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ANNUAL REPORT

2026

Heavy Rare Earths Limited

ABN 35 648 991 039

ASX:HRE

www.hreltd.com.au

Corporate Directory

Heavy Rare Earths Limited | ABN 35 648 991 039 | 30 June 2026

Directors
Mr Gabriel Chiappini (Non-Executive Chairman)
Mr Jason Barnett (Managing Director & CEO)
Dr Amanda Buckingham (Non-Executive Director)
Mr Graeme Morissey (Non-Executive Director)

Company secretary
Mr Justin Mouchacca

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

Principal place of business
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Melbourne, Victoria, 3000

Share register
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Sydney, NSW, 2000
Ph: 1300 737 760 (within Australia)
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Auditor
William Buck
Level 20, 181 William Street
Melbourne, Victoria 3000

Stock exchange listing
Heavy Rare Earths Limited shares are listed on the Australian Securities Exchange (ASX code: HRE)

Website
www.hreltd.com.au

Corporate Governance Statement
The Company's Corporate Governance Statement has been released to ASX on this day and is available on the Company's website.

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Managing Director's Review

FY2026 was a truly transformational year for Heavy Rare Earths Limited - one in which a refreshed Board and management team reset the Company's strategic direction and began the process to unlock substantial new value across our existing project portfolio.

I joined HRE as Managing Director and CEO during the final quarter of the year, and I want to begin by thanking the Board for the opportunity to lead the Company at such a pivotal time. Having spent the past several months immersing myself in the detail of our portfolio projects, I can say with real confidence that the platform built over FY2026 leaves HRE exceptionally well positioned heading into FY2027, and I am genuinely excited about what lies ahead.

Nowhere is that more evident than at our Subron Rare Earths Project (formerly Cowalinya) in Western Australia. During the year we engaged rare earths and critical minerals consultant Claudio Sheriff to undertake a strategic review of our existing 159 million tonne @ 870ppm TREO JORC Inferred Resource, with a specific focus on heavy rare earth oxides (HREOs). The results exceeded our expectations. Claudio's work identified 10 high-grade domains across a combined 12.9km of newly mapped structural corridors, including an outstanding intercept of 8m @ 3,057ppm TREO at the newly named Seawolf prospect, grading 1,344ppm HREO for a 42% HREO ratio. Across the broader dataset, HREOs represent approximately 38% of contained TREO on average - well above the ratios typical of most rare earth deposits globally, where the bulk of contained value usually sits in the more abundant light rare earths (NdPr). Given the outsized role heavy rare earths play in defence and advanced manufacturing supply chains, and the well-documented shortage of supply outside China, this is a genuinely differentiated, high-value characteristic for HRE to build on. I share Claudio's enthusiasm for what this project can become, and further work on mineralogy, re-domaining of the resource and metallurgical testwork is the pathway to unlock this opportunity.

At Prospect Hill, we spent FY2026 converting a large, high-quality historical dataset into a fully permitted drilling program. Early in the year we completed the acquisition of the full suite of mineral rights across the project, including the tin rights at the South Ridge prospect, unlocking the pathway to a maiden Mineral Resource Estimate. Extensive surface mapping extended the known South Ridge Shear zone to 1.85km, and by year end we held both our Program for Environment Protection and Rehabilitation approval and Aboriginal Heritage Clearance from the Dieri Aboriginal Corporation. We enter FY2027 with a drilling contractor engaged and an expanded 38-hole, 3,400m maiden drilling program ready to commence as soon as road access allows.

At Radium Hill, reconnaissance sampling defined an 8km Critical Minerals Corridor carrying high-grade uranium, scandium, yttrium and rare earths alongside the historic Radium Hill Mine, with encouraging early evidence of monazite and xenotime mineralisation identified through our ongoing collaboration with the University of Adelaide. An amended agreement with Havilah Resources brought all of these elements, not just uranium, into HRE's earn-in and waived the minimum spend requirement, materially expanding our exposure to a basket of commodities now commanding strong global demand. Post year-end, we were also pleased to announce a collaboration with the Australian Nuclear Science and Technology Organisation (ANSTO), whose Minerals unit will support metallurgical testwork and processing pathway development at Radium Hill using their specialist rare earth and critical minerals expertise. We are now also planning a maiden drilling program at Radium Hill, subject to the necessary permits and heritage clearances, as we look to bring this project to a similar stage of readiness as Prospect Hill.

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Heavy Rare Earths Limited
Review of operations
30 June 2026

I want to first thank our Board and our exploration and technical teams for the work delivered this year. I would also like to sincerely thank our shareholders for their continued support and confidence in the Company through a period of significant change - it is not taken for granted, and it is what allows us to pursue the ambitious program that lies ahead. With three advanced projects heading into FY2027, HRE is well positioned to deliver material news flow across tin, uranium and rare earths in the year ahead.

Jason Barnett

Managing Director & CEO

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Board of Directors

Jason Barnett
Managing Director & CEO

An experienced mining executive with more than 20 years' expertise across the critical minerals and gold sectors in Australia and Canada. His career combines strong technical credentials with extensive experience in operations, resource geology consulting, project management, business development and corporate strategy. He holds a Bachelor of Geology from Macquarie University and an MBA from the University of Western Australia.

Gabriel Chiappini
Non-Executive Chairman

A Corporate Advisor with over 20 years' experience as a director, capital markets participant and governance professional. He is a current director of EMC Gold Corporation (ASX:EM3) and Invictus Energy Limited (ASX:IVZ), and also served as Governance Chair (Australia) at Adriatic Metals plc from pre-IPO in 2017 through to its USD$1.3bn takeover by DPM Metals.

