: Approval to issue Shares to Secla Pty Ltd (or its nominee)**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary** resolution:

*"That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue to Secla Pty Ltd (or its nominee) 1,555,555 Shares (representing \$46,666.65 excluding GST) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of Secla Pty Ltd (or its nominee), who is to receive the Shares and any other person who will obtain a material benefit as a result of the issue of the Shares (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 14: Approval to issue Shares to Lynx Advisors Pty Ltd (or its nominee)**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary** resolution:

*"That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue to Lynx Advisors Pty Ltd (or its nominee) 630,824 Shares (representing \$18,924.72 excluding GST) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of Lynx Advisors Pty Ltd (or its nominee), who is to receive the Shares and any other person who will obtain a material benefit as a result of the issue of the Shares (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 15: Adoption of Long-Term Incentive Plan**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary** resolution:

*"That, for the purpose of Listing Rule 7.2 Exception 13(b), Shareholders approve the adoption of the employee incentive scheme known as the "Heavy Rare Earths Limited Long-Term Incentive Plan", a summary of which is set out in the Explanatory Statement, and the issue of the Equity Securities thereunder, on the terms and conditions set out in the Explanatory Statement, as an exception to Listing Rule 7.1."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is eligible to participate in the employee incentive scheme and any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 16: Approval of Potential Termination Benefits under the Long-Term Incentive Plan**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, conditional on Resolution 15 being approved, for a period commencing from the date this Resolution is passed and ending upon the expiry of all Incentive Securities issued to or to be issued under the “Heavy Rare Earths Limited Long-Term Incentive Plan”, approval be given for all purposes including Part 2D.2 of the Corporations Act for the giving of benefits to any current or future person holding a managerial or executive office of the Company or a related body corporate in connection with that person ceasing to hold such office, on the terms and conditions in the Explanatory Statement accompanying this Notice of Meeting.”*

**Voting Exclusion:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Further, in accordance with section 200E(2A) of the Corporations Act, a vote on this Resolution must not be cast by any participants or potential participants in the Heavy Rare Earths Limited Long-term Incentive Plan and their associates, otherwise the benefit of this Resolution will be lost by such a person in relation to that person's future retirement.

However, a vote may be cast by such a person if:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of the person or an associate of the person.

**Resolution 17: Renewal of Proportional Takeover Provisions**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, for the purpose of sections 136(2) and 648G of the Corporations Act, clause 28(11) of the Constitution and for all other purposes, approval is given for the Company to modify its existing Constitution by renewing clause 28 for a period of 3 years from the date of the Meeting.”*

By order of the Board



**Justin Mouchacca**  
**Company Secretary**

Dated: 29 October 2024

## Important Notes

1. **Entire Notice:** The details of the Resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the Annual General Meeting, Shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm (AEDT) on the date 48 hours before the date of the Annual General Meeting. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

3. **Proxies**

**All voting will be conducted by poll.**

The Directors instruct all Shareholders who would like to appoint a proxy to lodge a proxy form prior to Tuesday, 26 November 2024 at 3:00pm (AEDT) (**Proxy Cut-Off Time**). Please refer to the accompanying proxy form for further details on how to appoint a proxy.

Shareholders are strongly urged to appoint the Chair as their proxy. Shareholders can complete the Proxy Form to provide specific instructions on how a Shareholder's vote is to be cast on each item of business, and the Chair must follow your instructions. Lodgement instructions (which include the ability to lodge proxies online) are set out in the Proxy Form attached to the Notice. If a person other than the Chair is appointed as proxy, the proxy will revert to the Chair in the absence of the appointed proxy holder's attendance at the Meeting.

4. **Corporate Representative**

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

5. **How the Chairman will vote undirected proxies**

Subject to the restrictions set out below, the Chairman of the Meeting intends to vote all undirected proxies on, and in favour of, all of the proposed Resolutions.

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on any of the Resolutions by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

6. **Enquiries**

Shareholders are invited to contact the Company Secretary, Mr Justin Mouchacca, on (03) 8360 3321 if they have any queries in respect of the matters set out in these documents.

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Annual General Meeting to be held on Thursday, 28 November 2024 as a virtual meeting commencing at 3.00pm (AEDT).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Meeting preceding this Explanatory Statement. Capitalised terms in this Explanatory Statement are defined in the glossary to this document.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice of Meeting, please contact the Company Secretary, your accountant, solicitor, stockbroker or other professional advisor before voting.

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### 1. FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires the annual financial report, directors' report and the auditor's report (**Annual Financial Statements**) be received and considered at the Annual General Meeting.

Section 317 of the Corporations Act requires the directors to lay before the Annual General Meeting the Annual Financial Statements for the last financial year ended 30 June 2024.

The Company will not provide a hard copy of the Company's Annual Financial Statements to Shareholders unless specifically requested to do so. The Company's Annual Financial Statements are available on its website at [www.hreltd.com.au](http://www.hreltd.com.au).

There is no requirement for Shareholders to approve these reports and no vote will be taken on the Annual Financial Statements. However, Shareholders attending the Annual General Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Annual Financial Statements and the management of the Company.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Auditor about:

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the Annual Financial Statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 2 business days before the Meeting to the Company Secretary at [justin@hreltd.com.au](mailto:justin@hreltd.com.au).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (NON-BINDING RESOLUTION)

#### 2.1 Background

Pursuant to section 250R(2) of the Corporations Act, the Company submits to Shareholders for consideration and adoption, by way of a non-binding resolution, its remuneration report for the financial year ended 30 June 2024 (**Remuneration Report**). The Remuneration Report is a distinct section of the annual directors' report (**Directors' Report**) which deals with the remuneration of Directors, executives and senior managers of the Company. More particularly, the Remuneration Report can be found within the Directors' Report in the Company's 2024 Annual Report. The Annual Report is available on the Company's website at <https://hreltd.com.au/investors/financial-reports/>.

By way of summary, the Remuneration Report:

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- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
  - (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
  - (c) sets out the remuneration details for each Director and executive officer named in the Remuneration Report for the financial year ended 30 June 2024.

The remuneration levels for Directors, executives and senior managers are competitively set to attract and retain appropriate Directors and key management personnel.

The Chair will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

## 2.2 Regulatory Requirements

The Corporations Act provides that Resolution 1 need only be an advisory vote of Shareholders and does not bind the Directors. However, the Corporations Act provides that if the Company's Remuneration Report resolution receives a "no" vote of 25% or more of votes cast at the Annual General Meeting, the Company's subsequent Remuneration Report must explain the Board's proposed action in response or, if the Board does not propose any action, the Board's reasons for not making any changes. The Board will take into account the outcome of the vote when considering the remuneration policy, even if it receives less than a 25% "no" vote.

In addition, sections 250U and 250V of the Corporations Act sets out a "two strikes" re-election process, pursuant to which:

- (a) if, at a subsequent annual general meeting (**Later Annual General Meeting**), at least 25% of the votes cast on a resolution that the remuneration report be adopted are against the adoption of that remuneration report;
- (b) at the immediately preceding annual general meeting (**Earlier Annual General Meeting**), at least 25% of the votes cast on a resolution that the remuneration report be adopted were against the adoption of that remuneration report; and
- (c) a resolution was not put to the vote at the Earlier Annual General Meeting under an earlier application of section 250V of the Corporations Act,

then the Company must put to vote at the Later Annual General Meeting a resolution, requiring Shareholders to vote on whether the Company must hold another general meeting (**Spill Meeting**) to consider the appointment of all of the Directors at the time the Directors Report was approved by the Board who must stand for re-appointment (other than the Managing Director) (**Spill Resolution**). The Spill Resolution may be passed as an ordinary resolution.

If the Spill Resolution is passed, the Spill Meeting must be held within 90 days after the Spill Resolution is passed. All of the Company's Directors who were Directors at the time when the resolution to make the Directors' Report was passed (excluding the Managing Director of the Company who may, in accordance with the Listing Rules, continue to hold office indefinitely without being re-elected to the office) cease to hold office immediately before the end the Spill Meeting and may stand for re-election at the Spill Meeting.

At the Company's 2023 annual general meeting, less than 25% of the eligible votes cast in respect of the 2023 Remuneration Report were cast against the adoption of 2023 Remuneration Report. Accordingly, a Spill Resolution will not be put to the Meeting even if 25% or more of the votes cast in respect of the 2024 Remuneration Report are against the adoption of the 2024 Remuneration Report.

## 2.3 Board recommendation

Given the material personal interests of all Directors in this Resolution, the Board makes no recommendation to Shareholders regarding Resolution 1.

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### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR JOHN BYRNE

#### 3.1 Background

The Constitution of the Company requires that at the close of every Annual General Meeting a number of the Directors must retire from office (being one-third of the Directors other than the Managing Director) and any Director appointed by the Board in addition to the existing Directors or to fill a casual vacancy holds office until the conclusion of the next Annual General Meeting and may stand for election. A Director appointed as an additional Director or to fill a casual vacancy is not to be taken into account in determining the Director(s) who must retire by rotation.

Mr John Byrne was last elected by shareholders at the Annual General Meeting held on 29 November 2022. Mr John Byrne now retires and, being eligible, submits himself for re-election as a Director of the Company under Resolution 2. Mr Byrne was first appointed to the Board on 2 February 2022.

The relevant professional experience and skills of Mr Brescianini are provided below.

Mr John Byrne has 40 years' experience in the natural resource industry as a financial analyst, investor and mine developer. He has been Chairman and CEO of numerous successful resource companies, including Western Coal Corp which was capitalised at less than C\$1 million when he joined, and was sold for C\$3.3 billion in 2010.

Beginning with net assets of GBP£1.4 million in 2002, John established and mentored Cambrian Mining Plc, which amassed net assets of GBP£149 million prior to its acquisition in 2008.

John is currently a Chairman of Lions Bay Capital Limited and Fidelity Minerals Limited, both of which are listed on the Toronto Ventures Exchange. He is also a director of unlisted companies in Australia.

#### 3.2 Voting consequences

If Shareholders do not vote in favour of Resolution 2, Mr Byrne will not be re-elected as a Director and will retire at the conclusion of the Annual General Meeting.

If Shareholders vote in favour of Resolution 2, Mr Byrne will be re-elected as a Director.

#### 3.3 Board recommendation

The Board (with Mr Byrne abstaining from voting), recommends that Shareholders vote in favour of resolution 2 for the re-election of Mr Byrne.

The Chair of the Meeting intends to vote undirected proxies in favour of each of Resolution 2.

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### 4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT FACILITY

#### 4.1 Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities of up to 10% of its issued ordinary share capital through placements over a 12-month period following the entity's annual general meeting (**Additional 10% Placement Facility**). The Additional 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less, as at the time of the entity's annual general meeting. The Company is an eligible entity as at the time of this Notice of Meeting and is expected to be an eligible entity as at the time of the annual general meeting.

Resolution 3 seeks Shareholder approval to enable the Company to issue Equity Securities under the Additional 10% Placement Facility.