Amanda Buckingham
Non-Executive Director

A geophysicist with more than 30 years of experience in mineral exploration. In addition to co-founding Cygnus Metals Limited (ASX:CY5) and Desert Metals Limited (ASX:DM1), she serves as a director of several private companies, including Plutonic Limited, and is an Adjunct Research Fellow at the University of Western Australia. Amanda was previously Managing Director of Warriedar Resources Limited (ASX:WA8).

Graeme Morissey
Non-Executive Director

A Chartered Accountant with extensive experience serving as Chief Financial Officer for a number of mining and mineral exploration companies listed on the ASX. Graeme was previously CFO of Warriedar Resources Limited (ASX:WA8). He is a Chartered Accountant (CA) and a Member of the Australian Institute of Company Directors (MAICD), holding a Bachelor of Commerce from McMaster University in Canada.

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REVIEW OF OPERATIONS

Heavy Rare Earths Limited (ASX:HRE) is an Australian critical minerals exploration company with a portfolio spanning tin, uranium, scandium and rare earths projects in the Mid-West region of Western Australia, and the Curnamona Province of eastern South Australia.

In South Australia, HRE's 2,949km^2 Curnamona portfolio comprises the Prospect Hill Tin and Uranium Project and the Radium Hill Uranium-Scandium-Rare Earths Project, and the earlier-stage Billeroo Uranium Project. In Western Australia, the Company holds the Subron Rare Earths Project, an advanced, JORC-resourced heavy rare earth deposit.

During the period, the Company completed a strategic review at Subron that identified genuinely differentiated high-grade heavy rare earth domains within the existing resource, secured full mineral rights across two of its key South Australian projects, identified extensions to the structures that host mineralisation at Prospect Hill's South Ridge tin deposit and completed all preparations and permitting for a maiden drill campaign. At Radium Hill, a new 8km critical minerals corridor was defined.

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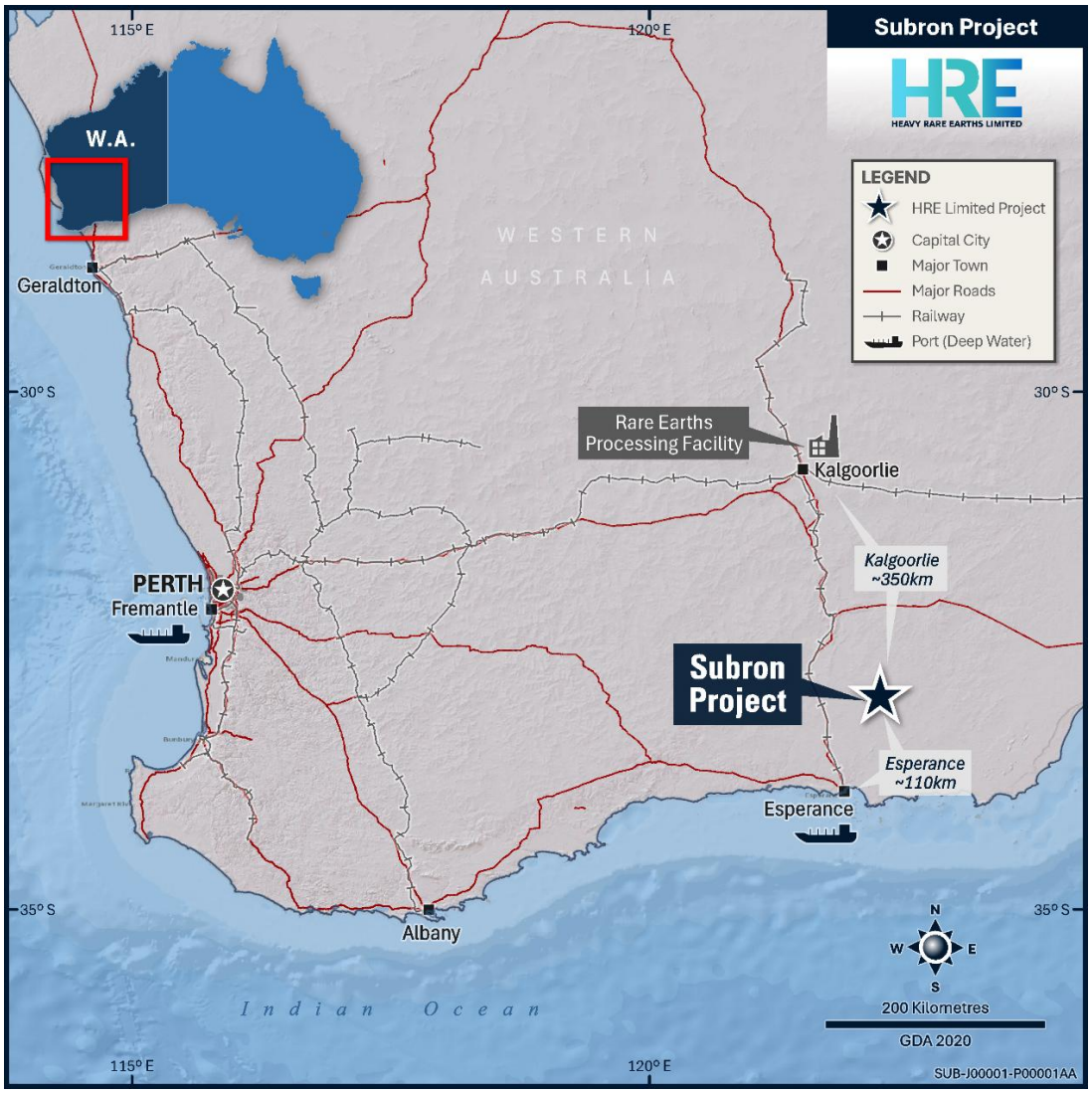

Figure 1. Location of HRE's Subron (formerly Cowalinya) Rare Earths Project, close to Esperance port and the Kalgoorlie Rare Earths Processing Facility.