If Resolution 3 is passed the exact number of Equity Securities that the Company may issue under the Additional 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 4.2(d) below). The Company will be able to

issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 3 is not passed, the Company will not be able to access the Additional 10% Placement Facility to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at the annual general meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Company is seeking a mandate to issue securities under the Additional 10% Placement Facility to enable the Company to pursue its growth strategy with the flexibility to act quickly as potential business opportunities arise.

## 4.2 Regulatory Requirements

In compliance with the information requirements of Listing Rule 7.3A, Shareholders are advised of the following information:

### (a) Issue Period

If Shareholders approve Resolution 3, the Company will have a mandate to issue Equity Securities under the Additional 10% Placement Facility under Listing Rule 7.1A from the date of the Meeting until the earlier of the following to occur:

- (i) the date that is 12 months after the date of the Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

#### **(Additional 10% Placement Period).**

The Company will only issue and allot Equity Securities during the Additional 10% Placement Period.

### (b) Minimum Issue Price

Equity Securities issued under the Additional 10% Placement Facility must be in the same class as an existing class of quoted Equity Securities of the Company. As at the date of this Notice of Annual General Meeting, the Company has on issue two classes of quoted Equity Securities, Shares and listed Options.

The issue price of Equity Securities issued under the Additional 10% Placement Facility must not be lower than 75% of the volume weighted average price for securities in the same class calculated over the 15 trading days on which trades in that class were conducted immediately before:

- (i) the date on which the Equity Securities are issued; or
- (ii) the date on which the price of Equity Securities is agreed, provided that the issue is thereafter completed within 10 trading days.

### (c) Purpose of Issues

The Company may seek to issue the Equity Securities to raise funds in connection with continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will provide further information at the time of issue of any Equity Securities under the Additional 10% Placement Facility in compliance with its disclosure obligations under Listing Rules 3.10.3 and 7.1A.4.

### (d) Dilution

As at the date of this Notice of Annual General Meeting, the Company has 68,275,150 Shares on issue and will, as at the date of the Annual General Meeting (following the

issue of the Tranche 1 Placement Shares on or about 1 November 2024), have 84,275,150 Shares on issue. Accordingly, if Shareholders approve Resolution 3, the Company will have the capacity to issue approximately 8,427,515 Equity Securities under the Additional 10% Placement Facility in accordance with Listing Rule 7.1A.

The precise number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the following formula:

**(A x D) – E**

**A =** the number of fully paid ordinary securities on issue at the commencement of the relevant period:

- (i) plus the number of fully paid ordinary securities issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17,
- (ii) plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
  - (A) the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
  - (B) the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or 7.4,
- (iii) plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
  - (A) the agreement was entered into before the commencement of the relevant period; or
  - (B) the agreement or issue was approved, or taken under these rules to have been approved, under Listing Rule 7.1 7.4,
- (iv) plus the number of any other fully paid ordinary securities issued in the relevant period with approval under Listing Rule 7.1 or 7.4,
- (v) plus the number of partly paid ordinary securities that became fully paid in the relevant period,
- (vi) less the number of fully paid ordinary securities cancelled in the relevant period;

**D =** 10%

**E =** the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under Listing Rule 7.4; and

“relevant period” is the 12 months immediately preceding the date of the issue or agreement.

If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below (in the case of listed Options, only if those listed Options are exercised). There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice of Annual General Meeting.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" Number of Shares on Issue	Dilution			
	Issue Price (per Share)	\$0.02 50% decrease in Issue Price	\$0.04 Issue Price	\$0.08 100% increase in Issue Price
84,275,150 (Shares on issue at date of Annual General Meeting)	<b>10% Voting Dilution</b>	8,427,515	8,427,515	8,427,515
	<b>Funds Raised</b>	\$168,550	\$337,101	\$674,201
126,412,725 (50% increase in Shares on issue at date of Annual General Meeting)	<b>10% Voting Dilution</b>	12,641,272	12,641,272	12,641,272
	<b>Funds Raised</b>	\$252,825	\$505,651	\$1,011,302
168,550,300 (100% increase in Shares on issue at date of Annual General Meeting)	<b>10% Voting Dilution</b>	16,855,030	16,855,030	16,855,030
	<b>Funds Raised</b>	\$337,101	\$674,201	\$1,348,402

The table has been prepared on the following assumptions:

- (i) Variable A is 84,275,150 being the number of ordinary securities on issue at the date of the Annual General Meeting (which includes the issue of 16,000,000 Tranche 1 Placement Shares on or about 1 November 2024).
- (ii) The Company issues the maximum number of Equity Securities available under the Additional 10% Placement Facility.
- (iii) No Options (including any listed Options issued under the Additional 10% Placement Facility) or performance rights are exercised into Shares before the date of issue of the Equity Securities.
- (iv) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (v) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.

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- (vi) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vii) The issue of Equity Securities under the Additional 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes listed Options, it is assumed that those listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (viii) The issue price is \$0.04, being the closing price of the Shares on ASX on 23 October 2024, being the last trading day before the date of this Notice of Annual General Meeting was prepared.

(e) **Allocation Policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional 10% Placement Facility. The identity of the persons to which the Company will issue the Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The persons to whom the Company will issue Equity Securities under the Additional 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or Associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the persons to whom the Company will issue Equity Securities under the 10% Placement Facility will be the vendors of the new resources, assets or investments.

(f) **Previous issues of Equity Securities under Listing Rule 7.1A**

The Company previously obtained Shareholder approval under Listing Rule 7.1A at its 2023 Annual General Meeting held on 29 November 2023.

Listing Rule 7.3A.6 requires the Notice of Meeting to include details of the total number of Equity Securities issued under Listing Rule 7.1A.2 by the Company in the 12 months preceding the date of the Meeting and the percentage they represent of the total number of Equity Securities on issue at the commencement of that 12-month period.

During the 12-month period preceding the proposed date of the Meeting, being on and from 29 November 2023, the Company will only make a single issue of 6,758,728 Shares under Listing Rule 7.1A pursuant to Tranche 1 of the Placement, which is the subject of Resolution 5.

At the date of that Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of any Equity Securities. Accordingly, no existing shareholder's votes will be excluded and there is no voting exclusion for Resolution 3 in the Notice.

Due to the forward-looking nature of the approval, the allottees under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

### 4.3 Board Recommendation

The Board believes that the Additional 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 months. Accordingly, the Board unanimously recommends that Shareholders approve Resolution 3.

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## 5. BACKGROUND TO RESOLUTIONS 4 TO 9

### 5.1 Capital Raise and Proposed Acquisition

As announced on 21 October 2024 (as supplemented by the ASX Announcement dated 25 October 2024), the Company is proposing to raise approximately \$2.46 million by way of:

- (a) a two-tranche placement to non-related party placement participants of 40,000,000 Shares (in aggregate) to raise \$1.2 million (in aggregate), before costs (**Placement**); and
- (b) a fully underwritten pro-rata non-renounceable entitlement offer to raise a further \$1.26 million, before costs (**Entitlement Offer**),

(the Entitlement Offer and the Placement together being the **Capital Raise**).

The purpose of the Capital Raise is to fund the proposed acquisition of an 80% interest in uranium rights in respect to certain tenements at Havilah Resources Limited's (ASX: HAV) (**Havilah Resources**) Prospect Hill, Billeroo-Namba and Radium Hill Uranium Projects in South Australia and the establishment of an unincorporated joint venture with Havilah Resources in respect of the uranium rights (**Proposed Acquisition**).

Cygnit Capital Pty Ltd (ACN 103 488 606) (**Cygnit**) has acted as lead manager to the Placement pursuant to a corporate advisory agreement dated on or about 21 October 2024 (**Advisory Agreement**) under which it will receive a total cash fee equal to 6% (plus GST) of all funds raised under the Placement and is entitled to receive 10 million Shares (**Introducer Shares**) in consideration for its involvement in introducing the Proposed Acquisition to the Company. The Company proposes to issue the Introducer Shares to Cygnit with Shareholder approval under Resolution 8. A summary of the Advisory Agreement is set out in Schedule 3 of this Notice of Meeting.

Cygnit and Taylor Collison Limited (ACN 008 172 450) (**Taylor Collison**, together with Cygnit, the **Joint Underwriters**) have agreed to act as joint underwriters to fully underwrite the Entitlement Offer on standard terms and conditions and will receive a total cash fee of 6% (plus GST) (in aggregate) of the total underwritten amount.

For further information in relation to the Capital Raise and the Proposed Acquisition, please refer to the Company's ASX Announcements dated 21 October 2024 and 25 October 2024 respectively, which are available on the websites of the Company and the ASX at the following links:

<https://hreltd.com.au/investors/asx-announcements/>

<https://www.asx.com.au/markets/trade-our-cash-market/announcements.hre>

### 5.2 Placement

On or about 1 November 2024, the Company will issue tranche 1 of the Placement, being 16,000,000 Shares (in aggregate), utilising its existing placement capacity under Listing Rules 7.1 and 7.1A at an issue price of \$0.03 per Share raising approximately \$0.48 million, before costs (**Tranche 1 Placement Shares**). The Company is seeking Shareholder approval to ratify the Tranche 1 Placement Shares under Resolutions 4 and 5.

Subject to obtaining Shareholder approval under Resolution 6, the Company intends to issue the remaining 24,000,000 Placement Shares (representing approximately \$0.72 million) to non-related party Placement participants (**Tranche 2 Placement Shares**).

### 5.3 Consideration Securities

As announced on 21 October 2024 (as supplemented by the ASX Announcement dated 25 October 2024), the Company entered into a binding term sheet (**Term Sheet**) with Havilah

Resources in respect to the Proposed Acquisition, the material terms of which are outlined in Schedule 1 of this Notice of Meeting.

Pursuant to the Term Sheet, in consideration for the Proposed Acquisition, the Company is required to issue, subject to obtaining Shareholder approval, the following securities to Havilah Resources (or its nominee):

- (a) 38,000,000 Shares (**Consideration Shares**); and
  - (b) 17,500,000 Options (**Consideration Options**),
- (together, the **Consideration Securities**).

Shareholder approval is being sought under Resolution 7 for the issue of the Consideration Securities to Havilah Resources (or its nominee).

#### **5.4 Voting consequences of Resolutions 4 to 7**

Each of Resolutions 4 to 7 (inclusive) are required to be passed in order for the Company to proceed with the Proposed Acquisition in accordance with the indicative timetable outlined in the Company's ASX Announcement dated 25 October 2024.

If any of Resolutions 4 to 7 (inclusive) are not passed, the Company will not be able to proceed with the Proposed Acquisition and all funds raised under the Placement (other than funds raised by the issue of the Tranche 1 Placement Shares) will be returned and the Company will not proceed with the Entitlement Offer. In these circumstances, certain transaction costs including advisory fees will still be payable by the Company. Failure to complete the Proposed Acquisition, and/or any action required to be taken to return capital, may have an adverse impact on the Company's financial performance, financial position, and share price.

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## **6. RESOLUTIONS 4 AND 5 – RATIFICATION OF PRIOR ISSUE OF TRANCHE 1 PLACEMENT SHARES**

### **6.1 Background**

The background to Resolutions 4 and 5 is set out in section 5 of this Notice of Meeting.

The Company is seeking Shareholder approval to ratify the issue of:

- (a) 9,241,272 Tranche 1 Placement Shares that will be issued pursuant to Listing Rule 7.1 – ratification of which is sought under Resolution 4; and
- (b) 6,758,728 Tranche 1 Placement Shares that will be issued pursuant to Listing Rule 7.1A – ratification of which is sought under Resolution 5.

### **6.2 Listing Rules 7.1 and 7.1A**

Broadly speaking, and subject to a number of exceptions in Listing Rule 7.2, Listing Rule 7.1 limits the number of Equity Securities that a listed company can issue without shareholder approval over any 12-month period to 15% of the fully paid ordinary securities that the company had on issue at the start of that 12-month period.

Under Listing Rule 7.1A however, an eligible entity can seek shareholder approval, by way of a special resolution passed at its annual general meeting, to have the capacity to issue further Equity Securities, in addition to the 15% in Listing Rule 7.1, equal to 10% of the fully paid ordinary securities that the company had on issue at the start of the relevant 12-month period. The Company obtained Shareholder approval for this further 10% at the annual general meeting held on 29 November 2023. Accordingly, the Company's combined capacity under Listing Rules 7.1 and 7.1A is 25% of the total number of ordinary securities that the Company had on issue at the start of the relevant 12-month period.

The issue of the Tranche 1 Placement Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 25% limit in Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 and 7.1A for the 12-month period following the date of issue of the Tranche 1 Placement Shares.

### 6.3 Listing Rule 7.4

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities (that was made without shareholder approval) after it has been made or agreed to be made. If shareholders approve the issue under Listing Rule 7.4, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under that rule.

The issue of the Tranche 1 Placement Shares will not breach Listing Rule 7.1 at the time of issue.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1 and Listing Rule 7.1A.

Accordingly, Resolutions 4 and 5 seek Shareholder ratification for the issue of the Tranche 1 Placement Shares pursuant to Listing Rule 7.4.

### 6.4 Listing Rule 14.1A

If either of Resolutions 4 and 5 are passed, the Tranche 1 Placement Shares (under the Resolution that is passed) will be excluded in calculating the Company's 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Tranche 1 Placement Shares.

If either of Resolutions 4 and 5 are not passed, the Tranche 1 Placement Shares (under the Resolution that is not passed) will be included in calculating the Company's 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Tranche 1 Placement Shares.

If Resolutions 4 and 5 are not passed, the Company will not be able to proceed with the Proposed Acquisition and the Company will return the proceeds of any subscriptions raised under Tranche 2 of the Placement and the Company will not proceed with the Entitlement Offer. In these circumstances, certain transaction costs including advisory fees will still be payable by the Company. Failure to complete the Proposed Acquisition, and/or any action required to be taken to return capital, may have an adverse impact on the Company's financial performance, financial position, and share price.

### 6.5 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolutions 4 and 5:

(a) **Identity of the persons to whom securities were issued**

The Tranche 1 Placement Shares will be issued to institutional and sophisticated investors who were introduced to the Company by Cygnet. None of the institutional and sophisticated investors are related parties of the Company or material investors.<sup>1</sup>

(b) **The number and class of securities issued or agreed to issue**

A total of 16,000,000 Tranche 1 Placement Shares will be issued to non-related party Placement participants.

9,241,272 Tranche 1 Placement Shares will be issued pursuant to Listing Rule 7.1 (ratification of which is sought under Resolution 4).

<sup>1</sup> ASX consider the following to be material investors:

- (i). a related party of the entity;
- (ii). a member of the entity's Key Management Personnel;
- (iii). a substantial holder in the entity;
- (iv). an adviser to the entity; or
- (v). an associate of any of the above,

where such person or entity is being issued more than 1% of the entity's current issued capital.

6,758,728 Tranche 1 Placement Shares will be issued pursuant to Listing Rule 7.1A (ratification of which is sought under Resolution 5).

(c) **A summary of the material terms of the securities, if not all fully paid ordinary securities**

The Tranche 1 Placement Shares will be fully paid ordinary shares in the Company and will rank equally with existing Shares on issue.

(d) **Issue date**

The Tranche 1 Placement Shares will be issued to non-related party Placement participants on or about 1 November 2024.

(e) **Issue price**

The Tranche 1 Placement Shares will be issued at \$0.03 per Share.

(f) **Purpose of the issue**

Subject to completion occurring under the Proposed Transaction, the funds raised from the Tranche 1 Placement Shares will be used towards funding the Proposed Acquisition.

For further information in relation to the Proposed Acquisition, please refer to the Company's ASX Announcement dated 21 October 2024 (as supplemented by the ASX Announcement dated 25 October 2024).

(g) **Issued under an agreement**

The Tranche 1 Placement Shares will not be issued under an agreement.

(h) **Voting exclusion**

A voting exclusion statement for each of Resolutions 4 and 5 is included in the Notice of Meeting preceding this Explanatory Statement.

## 6.6 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolutions 4 and 5 as it will enable the Company to proceed with the Proposed Acquisition.

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## 7. RESOLUTION 6 – APPROVAL TO ISSUE TRANCHE 2 PLACEMENT SHARES

### 7.1 Background

The background to Resolution 6 is set out in section 5 of this Notice of Meeting.

The Company is seeking Shareholder approval to issue up to 24,000,000 Tranche 2 Placement Shares pursuant to Listing Rule 7.1.

### 7.2 Listing Rules 7.1

Broadly speaking, and subject to a number of exceptions in Listing Rule 7.2, Listing Rule 7.1 limits the number of Equity Securities that a listed company can issue without shareholder approval over any 12-month period to 15% of the fully paid ordinary securities that the company had on issue at the start of that 12-month period.

The issue of the Tranche 2 Placement Shares does not fit within any of these exceptions and, as they have not yet been approved by Shareholders, they effectively use up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the date of issue of the Tranche 2 Placement Shares.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, under Resolution 6, the Company seeks from Shareholders approval for the issue of the Tranche 2 Placement Shares.

Resolution 6 seeks the required Shareholder approval for the issue of the Tranche 2 Placement Shares under and for the purposes of Listing Rule 7.1.

### 7.3 Listing Rule 14.1A

If Resolution 6 is passed, the Tranche 2 Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rules 7.1, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Tranche 2 Placement Shares.

If Resolution 6 is not passed, the Tranche 2 Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Tranche 2 Placement Shares.

If Resolution 6 is not passed, the Company will not be able to proceed with the Proposed Acquisition and the Company will return the proceeds of any subscriptions raised under the Placement (other than funds raised by the issue of the Tranche 1 Placement Shares) and the Company will not proceed with the Entitlement Offer. In these circumstances, certain transaction costs including advisory fees will still be payable by the Company. Failure to complete the Proposed Acquisition, and/or any action required to be taken to return capital, may have an adverse impact on the Company's financial performance, financial position, and share price.

### 7.4 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 6:

(a) **Identity of the persons to whom securities are to be issued**

The Tranche 2 Placement Shares will be issued to institutional and sophisticated investors who were introduced to the Company by Cygnet. None of the institutional and sophisticated investors are related parties of the Company or material investors.

(b) **The number and class of securities issued or agreed to issue**

A total of up to 24,000,000 Tranche 2 Placement Shares will be issued to non-related party Placement participants.

(c) **A summary of the material terms of the securities, if not all fully paid ordinary securities**

The Tranche 2 Placement Shares are fully paid ordinary shares in the Company and will rank equally with existing Shares on issue.

(d) **Issue date**

The Company anticipates issuing the Tranche 2 Placement Shares on or about Friday, 20 December 2024 and in any event, within 3 months (or such later date permitted by ASX) of the date of the Meeting.

(e) **Issue price**

The Tranche 2 Placement Shares will be issued at \$0.03 per Share.

(f) **Purpose of the issue**

Subject to completion occurring under the Proposed Transaction, the funds raised from the Tranche 2 Placement Shares will be used towards funding the Proposed Acquisition.

For further information in relation to the Proposed Acquisition, please refer to the Company's ASX Announcement dated 21 October 2024 (as supplemented by the ASX Announcement dated 25 October 2024).

(g) **Issued under an agreement**

The Tranche 2 Placement Shares will not be issued under an agreement.

(h) **Voting exclusion**

A voting exclusion statement for Resolution 6 is included in the Notice of Meeting preceding this Explanatory Statement.

**7.5 Board Recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 6 as it will enable the Company to proceed with the Proposed Acquisition.

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**8. RESOLUTION 7 – APPROVAL TO ISSUE CONSIDERATION SECURITIES TO HAVILAH RESOURCES**

**8.1 Background**

The background to the Consideration Securities and the Proposed Acquisition is set out in Section 5 of this Notice of Meeting.

Resolution 7 seeks Shareholder approval for the issue of the Consideration Securities to Havilah Resources (or its nominee) pursuant to Listing Rule 7.1.

**8.2 Listing Rule 7.1**

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

The issue of the Consideration Securities does not fit within any of these exceptions and, as they have not yet been approved by Shareholders, they effectively use up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the date of issue of the Consideration Securities.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

Accordingly, under Resolution 7, the Company seeks from Shareholders approval for the issue of the Consideration Securities to Havilah Resources.

**8.3 Listing Rule 14.1A**

Shareholder approval for the issue of the Consideration Securities is a condition precedent to the Term Sheet and the earn-in under that agreement. Accordingly, if Resolution 7 is passed, the Company will be able to proceed with the Proposed Transaction and issue of the Consideration Securities will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Consideration Securities.

If Resolution 7 is not passed, the Company will not be able to proceed with the Proposed Acquisition and the Company will return the proceeds of any subscriptions raised under the Placement (other than funds raised by the issue of the Tranche 1 Placement Shares) and the Company will not proceed with the Entitlement Offer. In these circumstances, certain transaction costs including advisory fees will still be payable by the Company. Failure to complete the Proposed Acquisition, and/or any action required to be taken to return capital, may have an adverse impact on the Company's financial performance, financial position, and share price.