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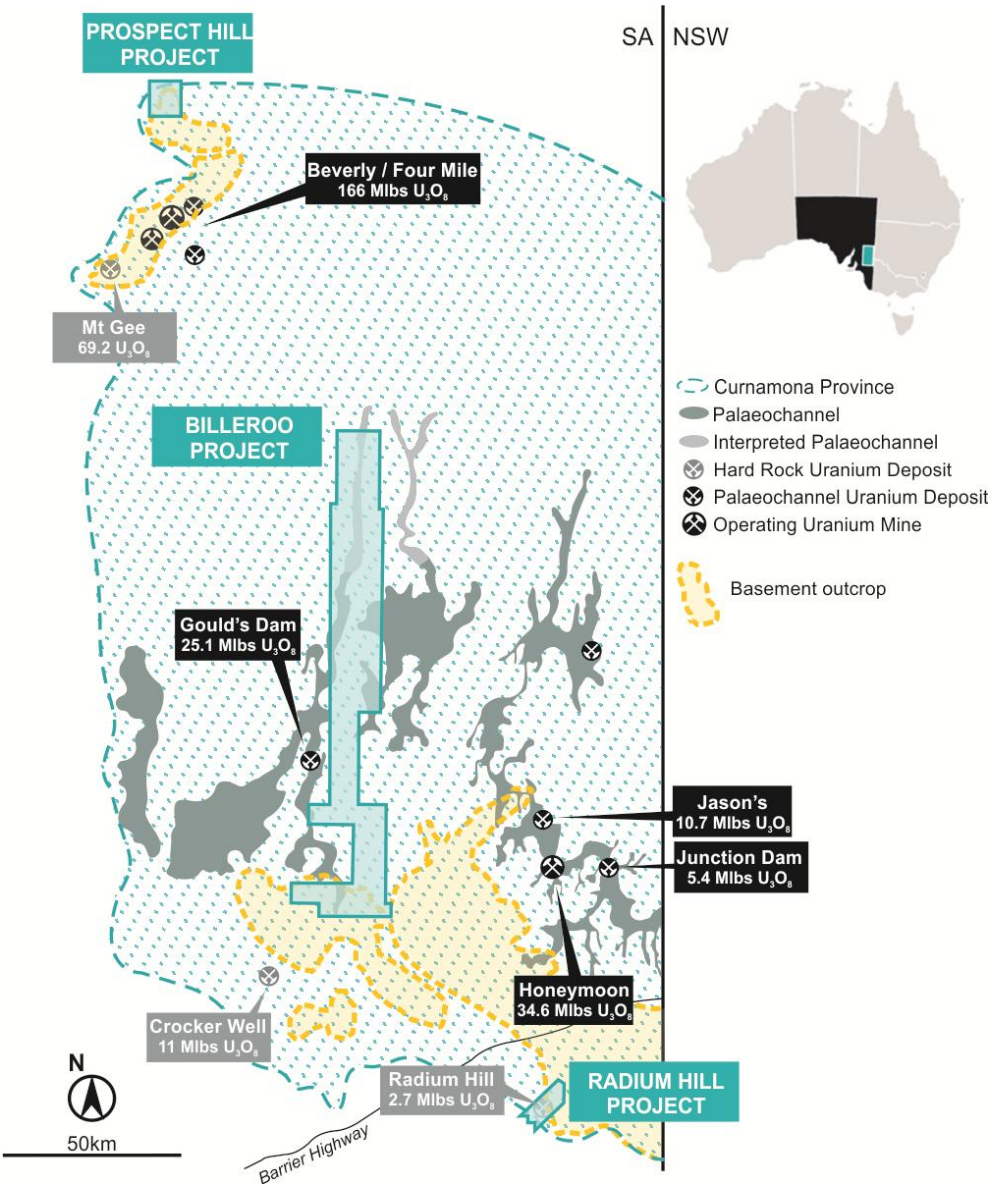

Figure 2. Location of HRE's project areas within the Curnamona Province, South Australia.

SUBRON RARE EARTHS PROJECT, WESTERN AUSTRALIA

The Subron Rare Earths Project (formerly Cowalinya) is located in south-central Western Australia, within an area of unallocated crown land approximately 110km north-north-east of the port of Esperance and 350km south of Lynas Rare Earth's Kalgoorlie Rare Earths Processing Facility.

The project hosts a JORC-compliant Inferred Mineral Resource of 159 million tonnes at 870ppm[1] Total Rare Earth Oxides (TREO), of which 28% comprises the higher-value magnetic rare earths (Pr, Nd, Tb and Dy). The resource is supported by an extensive drilling database of more than 550 aircore holes, together with assay, density, weathering and geology data, and stored sample material available for further metallurgical testwork.

During the year, HRE engaged rare earths and critical minerals consultant Mr Claudio Sheriff to undertake a Strategic Review of Subron, with a specific focus on heavy rare earth oxides (HREO). This work was prompted by the sharp re-rating of heavy

[1] Refer to ASX announcement 3 October 2023 – Substantial increase in Mineral Resources at Cowalinya.

rare earth markets over FY2026, driven by their critical role in defence and energy transition applications and the global push to secure supply chains outside China.