**8.4 Technical information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 7:

- (a) Identity of the persons to whom securities are to be issued**
- The Consideration Securities will be issued to Havilah Resources (or its nominee). Havilah Resources is an ASX-listed entity and is not a material investor in the Company.
- On issue of the Consideration Shares and completion of the Proposed Acquisition (the subject of Resolutions 4 to 8), Havilah Resources will hold approximately 19.95% of the Company's issued share capital.
- On issue of the Shares the subject of Resolutions 9 to 14, Havilah Resources' holding in the Company will be diluted from 19.95% to 18.99%, assuming no convertible securities on issue are exercised.
- (b) The number and class of securities issued or agreed to issue**
- The maximum number of securities to be issued to Havilah Resources is as follows:
- (i) 38,000,000 Consideration Shares; and
  - (ii) 17,500,000 Consideration Options.
- (c) A summary of the material terms of the securities, if not all fully paid ordinary securities**
- The Consideration Shares are fully paid ordinary shares in the Company and will rank equally with existing Shares on issue. The Company will apply for official quotation of the Consideration Shares. 19 million Consideration Shares will be subject to voluntary escrow for 12 months from the date of issue. The remaining 19 million Consideration Shares will be subject to voluntary escrow for 6 months from the date of issue.
- The Consideration Options will be issued on the terms set out in Schedule 2 of this Notice of Meeting.
- (d) Issue date**
- It is anticipated that, subject to Shareholder approval being received and any other conditions under the Term Sheet being satisfied to permit the Proposed Acquisition to complete, the Consideration Securities will be issued on or about Friday, 20 December 2024 and in any event no later than 3 months (or such later date permitted by ASX) from the date of the Meeting.
- (e) Issue price**
- The Shares will be issued at a deemed issue price of \$0.03 per Share (\$1.14 million in aggregate) in part consideration for the Proposed Acquisition.
- The exercise price for each Consideration Option is \$0.06 per Option. The full terms and conditions of the Consideration Options are set out in Schedule 2 of this Notice of Meeting.
- (f) Purpose of the issue**
- The Consideration Securities are to be issued in consideration for the Proposed Acquisition pursuant to the Term Sheet.
- For further information in relation to the Proposed Acquisition, please refer to the Company's ASX Announcement dated 21 October 2024 (as supplemented by the ASX Announcement dated 25 October 2024).
- (g) Issued under an agreement**
- The Consideration Securities will be issued pursuant to the Term Sheet, a summary of which is contained in Schedule 1 of this Notice of Meeting.
- (h) Voting exclusion**
- A voting exclusion statement for each of Resolution 7 is included in the Notice of Meeting preceding this Explanatory Statement.

## 8.5 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 7 as it will enable the Company to proceed with the Proposed Acquisition.

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## 9. RESOLUTION 8 – APPROVAL TO ISSUE INTRODUCER SHARES

### 9.1 Background

The background to the Introducer Shares and the Proposed Acquisition is set out in Section 5 of this Notice of Meeting.

Resolution 8 seeks Shareholder approval for the issue of 10,000,000 Introducer Shares to Cygnet (or its nominee) for the purposes of Listing Rule 7.1.

Resolution 8 is subject to Resolutions 4 to 7 being passed and will only be issued if the Company completes the Proposed Transaction.

### 9.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

The issue of the Introducer Shares does not fit within any of these exceptions and, as they have not yet been approved by Shareholders, they effectively use up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the date of issue of the Introducer Shares.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

Accordingly, under Resolution 8, the Company seeks from Shareholders approval for the issue of the Introducer Shares to Cygnet (or its nominee).

### 9.3 Listing Rule 14.1A

If Resolution 8 is passed, the issue of the Introducer Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Introducer Shares.

If Resolution 8 is not passed, the Company may still proceed with the issue of the Introducer Shares (subject to the Proposed Acquisition completing), but the issue will use up part of the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Introducer Shares.

### 9.4 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 8:

(a) **Identity of the persons to whom securities are to be issued**

The Introducer Shares are to be issued to Cygnet (or its nominee).

Cygnet is not a related party of the Company, but is considered to be a material investor on the basis that Cygnet is an adviser to the Company and is being issued more than 1% of the Company's issued capital.

(b) **The number and class of securities issued or agreed to issue**

The Company will issue up to 10,000,000 Introducer Shares pursuant to Listing Rule 7.1.

(c) **A summary of the material terms of the securities, if not all fully paid ordinary securities**

The Introducer Shares are fully paid ordinary shares in the Company and will rank equally with existing Shares on issue.

(d) **Issue date**

The Company anticipates issuing the Introducer Shares on or about Friday, 20 December 2024 and in any event, within 3 months (or such later date permitted by ASX) of the date of the Meeting.

(e) **Issue price**

The Introducer Shares will be issued at a deemed issue price of \$0.03 per Share (\$300,000 in aggregate).

(f) **Purpose of the issue**

The Introducer Shares are to be issued to Cygnet in consideration for their involvement in introducing the Proposed Acquisition to the Company.

For further information in relation to the Proposed Acquisition, please refer to the Company's ASX Announcement dated 21 October 2024 (as supplemented by the ASX Announcement dated 25 October 2024).

(g) **Issued under an agreement**

The Introducer Shares will be issued pursuant to the terms of the Advisory Agreement, a summary of which is contained in Schedule 3 of this Notice of Meeting.

(h) **Voting exclusion**

A voting exclusion statement for each of Resolution 8 is included in the Notice of Meeting preceding this Explanatory Statement.

## 9.5 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 8.

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## 10. RESOLUTIONS 9 TO 11 – APPROVAL TO ISSUE SHARES TO DIRECTORS – MESSRS BYRNE, BRESCIANINI AND SKEEN (OR THEIR RESPECTIVE NOMINEES)

### 10.1 Background

The Company is proposing to issue the following Shares at the deemed issue price of \$0.03 per Share to each of Messrs Byrne, Brescianini and Skeen (or their respective nominees) in lieu of outstanding Directors' fees for the period between May 2024 and November 2024 (**Relevant Period**):

- (a) 1,112,500 Shares to Mr John Byrne (or his nominee), amounting to approximately \$33,375 (excluding GST) worth of Shares (the subject of Resolution 9;
- (b) 3,888,887 Shares to Mr Richard Brescianini (or his nominee), amounting to approximately \$116,667 (including PAYG) worth of Shares (the subject of Resolution 10); and
- (c) 933,333 Shares to Mr Ryan Skeen (or his nominee), amounting to approximately \$28,000 (including PAYG) worth of Shares (the subject of Resolution 11),

(together, the **Director Shares**).

The Director Shares will be issued at a deemed issue price of \$0.03 per Share, being the same issue price as the Placement Shares, Consideration Shares and the Shares to be issued under the Entitlement Offer.

If Resolutions 9, 10 and 12 are passed, the Company will be able to issue the Director Shares to Messrs Byrne, Brescianini and Skeen in lieu of cash payment of their outstanding Directors' fees for the Relevant Period (as applicable).

If Resolutions 9, 10 and 11 are not passed, the Company will not be able to issue the Director Shares to Messrs Byrne, Brescianini and Skeen in lieu of their outstanding Directors' fees for the Relevant Period (as applicable). Accordingly, the Company will be required to pay the outstanding liability to Messrs Byrne, Brescianini and Skeen in cash (as applicable).

## 10.2 Regulatory requirements – ASX Listing Rules

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue, or agree to issue, Equity Securities to:

- (a) a related party (Listing Rule 10.11.1);
- (b) a person who is, or was at any time in the last 6 months before the issue or agreement, a substantial (30%+) holder in the company (Listing Rule 10.11.2);
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);
- (d) an Associate of a person referred to in Listing Rule 10.11.1-10.11.3 (Listing Rule 10.11.4); or
- (e) a person whose relationship with the company or a person referred to in Listing Rule 10.11.1-10.11.3 is such that, in ASX's opinion, the issue or agreement should be approved by shareholders (Listing Rule 10.11.5),

unless it obtains the approval of its shareholders.

The issue of the Director Shares falls within Listing Rule 10.11.1 by reason of Messrs Byrne, Brescianini and Skeen each being a Director of the Company and does not fall within any of the exceptions in Listing Rule 10.12. The Company therefore requires the approval of Shareholders under Listing Rule 10.11.

The Director Shares issued, for which approval is being sought under Resolutions 9, 10 and 11 comprise 8.69% of the Company's issued share capital as at the date of this Notice of Meeting and 2.97% upon completion of the Proposed Acquisition (and assuming all Resolutions are passed under this Notice of Meeting).

Resolutions 9, 10 and 11 seek Shareholder approval for the Director Issue under and for the purposes of Listing Rule 10.11. As Shareholder approval is being sought under Listing Rule 10.11, approval is not also required under Listing Rule 7.1 (as a result of Exception 14 in Listing Rule 7.2). Resolutions 9, 10 and 11 are independent of one another.

## 10.3 Regulatory Requirements – Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Messrs Byrne, Brescianini and Skeen are each a Related Party of the Company by virtue of being Directors of the Company.

The Board (other than Mr Byrne in respect of Resolution 9, Mr Brescianini in respect of Resolution 10 and Mr Skeen in respect of Resolution 11) has considered the application of Chapter 2E of the Corporations Act to the proposed issue of Director Shares to Messrs Byrne, Brescianini and Skeen and considers that the financial benefit given by the grant of the Director Shares constitutes reasonable remuneration to Messrs Byrne, Brescianini and Skeen given:

- (c) the Director Shares are being issued to Messrs Byrne, Brescianini and Skeen in lieu of, and not in addition to, their annual Director fees;

- (d) the circumstances of the Company; and
- (e) Messrs Byrne, Brescianini and Skeen's roles and responsibilities with the Company, for the purposes of the exception contained in section 211(1) Corporations Act.

Therefore, the Company is not seeking Shareholder approval for the issue of the Director Shares pursuant to section 208 of the Corporations Act in addition to the approvals being sought under the Listing Rules for the grants of Director Shares to Messrs Byrne, Brescianini and Skeen.

#### 10.4 Technical information required by Listing Rule 10.13

In compliance with the information requirements of Listing Rule 10.13, the following information is provided in relation to Resolutions 9, 10 and 11.

- (a) **Name of person to receive securities**  
The Director Shares will be issued to Mr Byrne (in relation to Resolution 9), Mr Brescianini (in relation to Resolution 10) and Mr Skeen (in relation to Resolution 11) (or their respective nominees), as noted above.
- (b) **Nature of relationship between person to receive securities and the Company**  
Messrs Byrne, Brescianini and Skeen are each a related party of the Company by virtue of being Directors of the Company and are accordingly captured under Listing Rule 10.11.1.
- (c) **Maximum number and class of securities to be issued**  
The number of Director Shares to be issued is 1,112,500 (in relation to Resolution 9), 3,888,887 (in relation to Resolution 10) and 933,333 (in relation to Resolution 11).
- (d) **Material terms of the Securities**  
The Director Shares to be issued will be fully paid ordinary shares in the capital of the Company which rank equally with the Company's existing Shares.
- (e) **Date of issue**  
The Director Shares will be issued on a date that will be no later than one (1) month after the date of this Meeting, or such later date as approved by ASX.
- (f) **Issue price**  
The Director Shares will be issued for nil cash consideration at the deemed issue price of \$0.03 per Share, being the same issue price as the Placement Shares, Consideration Shares and the Shares to be issued under the Entitlement Offer.
- (g) **Purpose of the issue, including intended use of the funds raised**  
No funds will be raised from the issue of the Director Shares as the Director Shares to be issued under Resolutions 9, 10 and 11 are being issued in lieu of Directors' fees.
- (h) **Remuneration package of related parties**  
Details of the current remuneration package for Messrs Byrne, Brescianini and Skeen is set out below.

Director	Salary and Fees (incl super)	Options	Performance Rights	Share based payments	Total Salary and Fees <sup>1</sup>
Mr John Byrne	\$66,900	-	-	-	\$66,900

Mr Richard Brescianini	\$230,000	-	-	-	\$230,000
Mr Ryan Skeen	\$46,000		-	-	\$46,000

**Notes:**

1. Includes the \$33,375 worth of Director Shares to be issued to Mr Byrne in lieu of cash payment for Directors' fees the subject of Resolution 9.
2. Includes the \$116,667 worth of Director Shares to be issued to Mr Brescianini in lieu of cash payment for Directors' fees the subject of Resolution 10.
3. Includes the \$28,000 worth of Director Shares to be issued to Mr Skeen in lieu of cash payment for Directors' fees the subject of Resolution 11.

The Company has agreed, subject to Shareholder approval, to pay Messrs Byrne, Brescianini and Skeen's outstanding annual remuneration partly in Shares (rather than cash) as detailed above.

**(i) Relevant agreement**

The Director Shares will not be issued under an agreement.

**(j) Voting exclusion statement**

A voting exclusion statement has been included for the purposes of Resolutions 9, 10 and 11. Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on Resolutions 9, 10 and 11.

**10.5 Board Recommendation**

The Directors (other than Mr Byrne in respect of Resolution 9, Mr Brescianini in respect of Resolution 10 and Mr Skeen in respect of Resolution 11) recommend that Shareholders vote in favour of Resolutions 9, 10 and 11.

Mr Byrne declines to make a recommendation about Resolution 9 as he has a material personal interest in the outcome of Resolution 9 as it relates to the proposed issue of Shares to him (or his nominee).

Mr Brescianini declines to make a recommendation about Resolution 10 as he has a material personal interest in the outcome of Resolution 10 as it relates to the proposed issue of Shares to him (or his nominee).

Mr Skeen declines to make a recommendation about Resolution 11 as he has a material personal interest in the outcome of Resolution 11 as it relates to the proposed issue of Shares to him (or his nominee).

**11. RESOLUTIONS 12 TO 14 – APPROVAL TO ISSUE SHARES TO MR JUSTIN MOUCHACCA AND CONSULTANTS OF THE COMPANY (OR THEIR RESPECTIVE NOMINEES)****11.1 Background**

The Company is proposing to issue the following Shares at the deemed issue price of \$0.03 per Share to Mr Justin Mouchacca (Company Secretary & Financial Controller of the Company) and consultants of the Company in lieu of outstanding salaries and fees as set out below:

- (a) 1,500,000 Shares to Mr Mouchacca (or his nominee), amounting to approximately \$45,000 (excluding GST) worth of Shares for the period July 2024 to November 2024 (the subject of Resolution 12);
- (b) 1,555,555 Shares to Secla Pty Ltd (ACN 624 791 233) (**Secla**) (or its nominee), amounting to approximately \$46,666.65 (excluding GST) worth of Shares for the period May 2024 to November 2024 (the subject of Resolution 13); and
- (c) 630,824 Shares to Lynx Advisors Pty Ltd (ACN 654 471 262) (**Lynx**) (or its nominee) amounting to approximately \$18,924.72 (excluding GST) worth of Shares for the period May 2024 to November 2024 (the subject of Resolution 14),

(together, the **Employee and Consultant Shares**).

The Employee and Consultant Shares will be issued at a deemed issue price of \$0.03 per Share, being the same issue price as the Placement Shares, Consideration Shares and the Shares to be issued under the Entitlement Offer.

If Resolutions 12 to 14 are passed, the Company will be able to proceed with the issue of the Employee and Consultant Shares on the terms set out in this Explanatory Statement.

If Resolutions 12 to 14 are not passed, the Company may still proceed with the issue of the Employee and Consultant Shares, but the issue will use up part of the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Employee and Consultant Shares.

## 11.2 Regulatory requirements – ASX Listing Rules

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

The issue of the Employee and Consultant Shares does not fit within any of these exceptions and, as the Employee and Consultant Shares have not yet been approved by Shareholders, they effectively use up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the date of the issue of the Employee Shares.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, under Resolutions 12 to 14, the Company seeks from Shareholders approval for the issue of the Employee and Consultant Shares.

## 11.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 13:

### (a) Identity of the persons to whom securities are to be issued

The Company proposes to issue the Employee and Consultant Shares as follows:

- (i) 1,500,000 Shares to Mr Mouchacca (or his nominee), amounting to approximately \$45,000 (excluding GST) worth of Shares for the period July 2024 to November 2024 (the subject of Resolution 12);
- (ii) 1,555,555 Shares to Secla (or its nominee), amounting to approximately \$46,666.65 (excluding GST) worth of Shares for the period May 2024 to November 2024 (the subject of Resolution 13); and
- (iii) 630,824 Shares to Lynx (or its nominee) amounting to approximately \$18,924.72 (excluding GST) worth of Shares for the period May 2024 to October 2024 (the subject of Resolution 14).

Mr Mouchacca is a member of the Key Management Personnel and, as it is proposed that he is to be issued more than 1% of the Company's current issued capital, is considered to be a material investor in the Company.

### (b) The number and class of securities issued or agreed to issue

The Company proposes to issue up to 3,686,379 Employee and Consultant Shares (in aggregate) to Mr Mouchacca, Secla and Lynx.

### (c) A summary of the material terms of the securities, if not all fully paid ordinary securities

The Employee and Consultant Shares are fully paid ordinary shares in the Company and will rank equally with existing Shares on issue.

- (d) **Issue date**
- The Employee and Consultant Shares will be issued on one date which will be no later than three (3) months after the date of this Meeting, or such later date as approved by ASX.
- (e) **Issue price**
- The Employee and Consultant Shares will be issued for nil cash consideration at the deemed issue price of \$0.03 per Share, being the same issue price as the Placement Shares, Consideration Shares and the Shares to be issued under the Entitlement Offer.
- (f) **Purpose of the issue**
- The Employee and Consultant Shares will be issued in lieu of outstanding salaries and fees payable to Mr Mouchacca, Secla and Lynx.
- (g) **Issued under an agreement**
- The Employee and Consultant Shares will not be issued under an agreement.
- (h) **Voting exclusion**
- A voting exclusion statement for each of Resolutions 12 to 14 is included in the Notice of Meeting preceding this Explanatory Statement.

#### 11.4 Board Recommendation

The Board recommends that Shareholders vote in favour of Resolutions 12 to 14.

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## 12. RESOLUTION 15 – ADOPTION OF LONG-TERM INCENTIVE PLAN

### 12.1 Background

Resolution 15 seeks Shareholder approval for the purposes of Listing Rule 7.2 Exception 13(b), to adopt a new employee incentive plan titled the “*Heavy Rare Earths Limited Long-Term Incentive Plan*” (**New Plan**), pursuant to which eligible participants may be offered the opportunity to be granted Performance Rights, Options and Shares in the Company (**Incentive Securities**). The Directors consider it desirable to adopt a new plan for the following reasons:

- (a) the Company adopted the current Plan on 16 March 2022, which was prior to the Company’s admission to the Official List of the ASX on 22 August 2022 and prior to the changes to employee share schemes under the Corporations Act as amended by the *Treasury Laws Amendment (Costs of Living Support and Other Measures) Act 2022*;
- (b) the Listing Rules require the Company to seek shareholder re-approval of the employee incentive scheme every three years; and
- (c) in the current extremely competitive market for employees the Board has decided to update its employee incentive plan so that the plan better meets the Company’s objectives.

The purpose of the New Plan is to:

- (a) reward employees of the Company;
- (b) assist in the retention and motivation of employees of the Company;
- (c) to provide an incentive to employees of the Company to grow Shareholder value by providing them with an opportunity to receive an ownership interest in the Company; and
- (d) comply with the recent changes to employee share schemes as set out in Division 1A of Part 7.12 of the Corporations Act.

For the avoidance of doubt, the Directors may adopt the New Plan without Shareholder approval in any event. The purpose of Resolution 15 is to seek Shareholder approval for the issue of Incentive Securities under the New Plan to utilise the exemption to Listing Rule 7.1 whereby if Shareholders approve Resolution 15, any issues of Incentive Securities under the New Plan will not be included in the Company's Listing Rule 7.1 capacity.

## 12.2 Regulatory Requirements

Listing Rule 7.1 provides that, unless an exception applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves, or when aggregated with the Equity Securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12-month period.

Listing Rule 7.2 Exception 13(b) sets out an exception to Listing Rule 7.1. It provides that issues of securities under an employee incentive scheme are not included in a company's 15% limit under Listing Rule 7.1, if within three years before the date of issue, shareholders have approved the issue of securities thereunder as an exception to Listing Rule 7.1.

Accordingly, Resolution 15 seeks approval from Shareholders for adoption of the New Plan and the issue of Incentive Securities thereunder for a period of three years from the date of the Meeting, as an exception to Listing Rule 7.1.

If Resolution 15 is passed, the Company will be able to issue Incentive Securities under the New Plan to eligible participants over a period of three years from the date of the Meeting without impacting on the Company's ability to issue to up to 15% of its total ordinary securities without Shareholder approval in any 12-month period.

If Resolution 15 is not passed, the Directors may still adopt the New Plan and the Company will be able to proceed with the issue of Incentive Securities under it. However, the issue of Incentive Securities under the New Plan will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Incentive Securities. Accordingly, the Company will not be able to utilise the exception to Listing Rule 7.1 that is provided in Listing Rule 7.2 Exception 13(b).

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Incentive Securities under the New Plan to a related party or a person whose relationship with the Company or the related party, is in ASX's opinion, such that Shareholder approval should be obtained.

## 12.3 Technical information required by Listing Rule 7.2 Exception 13(b)

The following information is provided to Shareholders for the purpose of Listing Rule 7.2 Exception 13(b):

(a) **A summary of the material terms of the New Plan**

A summary of the material terms of the New Plan is set out in Schedule 4.

(b) **Previous issues of securities**

This is the first approval sought under Listing Rule 7.2 Exception 13(b) with respect to the New Plan. Accordingly, no Incentive Securities have previously been issued under the New Plan as it is a new incentive plan.

Since the Company adopted the current Plan on 16 March 2022, it has issued 4,000,000 securities under that Plan.

(c) **Maximum number of securities to be issued**

The maximum number of Incentive Securities proposed to be issued under the New Plan following Shareholder approval is 8,427,515. This number is not intended to be a prediction of the actual number of Equity Securities to be issued by the Company, simply a ceiling for the purposes of Listing Rule 7.2 Exception 13(b).

The maximum number of Incentive Securities proposed to be issued under the New Plan may be increased with Shareholder approval. Any issues of Incentive Securities issued outside of the maximum number of Incentive Securities, and

issued without Shareholder approval, will be issued using the Company's existing placement capacity under Listing Rule 7.1.

(d) **Voting exclusion statement**

A voting exclusion statement for Resolution 15 is included in the Business of the Meeting section of the Notice of Meeting.

**12.4 Board Recommendation**

The Board declines to make a recommendation in respect of Resolution 15 due to the fact that the Directors have a personal interest in the outcome of the Resolution as Incentive Securities may be issued to the Directors under the Plan.

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**13. RESOLUTION 16 – APPROVAL OF POTENTIAL TERMINATION BENEFITS UNDER THE LONG-TERM INCENTIVE PLAN**

**13.1 Background**

The Corporations Act contains certain limitations concerning the payment of 'termination benefits' to persons holding 'managerial or executive office'. The ASX Listing Rules also provide certain limitations on the payment of 'termination benefits' to officers of listed entities.