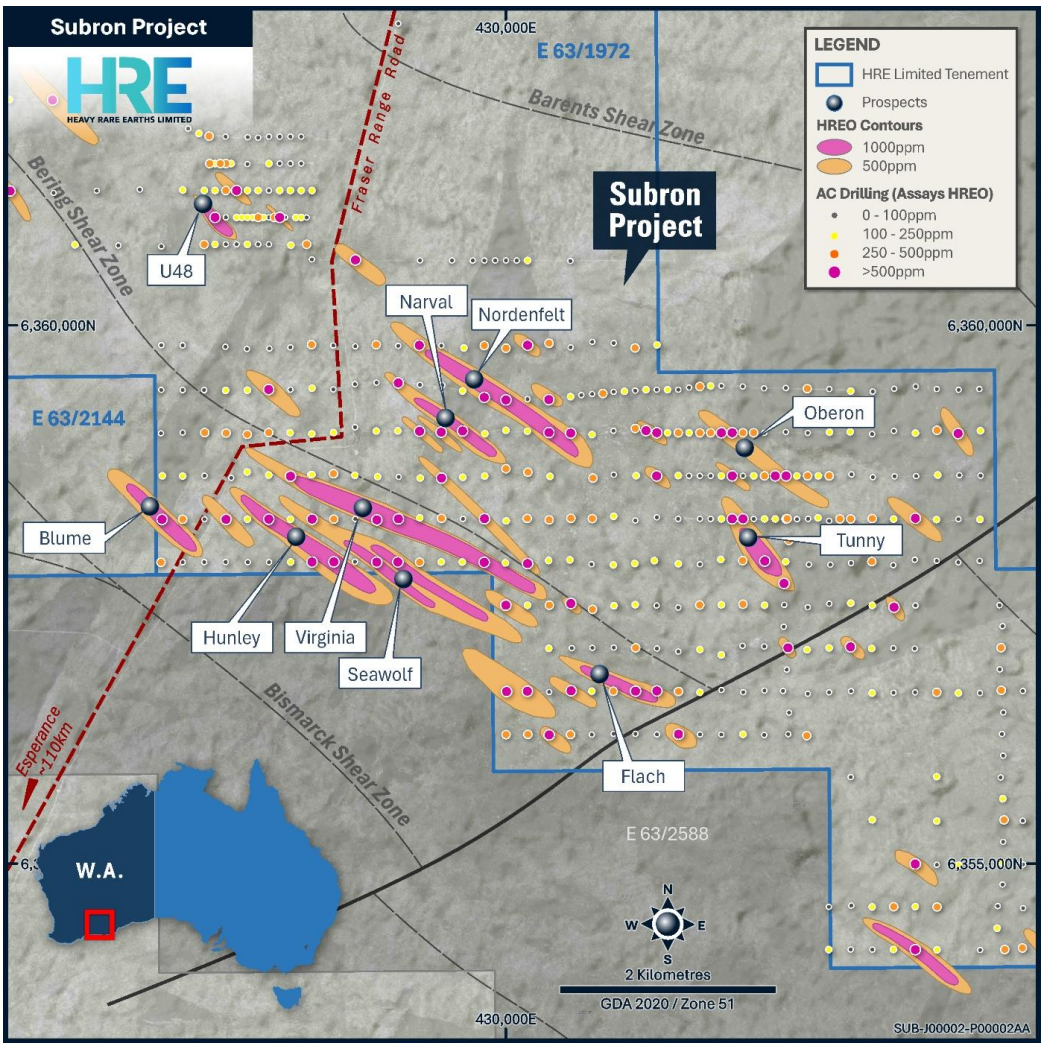

Figure 3. Subron high-grade HREO domains and AC drilling assay results across the Bering and Bismarck corridors.

The review re-interrogated HRE's existing drilling database against underlying magnetics and structural trends, and identified 10 high-grade HREO domains, named Nordenfelt, Oberon, Narval, Tunny, Virginia, Seawolf, Hunley, Blume, Flach and Garrett, across a combined 12.9km of newly delineated structural corridors within and adjacent to the existing resource area.

Applying a cut-off of greater than 300ppm HREO to the drilling database returned 150 Significant Intercept drill intervals, averaging 1,653ppm TREO with 579ppm HREO for **a 38% HREO ratio**, a genuinely high-grade profile by the standards of residual clay-hosted rare earth deposits. A cut-off of greater than 1,000ppm TREO returned 190 Significant Intercept intervals at an average grade of 1,685ppm TREO.

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Subron Significant Intercepts

Structural Corridor	HG Domain	Strike (Km)	Width (Km)	Significant Intercept	HREO Ratio
BERING	Nordenfelt	1.7	0.15	11m @ 4606ppm TREO (from 24m AC225) inc 1365ppm HREO	31%
				4m @ 1936ppm TREO (from 27m AC275) inc 1065ppm HREO	55%
	Oberon	1.5	0.15	10m @ 1782ppm TREO (from 14m AC28) inc 343ppm HREO	36%
				6m @ 1434ppm TREO (from 24m AC16) inc 454ppm HREO	31%
	Narval	1.0	0.10	4m @ 2487ppm TREO (from 31m AC279) inc 975ppm HREO	39%
	Tunny	0.5	0.20	2m @ 2753ppm TREO (from 26m AC343) inc 1019ppm HREO	37%
BISMARCK	Virginia	2.5	0.20	2m @ 3068ppm TREO (from 32m AC201) inc 1002ppm HREO	33%
				4m @ 2593ppm TREO (from 20m AC200) inc 1453ppm HREO	57%
				4m @ 2360ppm TREO (from 30m AC356) inc 1237ppm HREO	52%
	Seawolf	1.5	0.20	2m @ 3795ppm TREO (from 24m AC361) inc 1918ppm HREO	51%
				8m @ 3057ppm TREO (from 27m AC360) inc 1344ppm HREO	42%
	Hunley	1.5	0.15	2m @ 3196ppm TREO (from 34m AC326) inc 1236ppm HREO	39%
				2m @ 3611ppm TREO (from 36m AC363) inc 1751ppm HREO	48%
	Blume	0.9	0.10	3m @ 2246ppm TREO (from 38m AC321) inc 1481ppm HREO	66%
	Flach	0.8	0.10	2m @ 4087ppm TREO (from 18m AC412) inc 1210ppm HREO	30%
REGIONAL	Garrett	1.0	0.15	6m @ 2383ppm TREO (from 16m AC440) inc 911ppm HREO	39%

Figure 4. Subron high-grade HREO domains, showing structural corridor, strike length and significant intercepts.