As is common with employee incentive schemes, the New Plan provides the Board with the discretion to, amongst other things, determine that some or all of the Incentive Securities granted to a participant under it will not lapse in the event of that participant ceasing their engagement with the Company before such Incentive Securities have vested. This 'accelerated vesting' of Incentive Securities may constitute a 'termination benefit' prohibited under the Corporations Act, regardless of the value of such benefit, unless Shareholder approval is obtained.

Resolution 16 is conditional on the passing of Resolution 15.

If Resolution 15 is not approved at the Meeting, Resolution 16 will not be put to the Meeting.

**13.2 Technical information required by ASX Listing Rule 14.1A**

If Resolution 16 is passed, the Company will be able to offer 'termination benefits' to persons holding 'managerial or executive office' in the Company pursuant to the terms of the New Plan.

If Resolution 16 is not passed, the Company will not be able to offer 'termination benefits' to persons holding 'managerial or executive office' in the Company pursuant to the terms of the New Plan.

**13.3 Part 2D.2 of the Corporations Act**

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a 'managerial or executive office' (as defined in the Corporations Act) if an exemption applies or if the benefit is approved by Shareholders in accordance with section 200E of the Corporations Act.

Subject to Shareholder approval of Resolution 16, Shareholder approval is sought for the purposes of Part 2D.2 of the Corporations Act to approve the giving of benefits under the New Plan to a person by the Company in connection with that person ceasing to be an officer of, or ceasing to hold, a managerial or executive office in the Company (or subsidiary of the Company) on the terms and conditions in this Explanatory Statement.

As noted above, under the terms of the New Plan and subject to the ASX Listing Rules, the Board possesses the discretion to vary the terms or conditions of the Incentive Securities. Notwithstanding the foregoing, without the consent of the participant in the New Plan, no amendment may be made to the terms of any granted Incentive Securities which reduces the rights of the participant in respect of that Incentive Security, other than an amendment introduced primarily to comply with legislation, to correct any manifest error or mistake or to take into consideration possible adverse tax implications.

As a result of the above discretion, the Board has the power to determine that some or all of a participant's Incentive Securities will not lapse in the event of the participant ceasing employment or office before the vesting of their Incentive Securities.

The exercise of this discretion by the Board may constitute a 'benefit' for the purposes of section 200B of the Corporations Act. The Company is therefore seeking Shareholder approval for the exercise of the Board's discretion in respect of any current or future participant in the New Plan who holds:

- (a) a managerial or executive office in, or is an officer of, the Company (or subsidiary of the Company) at the time of their leaving or at any time in the three years prior to their leaving; and
- (b) Incentive Securities at the time of their leaving.

#### **13.4 Valuation of the termination benefit**

Provided Shareholder approval is given, the value of the termination benefits may be disregarded when applying section 200F(2)(b) or section 200G(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation).

The value of the termination benefits that the Board may give under the New Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company's Share price at the time of vesting and the number of Incentive Securities that will vest or otherwise be affected. The following additional factors may also affect the benefit's value:

- (a) the participant's length of service and the status of the vesting conditions attaching to the relevant Incentive Securities at the time the participant's employment or office ceases; and
- (b) the number of unvested Incentive Securities that the participant holds at the time they cease employment or office.

In accordance with ASX Listing Rule 10.19, the Company will ensure that no officer of the Company or any of its child entities will, or may be, entitled to termination benefits if the value of those benefits and the terminations benefits that are or may be payable to all officers together exceed 5% of the equity interests of the Company as set out in the latest accounts given to ASX under the ASX Listing Rules.

#### **13.5 Board Recommendation**

The Board declines to make a recommendation in relation to Resolution 16 due to their potential personal interests in the outcome of the resolution.

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### **14. RESOLUTION 17 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS**

#### **14.1 Background**

In accordance with section 648G of the Corporations Act, a company's proportional takeover approval provisions, unless sooner omitted from its constitution, cease to apply on the third anniversary after adoption or renewal (as appropriate), unless otherwise specified.

When the provisions cease to apply, the company's constitution is modified by omitting the provisions.

A company may renew its proportional takeover approval provisions in the same manner a company can modify its constitution (i.e. by special resolution of shareholders).

The Company adopted its Constitution on 25 March 2021 and has not renewed the proportional takeover provisions set out in clause 28 since the Constitution was adopted. Accordingly, the proportional takeover provisions included in the Constitution have ceased to have effect.

Resolution 17 is a special resolution that will enable the Company to modify its Constitution by renewing clause 28 for a period of 3 years from the date of Shareholder approval. It is noted that Shareholder approval will not result in a change to the wording of clause 28.

The Company is permitted to seek further Shareholder approval to renew clause 28 for further periods of up to 3 years on each occasion.

A copy of the Constitution was released to ASX on 22 August 2022 and is available on the website of the Company website and the ASX.

## 14.2 Proportional takeover provisions

A proportional takeover bid is an off-market takeover bid where the offer made to each shareholder is only for a specified proportion of that shareholder's shares. If a shareholder accepts a proportional takeover bid, the shareholder will dispose of that specified proportion and retain the balance.

The proportional takeover provisions set out in clause 28 of the Constitution provides that the Company is prohibited from registering a transfer of shares resulting from a proportional takeover bid unless a resolution to approve the bid is passed (or deemed to have been passed) by holders of shares in the relevant bid class, in accordance with the terms set out in the Corporations Act.

Clause 28 will cease to have effect on the third anniversary of the date of the adoption of the last renewal of the clause.

If Resolution 17 is passed, then for a period of 21 days after the Meeting, holders of 10% or more of the Company's Shares will have the right to apply to the Court to have the Resolution set aside. The Court may set aside the Resolution if the Court is satisfied in all the circumstances that it is appropriate to do so.

## 14.3 Information required by section 648G of the Corporations Act

Pursuant to and in accordance with section 648G of the Corporations Act, the information below is provided in relation to this Resolution 17:

### (a) Effect of proportional takeover provisions

- (i) If a bidder makes a proportional off-market takeover bid in respect of a class of securities in the Company (**Proportional Bid**), the Company will be prohibited from registering the transfer giving effect to a contract resulting from the acceptance of the Proportional Bid unless and until a resolution to approve the Proportional Bid is passed by a simple majority or the deadline for obtaining such approval has passed.
- (ii) If Resolution 17 is approved and a proportional takeover bid is made for a class of securities in the Company, the Directors will call a meeting of holders of bid class securities to vote on a resolution to approve that bid. The bidder and its associates would be excluded from voting on the approving resolution.
- (iii) The vote on the approving resolution must take place more than 14 days before the last day of the bid period.
- (iv) If the approving resolution is rejected before the deadline, the bid cannot proceed and any transfers giving effect to takeover contracts for the bid will not be registered.
- (v) If the approving resolution is not voted on, the bid will be deemed to have been approved.
- (vi) If the approving resolution is passed (or deemed to have been passed), the transfers must be registered (subject to other provisions of the Corporations Act and the Constitution).

The proportional takeover provisions do not apply to full takeover bids.

### (b) Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a

minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These proportional takeover provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle and may assist in ensuring that any partial bid is appropriately priced.

The Board believes that the proportional takeover provisions are desirable to give Shareholders protection from these risks - they give effect to a protection that the Corporations Act provisions are intended to provide.

To assess the merits of the proportional takeover provisions, Shareholders should make a judgement as to what events are likely to occur in relation to the Company during the three year life of those provisions.

(c) **Knowledge of any acquisition proposals**

As at the date of this Notice, the Board is not aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

(d) **Advantages and disadvantages of proportional takeover provisions during the period in which they have been in effect**

The Corporations Act requires this Explanatory Statement to discuss retrospectively the advantages and disadvantages for Directors and Shareholders of the proportional takeover provisions that are proposed to be renewed.

While the proportional takeover provisions have been in effect, there have been no takeover bids for the Company, either proportional or otherwise. Consequently, there are no actual examples against which to review the advantages or disadvantages of the proportional takeover provisions for the Directors and Shareholders of the Company.

(e) **Potential advantages and disadvantages of proportional takeover provisions**

The Corporations Act also requires this Explanatory Statement to discuss the potential future advantages and disadvantages of the proportional takeover provisions for both Directors and Shareholders of the Company.

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The Board notes that it could be argued that the proportional takeover provisions are an advantage to the Directors as a takeover defence mechanism that could be exploited to entrench the incumbent Board. However, the Board believes that that argument ignores the basic object of the proportional takeover provisions which are to empower Shareholders, not the Directors.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (i) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (ii) assisting in preventing Shareholders from being locked in as a minority;
- (iii) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (iv) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (v) proportional takeover bids may be discouraged;

- (vi) lost opportunity to sell a portion of their Shares at a premium;
- (vii) individual Shareholders may consider that the proportional takeover provisions would restrict their ability to deal with their Shares as they see fit; and
- (viii) the likelihood of a proportional takeover bid succeeding may be reduced.

#### **14.4 Board Recommendation**

The Board does not believe the potential disadvantages outweigh the potential advantages of renewing the proportional takeover provisions and, as a result, consider that renewal of the proportional takeover provision set out in clause 28 of the Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 17.

## GLOSSARY

In this Explanatory Statement, the following terms have the following unless the context otherwise requires:

<b>Additional 10% Placement Facility</b>	has the meaning in section 4.1 of the Explanatory Statement;
<b>Additional 10% Placement Period</b>	has the meaning in section 4.2(a) of the Explanatory Statement;
<b>Advisory Agreement</b>	means the advisory agreement entered into by the Company and Cygnet on or about 21 October 2024, the material terms of which are set out in Schedule 3 of this Notice of Meeting;
<b>AEDT</b>	means Australian Eastern Daylight Time;
<b>Annual Financial Statements</b>	has the meaning in section 1 of the Explanatory Statement;
<b>Associate</b>	the meaning given to that term in the Listing Rules;
<b>ASX</b>	ASX Limited or the securities market operated by ASX Limited, as the context requires;
<b>Board</b>	board of Directors;
<b>Capital Raise</b>	the Entitlement Offer and the Placement to raise a total of \$2.46 million, before costs;
<b>Chair</b>	chair of the Meeting;
<b>Company</b>	Heavy Rare Earths Limited (ACN 648 991 039);
<b>Consideration Securities</b>	means the Consideration Shares and Consideration Options to be issued to Havilah Resources in consideration for the Proposed Acquisition pursuant to the Term Sheet;
<b>Consideration Shares</b>	38,000,000 Shares to be issued to Havilah Resources in consideration for the Proposed Acquisition pursuant to the Term Sheet;
<b>Consideration Options</b>	17,500,000 Options to be issued to Havilah Resources in consideration for the Proposed Acquisition pursuant to the Term Sheet;
<b>Constitution</b>	constitution of the Company;
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth);
<b>Cygnet</b>	Cygnet Capital Pty Ltd (ACN 103 488 606);
<b>Director</b>	director of the Company;
<b>Director Shares</b>	has the meaning in section 10.1 of the Explanatory Statement;
<b>Directors' Report</b>	has the meaning in section 2.1 of the Explanatory Statement;

<b>Earlier Annual General Meeting</b>	has the meaning in section 2.2 of the Explanatory Statement;
<b>Employee and Consultant Shares</b>	Has the meaning given in section 11.1 of the Explanatory Statement;
<b>Entitlement Offer</b>	has the meaning in section 5.1 of the Explanatory Statement;
<b>Equity Securities</b>	has the meaning given to that term in the Listing Rules;
<b>Explanatory Statement</b>	the explanatory statement that accompanies this Notice of Meeting;
<b>Havilah Resources</b>	means Havilah Resources Limited (ACN 077 435 520);
<b>Incentive Securities</b>	has the meaning in section 12.1 of the Explanatory Statement;
<b>Introducer Parties</b>	has the meaning in section 5.3 of the Explanatory Statement;
<b>Introducer Shares</b>	has the meaning in section 5.1 of the Explanatory Statement;
<b>Joint Underwriters</b>	means Cygnet and Taylor Collison;
<b>Key Management Personnel</b>	key management personnel of the Company (as defined in section 9 of the Corporations Act);
<b>Later Annual General Meeting</b>	has the meaning in section 2.2 of the Explanatory Statement;
<b>Listing Rules</b>	means the listing rules of the ASX;
<b>Lynx</b>	means Lynx Advisors Pty Ltd (ACN 654 471 262);
<b>Meeting or Annual General Meeting</b>	the Annual General Meeting convened by this Notice of Meeting;
<b>Notice of Meeting or Notice</b>	this notice of Annual General Meeting;
<b>New Plan</b>	has the meaning in section 12.1 of the Explanatory Statement;
<b>Placement</b>	has the meaning in section 5.1 of the Explanatory Statement;
<b>Proportional Bid</b>	has the meaning in section 14.3 of the Explanatory Statement;
<b>Proposed Acquisition</b>	has the meaning in section 5.1 of the Explanatory Statement;
<b>Proxy Cut-Off Time</b>	Tuesday, 26 November 2024 at 3:00pm (AEDT);
<b>Proxy Form</b>	the proxy form enclosed with this Notice of Meeting;
<b>Relevant Period</b>	has the meaning in section 10.1 of the Explanatory Statement;
<b>Remuneration Report</b>	means the remuneration report set out in the Director's Report section of the Company's annual financial report for the year ended 30 June 2024;

<b>Resolution</b>	resolution contained in this Notice of Meeting;
<b>Secla</b>	means Secla Pty Ltd (ACN 624 791 233);
<b>Share</b>	fully paid ordinary share in the capital of the Company;
<b>Shareholder</b>	holder of a Share in the Company;
<b>Spill Meeting</b>	has the meaning in section 2.2 of the Explanatory Statement;
<b>Spill Resolution</b>	has the meaning in section 2.2 of the Explanatory Statement;
<b>Taylor Collison</b>	Taylor Collison Limited (ACN 008 172 450);
<b>Term Sheet</b>	means the binding term sheet entered into by the Company and Havilah Resources on or about 21 October 2024, the material terms of which are set out in Schedule 1 of this Notice of Meeting;
<b>Tranche 1 Placement Shares</b>	has the meaning in section 5.2 of the Explanatory Statement; and
<b>Tranche 2 Placement Shares</b>	has the meaning in section 5.2 of the Explanatory Statement.

## Schedule 1 – Summary of Term Sheet

A summary of the material terms of the Term Sheet is set out below.

- (a) **(Earn-in and grant of rights):** Subject to the issue of the Consideration Securities, Havilah Resources grants the Company the exclusive right to earn an 80% interest in certain uranium rights (**Uranium Rights**) within tenements in at the Prospect Hill, Billeroo-Namba and Radium Hill Uranium Projects in South Australia (**HAV Projects**) by sole funding \$3 million of exploration expenditure over a period of 3 years (**Earn-in Requirement**).
- (b) **(Consideration):** As consideration for the grant of the Uranium Rights, subject to Shareholder approval and the requirements of the Corporations Act, the Company will issue to Havilah Resources the following securities:
- (i) 38 million Consideration Shares; and
  - (ii) 17.5 million Consideration Options exercisable at \$0.06 each and expiring 3 years from their date of issue,
- (Consideration Securities).**
- 19 million Consideration Shares issued to Havilah Resources will be subject to voluntary escrow for 6 months from their date of issue. The remaining 19 million Consideration Shares issued to Havilah Resources will be subject to voluntary escrow for 12 months from their date of issue.
- (c) **(Conditions):** The Term Sheet and the commencement of the earn-in (**Earn-in Commencement Date**) are subject to satisfaction or waiver of the follow conditions:
- (i) the Company completing due diligence on the HAV Projects to its sole satisfaction;
  - (ii) the Company and Havilah Resources entering into tenement access and mineral rights agreement that governs the access rights of the Company to Havilah Resources' relevant exploration licences;
  - (iii) the Company completing a capital raise of at least \$2.2 million;
  - (iv) Havilah Resources obtaining all necessary third party approvals, consents, waivers and undertakings that may be required by any third party agreements in respect of the grant of the uranium rights in accordance with the Term Sheet and the tenement access and mineral rights agreement; and
  - (v) the Company and Havilah Resources obtaining all other shareholder, regulatory, third-party approvals, consents or waivers required to give effect to the Term Sheet, including those under the ASX Listing Rules and the *Mining Act 1971* (SA).
- (d) **(Board and management appointments):** Havilah Resources has the right to nominate a non-executive director to the board of the Company (with one current Company director to resign) and will also assist the Company with the appointment of suitably qualified persons to the roles of exploration manager and chief executive officer of the Company.
- (e) **(Minimum Spend):** During the first 12 months of the earn-in (**Minimum Spend Period**), the Company must spend a minimum of \$1 million on exploration expenditure (**Minimum Spend Requirement**).
- (f) **(Withdrawal from Earn-in):** Subject to satisfaction of the Minimum Spend Requirement during the Minimum Spend Period, the Company may withdraw from the Earn-in at any time with 1 months' notice to Havilah Resources.

(g) **(Joint Venture)**: With effect from the Earn-in Commencement Date, the parties will establish an unincorporated joint venture for the purposes of exploring for uranium at the HAV Projects with the following participating interests (**Joint Venture Interests**):

- (i) the Company: 0%
- (ii) Havilah Resources: 100%

From the date that the Company satisfies the Earn-in Requirement (**Earn-in Satisfaction Date**), the parties' Joint Venture Interests will be:

- (i) the Company: 80%
- (ii) Havilah Resources: 20%

The Company will sole fund all joint venture activities from the Earn-in Satisfaction Date until the Company completes a feasibility study on an Advanced Prospect<sup>2</sup> (**Feasibility Study Satisfaction Date**), (**Free Carry Period**). From the Feasibility Study Satisfaction Date, Havilah Resources will be required to contribute with respect to any Advanced Prospect in accordance with its Joint Venture Interest or dilute in accordance with the mechanisms set out in the Term Sheet.

(h) **(Manager of Joint Venture)**: The Company will be the manager of the Joint Venture for as long as it holds a majority Joint Venture Interest, unless it is removed in accordance with the terms of the Term Sheet.

(i) **(Dilution and Minimum Interest)**: The Term Sheet contains industry standard provisions for the dilution of a party's Joint Venture Interest.

If a party's Joint Venture Interest in an Advanced Prospect dilutes to below 10%, it will be deemed to have withdrawn from the Joint Venture for that Advanced Prospect and its Joint Venture Interest in respect of that Advanced Prospect will convert to a 1.5% net smelter return royalty on uranium produced and sold from that Advanced Prospect.

(j) **(Termination)** If during the earn-in period, the Company:

- (i) does not satisfy the Earn-in Requirement;
- (ii) does not satisfy the Minimum Spend Requirement; or
- (iii) is in material breach of its obligations under the Term Sheet and fails to rectify these within 30 days of receipt of a notice from Havilah Resources to do so,

Havilah Resources may terminate the earn-in and the Term Sheet and the Company will be deemed to have withdrawn from the earn-in having no interest in the Uranium Rights.

(k) **(Other terms)**: The Term Sheet contains other terms, including warranties, assignment and change in control provisions, which are standard for agreements of this nature.

<sup>2</sup> Advanced Prospect has the meaning given to that term in the Term Sheet, being a prospect within the HAV Projects where a JORC Resource of relevant uranium has been estimated.

## Schedule 2 – Consideration Option Terms and Conditions

The Consideration Options to be issued to Havilah Resources, subject to Shareholder approval, will be issued on the following terms and conditions:

- (a) **(Entitlement):** Subject to the terms and conditions set out below, each Option, entitles the holder to subscribe for one Company Share upon exercise of the Option.
- (b) **(Exercise Price and Expiry Date):** The Options will be exercisable at \$0.06 each (**Exercise Price**) and expire 3 years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) **(Exercise Period):** The Options are exercisable at any time after their date of issue and prior to the Expiry Date.
- (d) **(Quotation of the Options):** HRE will not apply for quotation of the Options on ASX. If at any time the Options are eligible for quotation under the terms of the Listing Rules, HRE must apply to ASX for official quotation of the Options.
- (e) **(Transferability of the Options):** The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities law.
- (f) **(Notice of Exercise):** Subject to paragraph (c), the Options are exercisable at any time on or prior to the Expiry Date by notice in writing to the Company in the manner specified in the notice of exercise (**Notice of Exercise**) accompanied by payment of the Exercise Price for each Option being exercised via cheque or electronic funds transfer (**Exercise Date**).
- (g) **(Issue):** Subject to paragraph (n), within 10 Business Days of the Exercise Date, the Company will:
  - (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
  - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
  - (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.
- (h) **(Ranking):** All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then existing Shares.
- (i) **(Reorganisation of capital):** In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, the number of Options or the exercise price of the Options or both shall be reconstructed (as appropriate) in the same manner as the Company's Shares and so as not to confer on the Optionholder a benefit (or impose a detriment) that does not apply to Shareholders.
- (j) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and the holder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options without exercising the Options.
- (k) **(Bonus Issues):** If there is a pro rata bonus issue of Shares to Shareholders prior to the Expiry Date, the number of Shares over which the Option is exercisable will be increased by the number of Shares which the Option holder would have received if the Option was exercised before the record date for the bonus issue and no change will be made to the Exercise Price.

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- (l) **(Pro-rata issues):** If there is a pro-rata issue (except a bonus issue) to the holders of the ordinary Shares, the exercise price of Options may be reduced according to the following formula:

$$O' = O - \frac{E [P - (S + D)]}{N + 1}$$

Where

O' = the new exercise price of Options.

O = the old exercise price of Options.

E = the number of ordinary Shares into which one Option is exercisable.

P = the average market price per ordinary Share (weighted by reference to volume) of the ordinary Shares during the 5 (five) trading days ending on the day before the ex-rights or ex-entitlements date.

S = the subscription price for an ordinary Share under the pro-rata issue.

D = the dividend due but not yet paid on the ordinary Shares (except those to be issued under the pro-rata issue).

N = the number of ordinary Shares with rights or entitlements that must be held to receive a right to one new ordinary Share.

- (m) **(No change in Exercise Price)** Other than as referred to above, an Option does not confer the right to a change in Exercise Price, or a change to the number of underlying securities over which it can be exercised.