The standout result was recorded at the newly named Seawolf prospect, part of the Bismarck corridor, which returned 8m at 3,057ppm TREO (1,344ppm HREO, 42% HREO ratio) from 27m in hole AC360. Other high-grade intercepts across the identified domains include[2]:

- 11m at 4,606ppm TREO (1,365ppm HREO, 31% HREO ratio) from 24m, Nordenfelt domain (AC225)
- 4m at 3,611ppm TREO (1,751ppm HREO, 48% HREO ratio) from 36m, Blume domain (AC363)
- 4m at 2,593ppm TREO (1,453ppm HREO, 57% HREO ratio) from 20m, Virginia domain (AC200)
- 3m at 2,246ppm TREO (1,481ppm HREO, 66% HREO ratio) from 38m, Blume domain (AC321)

Post year-end, the Company confirmed these results position Subron as one of the highest HREO-ratio residual clay-hosted rare earth deposits identified to date, with the heavy fraction, yttrium, terbium and dysprosium oxides in particular making up a substantial proportion of total contained value.

These initial findings will now be followed up with re-domaining of the existing JORC Mineral Resource around the newly defined high-grade zones, together with detailed mineralogical characterisation and metallurgical testwork, with the objective of defining a smaller tonnage, higher value resource of substantial strategic value.

Subron's location is a further point of leverage for the Company. The project sits within trucking distance of the recently constructed Kalgoorlie Rare Earths Processing Facility and has road access to the deep-water port of Esperance, giving HRE a potential processing and logistics pathway that many undeveloped rare earth deposits in Australia lack. Combined with the existing resource base, extensive drilling database and sample material already in storage, the Company believes Subron can be advanced efficiently and at relatively low cost as the strategic review moves into its next phase.

[2] Refer to ASX announcement 27 July 2026 – Strategic Review Highlights Heavy Rare Earths at Subron (formerly Cowalinya).

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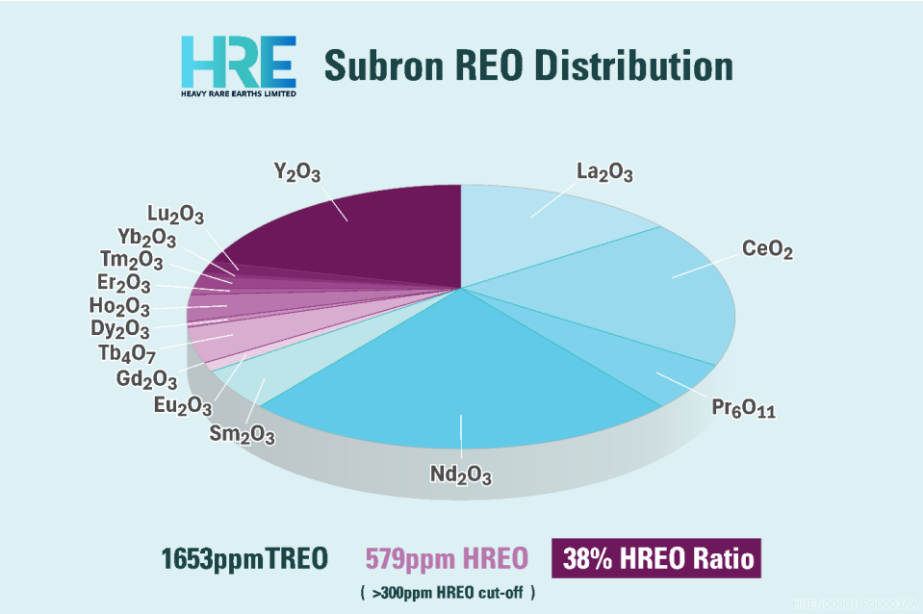

Figure 5. Rare earth oxide distribution within Subron's >300ppm HREO drilling assay dataset.

PROSPECT HILL TIN AND URANIUM PROJECT, SOUTH AUSTRALIA

The Prospect Hill Project is located on the north-western margin of the Curnamona Craton in South Australia, and comprises three contiguous exploration licences (EL5891, EL6271 and EL6933) covering a total of 75km^2. The project hosts both the South Ridge tin deposit and uranium exploration targets within the adjacent Wattleowie Valley.

During the year, HRE completed the acquisition of the full suite of mineral rights across Prospect Hill from Havilah Resources Limited, expanding on its existing uranium-only earn-in to secure an All Minerals Rights Agreement covering the previously discovered tin deposit at South Ridge. Prospect Hill is the largest and most advanced tin project in South Australia, and tin is classified as a critical mineral by the governments of the United States, Canada and the United Kingdom.