- (n) **(Deferral of exercise if resulting in a prohibited acquisition of Shares):** If the exercise of an Option would result in any person being in contravention of section 606(1) of the Corporations Act (**General Prohibition**) then the Company will convene a meeting of shareholders as soon as reasonably practicable following exercise of the Option at which it will seek shareholder approval for the exercise of the Option under item 7 of section 611 of the Corporations Act. If shareholders do not approve the exercise of the Option, the exercise of that Option may only occur to the extent that it is permitted by the Corporations Act. Nothing in this paragraph is to be interpreted as an extension of the Expiry Date of the Options.

In assessing whether the exercise of an Option would result in a contravention of the General Prohibition:

- (i) holders may give written notification to the Company if they consider that the exercise of an Option may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the exercise of an Option will not result in any person being in contravention of the General Prohibition; and
- (ii) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (n)(i) within seven days if the Company considers that the exercise of an Option may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the exercise of an Option will not result in any person being in contravention of the General Prohibition.
- (o) **(Agreement to be bound):** By lodging a Notice of Exercise, the Option holder agrees to take the applicable Shares and agrees to be bound by the constitution of the Company.

### Schedule 3 – Summary of Advisory Agreement

On or about 21 October 2024, the Company entered into a corporate advisory agreement (**Advisory Agreement**) with Cygnet pursuant to which Cygnet agreed to provide the Company with corporate advisory services in relation to the Proposed Acquisition. A summary of the material terms of the Advisory Agreement is set out below.

- (a) (**Term**): The Advisory Agreement is effective from 21 October 2024 until completion of the Proposed Acquisition.
- (b) (**Services**): Cygnet will provide the following services:
- (i) assist with the introduction of the parties to the Proposed Acquisition;
  - (ii) act as lead manager to the Placement;
  - (iii) act as joint underwriter to the Entitlement Offer (subject to the execution of a joint underwriting agreement with Taylor Collison); and
  - (iv) other such advice as agreed between Cygnet and the Company.
- (c) (**Fees**): In return for the Services, the Company will pay Cygnet the following fees, consisting of:
- (i) 6% (plus GST) of the gross proceeds raised under the Placement; and
  - (ii) 3% (plus GST) of the gross proceeds raised under the Entitlement Offer, subject to the execution of a joint underwriting agreement with Taylor Collison (Taylor Collison is also entitled to receive 3% (plus GST) of the gross proceeds raised under the Entitlement Offer).
- (d) (**Introducer Shares**): Subject to completion of the Proposed Acquisition, Cygnet is entitled to receive 10 million Introducer Shares in consideration for its involvement in introducing the Proposed Acquisition to the Company.
- (e) (**Further Agreement**): Following completion of the Proposed Acquisition, the Company agrees to execute a corporate advisory services mandate with Cygnet on terms and conditions to be agreed between Cygnet and the Company.
- (f) (**Indemnity**): The Company will indemnify and hold Cygnet harmless against all losses, claims, liabilities, damages, costs and expenses including, without limitation, reasonable legal expenses on a full indemnity basis and any other reasonable expenses (including, without limitation, the cost of any investigation and preparation by Cygnet personnel).
- (g) (**Other**): The Advisory Agreement contains other terms and conditions that are considered standard for agreements of its nature.

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## Schedule 4 – Summary of material terms of the New Plan

The Directors are proposing to adopt the New Plan, to enable eligible persons to be granted Options, Performance Rights and Shares (**Awards**), the principal terms of which are summarised below:

### 1. Eligibility

The Board may, in its absolute discretion, invite an “Eligible Person” to participate in the New Plan. An “Eligible Person” means a person that is a “primary participant” (as that term is defined in Division 1A of Part 7.12 of the Corporations Act) in relation to the Company or an associated body corporate and has been determined by the Board to be eligible to participate in the New Plan from time to time.

### 2. Offer

Following determination that an Eligible Person may participate in the New Plan, the Board may make an offer to that person by an offer letter setting out the terms of the offer and any Conditions which may apply to the offer or the Awards (**Offer Letter**).

### 3. Issue Cap

Unless the Company is unlisted or the Company constitution provides otherwise, the Company must not make an offer of Awards for monetary consideration under the New Plan, where the total number of Shares to be issued under the New Plan (**New Plan Shares**) (or that will be issued upon conversion of convertible securities to be issued), when aggregated with the number of New Plan Shares that may be issued as a result of offers made under the New Plan, at any time during the previous 3 year period, would exceed 5% of the total number of Shares on issue at the date of the offer.

The New Plan does not contain an issue cap on the number of Awards that may be issued for no monetary consideration, however the Board have decided to impose a cap of 8,427,515 Awards where no consideration is payable. This does not include the issue of Awards that are otherwise approved by Shareholders.

### 4. Disclosure

All offers of Awards under the New Plan for no monetary consideration are made pursuant to Division 1A of Part 7.12 of the Corporations Act and accordingly the Company will not issue a disclosure document for such an offer.

If the Company makes an offer to issue Awards under the New Plan for monetary consideration, the Company will comply with the disclosure requirements in Division 1A of Part 7.12 of the Corporations Act.

### 5. Nature of Awards

Each Option or Performance Right entitles the holder, to subscribe for, or be transferred, one Share. Any Shares acquired as an Award or pursuant to the exercise of an Award will rank equally with all existing Shares from the date of acquisition.

### 6. Vesting

Awards may be subject to exercise conditions, performance hurdles or vesting conditions (**Conditions**). These Conditions must be specified in the Offer Letter to Eligible Persons. In the event that a takeover bid for the Company is declared unconditional, there is a change of control in the Company, or if a merger by way of a scheme of arrangement has been approved by a court, then the Board may determine that:

- (i) all or a percentage of unvested Options will vest and become exercisable;
- (ii) all or a percentage of Performance Rights will be automatically exercised; and

- (iii) any Shares issued or transferred to a holder under the New Plan that have restrictions (on their disposal, the granting of any security interests in or over, or otherwise on dealing with), will be free from any restrictions on disposal.

#### 7. Exercise Period

The period during which a vested Award may be exercised will commence when all Conditions have been satisfied, waived by the Board, or are deemed to have been satisfied under the rules of the New Plan and the Company has issued a vesting notification to the holder, and ends on the Expiry Date (as defined at 10(iv) below).

#### 8. Disposal restrictions

Awards granted under the New Plan may not be assigned, transferred, novated, encumbered with a security interest (such as a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature) over them, or otherwise disposed of by a holder, other than to a nominated party (such as an immediate family member, trustee of a trust or company) in accordance with the New Plan, unless:

- (i) the prior consent of the Board is obtained; or
- (ii) such assignment or transfer occurs by force of law upon the death of a holder to the holder's legal personal representative.

#### 9. Cashless exercise

Optionholders may, at their election, elect to pay the exercise price for an Option by setting off the exercise price against the number of Shares which they are entitled to receive upon exercise of the Option (**Cashless Exercise Facility**). By using the Cashless Exercise Facility, the Optionholder will receive Shares to the value of the surplus after the exercise price has been set off.

If an Optionholder elects to use the Cashless Exercise Facility, the Optionholder will only be issued that number of Shares (rounded down to the nearest whole number) as are equal to the value of the difference between the exercise price otherwise payable for the Options and the then market value of the Shares at the time of exercise (determined as the volume weighted average price on the ASX over the five trading days prior to providing a notice of exercise).

#### 10. Lapse

Unvested Awards will generally lapse on the earlier of:

- (i) the cessation of employment, engagement or office of the holder;
- (ii) the day the Board makes a determination that all unvested Awards and vested Options of the holder will lapse because, in the opinion of the Board the holder has acted fraudulently or dishonestly, or is in material breach of his or her duties or obligations to the Company;
- (iii) if any applicable Conditions are not achieved by the relevant time;
- (iv) if the Board determines that any applicable Conditions have not been met and cannot be met prior to the date that is 5 years from the grant date of an Award or any other date determined by the Board and as specified in the Offer (**Expiry Date**); or
- (v) the Expiry Date.

Where a holder of Awards ceases to be employed or engaged by the Company and is not a "Bad Leaver" (as that term is defined in the New Plan), and the Awards have vested, they will remain exercisable until the Awards lapse in accordance with the New Plan rules or if they have not vested, the Board will determine as soon as reasonably practicable after the date the holder ceases to be employed or engaged, how many (if any) of those holder's Awards will be deemed to have vested and exercisable.

Where a holder becomes a "Bad Leaver" (as that term is defined in the New Plan), all Awards, unvested or vested, will lapse on the date of the cessation of employment, engagement or office of that holder.



#### All Correspondence to:

- By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- By Fax:** +61 2 9290 9655
- Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)
- By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 3:00pm (AEDT) on Tuesday 26 November 2024.**

### TO APPOINT A PROXY ONLINE

### BY SMARTPHONE

**STEP 1: VISIT** <https://www.votingonline.com.au/hreagm2024>

**STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**

**STEP 3: Enter your Voting Access Code (VAC):**



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

##### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

##### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **3:00pm (AEDT) on Tuesday 26 November 2024.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

**Online** <https://www.votingonline.com.au/hreagm2024>

**By Fax** + 61 2 9290 9655

**By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia

**In Person** Boardroom Pty Limited  
Level 8, 210 George Street  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

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# Heavy Rare Earths Limited

ABN 35 648 991 039

## Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities using this form.**

## PROXY FORM

### STEP 1 APPOINT A PROXY

I/We being a member/s of **Heavy Rare Earths Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting** (mark box)

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held virtually via [https://us06web.zoom.us/webinar/register/WN\\_tfgx7PSEQWGZkVl9lq03yA](https://us06web.zoom.us/webinar/register/WN_tfgx7PSEQWGZkVl9lq03yA) **Thursday 28 November 2024 at 3:00pm (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting is authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1, 9, 10, 11, 12 and 16, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Items even though Resolutions 1, 9, 10, 11, 12, and 16 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1, 9, 10, 11, 12 and 16). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

### STEP 2 VOTING DIRECTIONS

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		FOR	AGAINST	ABSTAIN*		FOR	AGAINST	ABSTAIN*	
<b>Res 1</b>	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 10</b>	Approval to issue Shares to Mr Richard Brescianini (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 2</b>	Re-election of Director – Mr John Byrne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 11</b>	Approval to issue Shares to Mr Ryan Skeen (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 3</b>	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 12</b>	Approval to issue Shares to Mr Justin Mouchacca (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 4</b>	Ratification of prior issue of Tranche 1 Placement Shares – Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 13</b>	Approval to issue Shares to Secla Pty Ltd (or its nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 5</b>	Ratification of prior issue of Tranche 1 Placement Shares – Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 14</b>	Approval to issue Shares to Lynx Advisors Pty Ltd (or its nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 6</b>	Approval to issue Tranche 2 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 15</b>	Adoption of Long-Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 7</b>	Approval to issue Consideration Securities to Havilah Resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 16</b>	Approval of Potential Termination Benefits under the Long-Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 8</b>	Approval to issue Introducer Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 17</b>	Renewal of Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 9</b>	Approval to issue Shares to Mr John Byrne (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

### STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2024

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