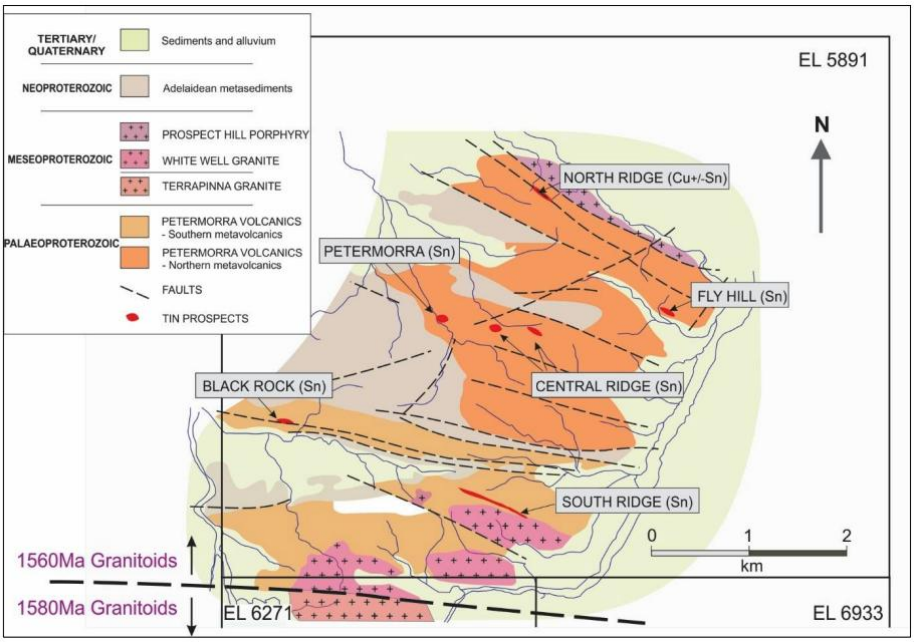

Figure 6. Summary of outcropping geology across EL5891, showing the South Ridge tin prospect

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The acquisition delivered HRE an unusually large historical dataset, assembled by several previous operators over four decades, including assay results from 56 historic drillholes at South Ridge[3]. Standout historic intersections include:

- 3m @ 4.85% Sn from 44m (PHRC03)
- 5m @ 3.32% Sn from 84m (PHRC55)
- 10m @ 1.16% Sn from 33m (PHRC04)
- 6m @ 2.33% Sn from 14m (PHP-15)

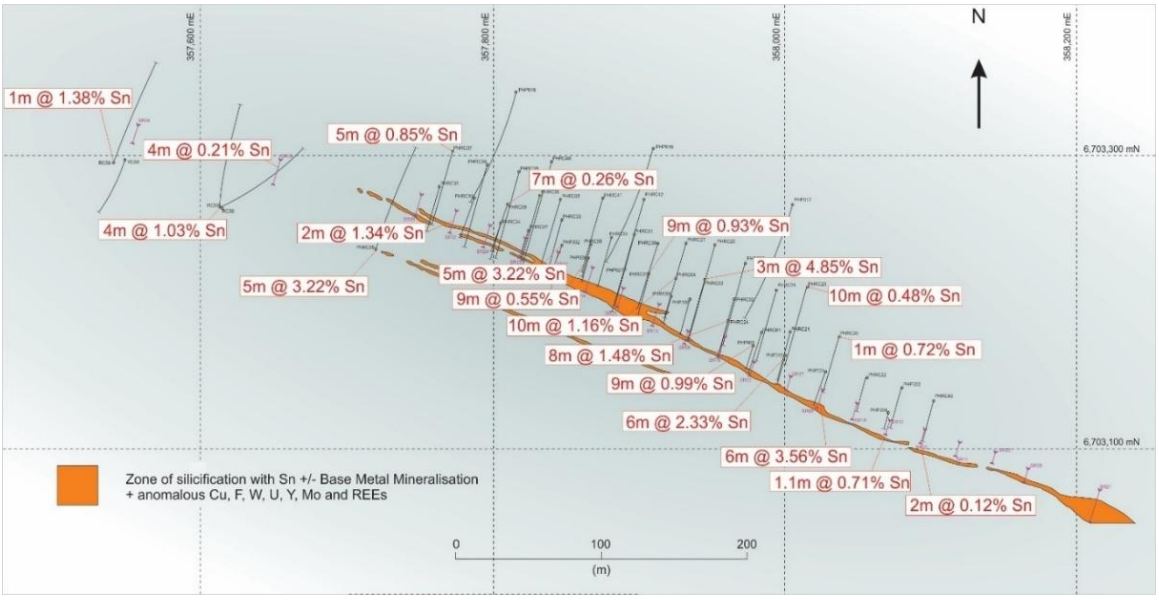

Figure 7. Plan view of the South Ridge tin prospect showing selected historic drill and trench intersections.

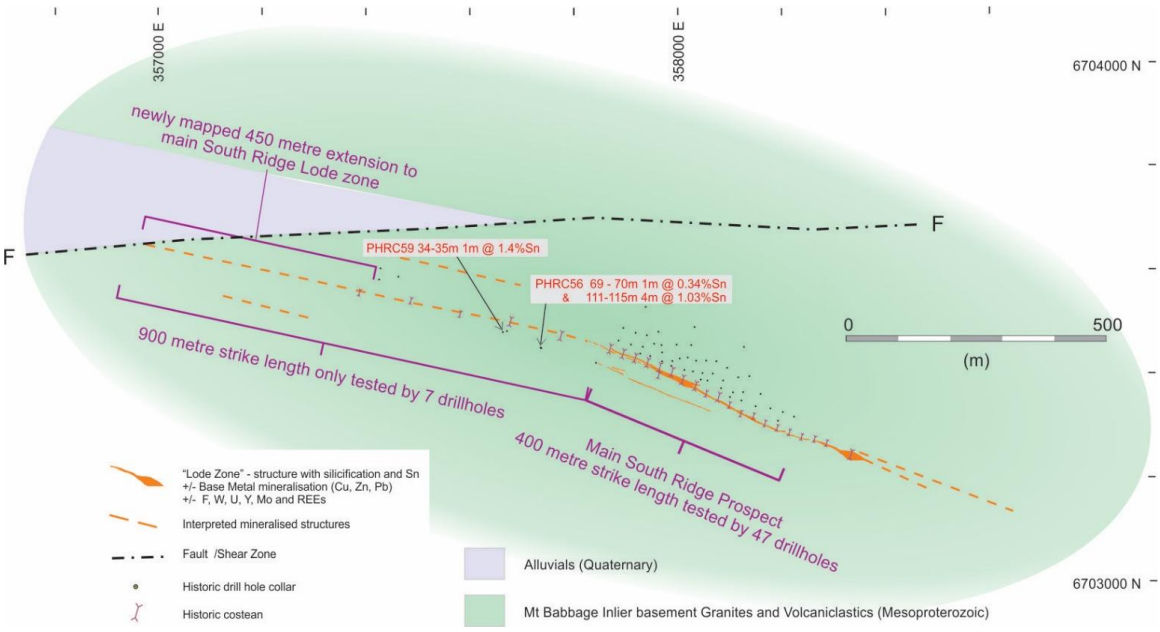

Figure 8. South Ridge Lode extensions, showing the total mapped mineralised strike now extending to 1.85km.

[3] Refer to ASX announcement 28 October 2025 – Acquisition of Prospect Hill Tin Project & All Mineral Rights.

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A systematic review of this database also identified previously unrecognised base metal and silver credits associated with the tin mineralisation, including a historic intersection of 8m @ 80g/t Ag, 0.45% Cu, 0.87% Zn and 0.84% Pb, in addition to 0.51% Sn.

Field crews subsequently completed detailed surface geological mapping and pXRF traversing across the western extensions of South Ridge, confirming the main South Ridge Shear Zone is up to 10m wide and extending the total mapped outcrop to 1.85km of strike. The work also identified a 450m-long western extension tested by only seven historic drillholes, two of which intersected high-grade tin (4m @ 1.04% Sn from 111m, PHRC56; 1m @ 1.38% Sn from 34m, PHRC59), along with several previously unrecognised parallel structures warranting future drill testing.

On the strength of these results, HRE increased the scope of its planned maiden drilling program at South Ridge from 24 holes for 2,500m to up to 38 holes for 3,400m, comprising a mix of reverse circulation and diamond drilling, and designed to both expand the known mineralisation model and collect material for metallurgical testwork and a maiden Mineral Resource Estimate.

The Company also secured the key approvals required to commence drilling. A Program for Environment Protection and Rehabilitation (PEPR) was submitted to South Australia's Department for Energy and Mining and subsequently granted post year-end.

In parallel, HRE worked closely with the Dieri Aboriginal Corporation, the registered Native Title Body Corporate for the area, and an independent anthropologist to complete a Cultural Heritage Clearance survey over the proposed drill sites, building on an earlier successful clearance completed with the Dieri in 2017.

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Figure 9. HRE's Exploration Manager, an anthropologist and representatives of the Dieri Aboriginal Corporation inspecting a proposed drill site at Prospect Hill.

With both approvals in place, a South Australian drilling contractor has been engaged, camp sites finalised and collar pegs set, with the maiden program to commence once regional roads re-open to heavy vehicle traffic following an unusually wet start to the year across South Australia.

The Company believes the still-undefined relationship between the tin mineralisation and the associated base metal and silver credits identified at South Ridge represents further upside to be tested as part of ongoing field investigations. HRE looks forward to updating shareholders as this fully-permitted maiden drill program at South Australia's largest tin project gets underway.

RADIUM HILL URANIUM-SCANDIUM-RARE EARTHS PROJECT, SOUTH AUSTRALIA

The Radium Hill Project is located in the southern Curnamona Craton and hosts the historic Radium Hill Mine, Australia's first dedicated uranium mine, which produced 2.6 million lbs of U3O8 (at approximately 0.12% U3O8) between 1954 and 1961.

During the year, an airborne magnetic-radiometric survey was processed and interpreted alongside HRE's historical database to define priority drill targets along the Radium Hill Line of Lode, north-east of the historic mine.

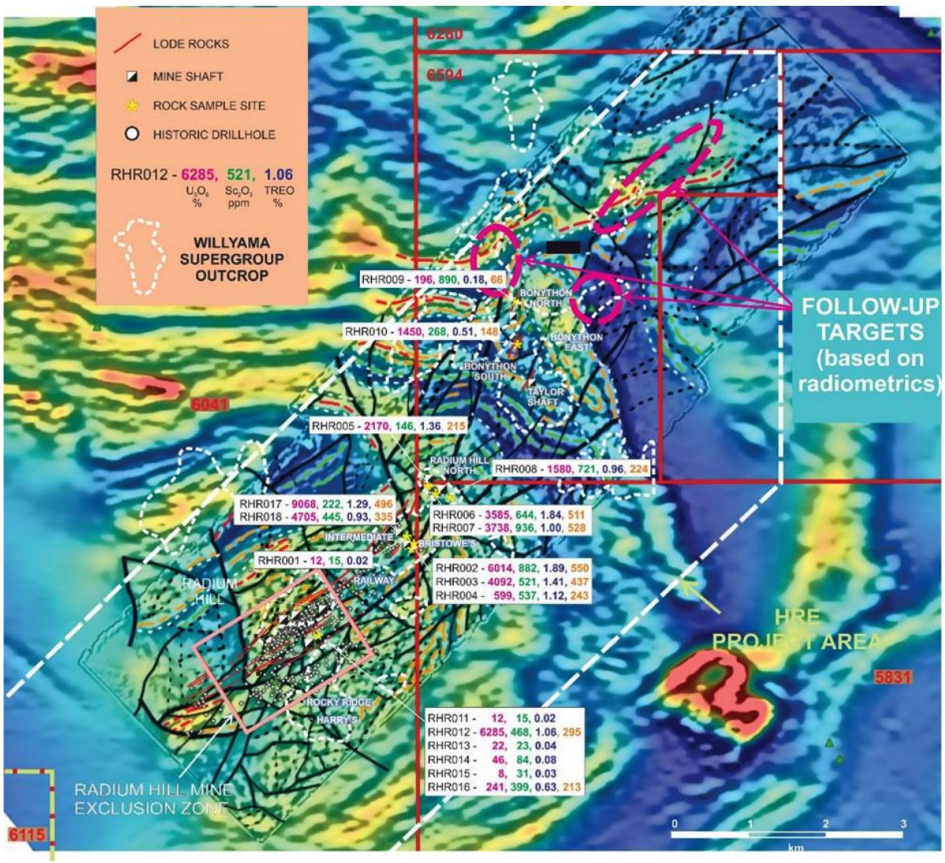

Figure 10. Preliminary structural interpretation of the Radium Hill airborne magnetic-radiometric survey

This was followed by a reconnaissance rock chip sampling program across an 8km linear zone extending from the historic mine, which returned strong uranium grades as anticipated, together with consistently anomalous scandium (up to 969ppm Sc2O3) and yttrium (up to 2,236ppm Y2O3) extending up to 5km from the mine.

This work defined what HRE has named the Bonython Critical Minerals Corridor (BCMC), an 8km-long, north-east-trending structural zone corresponding to the axial plane of a regional fold, along which historic small-scale mining activity has been recorded for more than a century. Two targets returned particularly significant results: Bristowe's/Railway, less than 1km from the historic mine, returned up to 721ppm Sc2O3, 1,728ppm Y2O3 and 0.36% U3O8; while Bonython Hill, 5km along strike, confirmed the anomalism extends well beyond the immediate mine area, returning up to 284ppm Sc2O3, 1,309ppm Y2O3 and 0.15% U3O8.

During the period, HRE also secured a positive amendment to its earn-in agreement with Havilah Resources Limited, expanding the scope of the agreement from uranium-only rights to an All Minerals Agreement covering the full suite of elements defined along the BCMC, including yttrium, vanadium, scandium and rare earths. Havilah also agreed to waive the minimum expenditure commitment previously due in January 2026, while HRE confirmed its intention to progress an aggressive exploration campaign, including a maiden drill program at Radium Hill.

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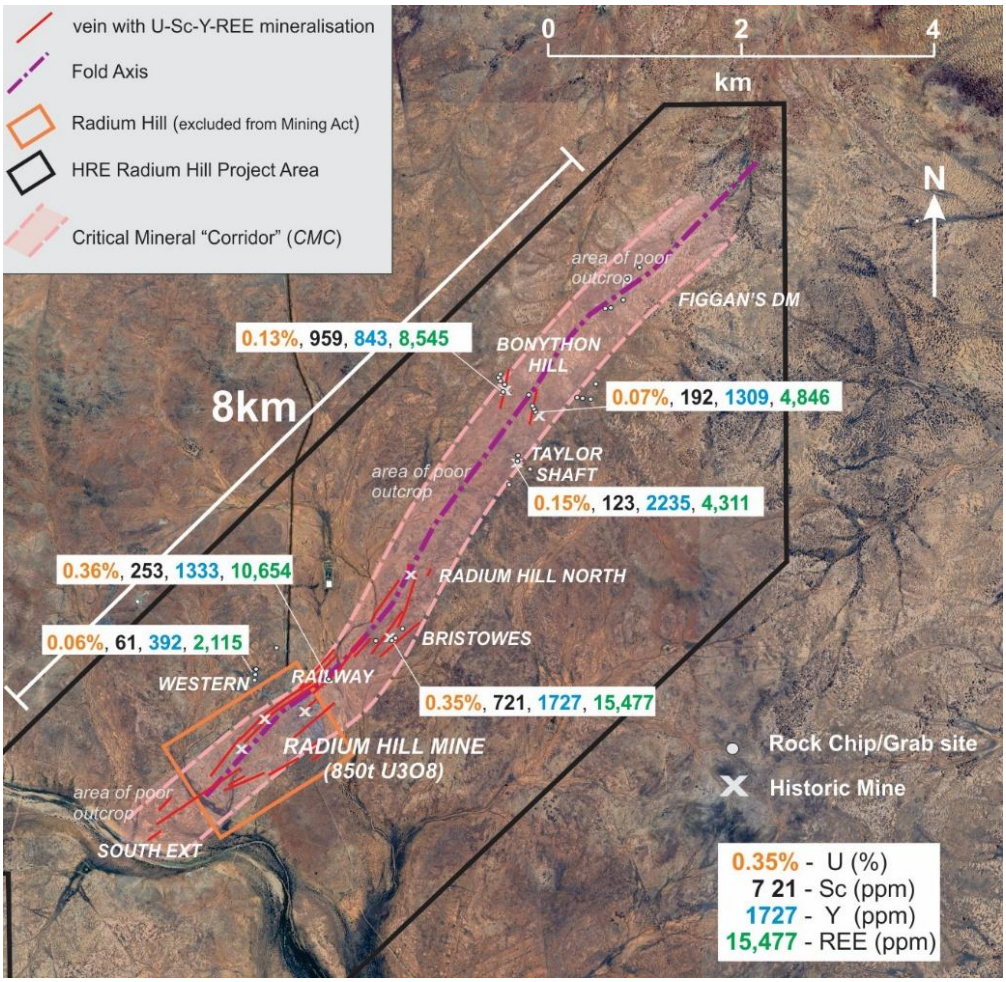

Figure 11. Radium Hill project showing the Bonython Critical Minerals Corridor (BCMC) with selected high-grade rock chip results (U%, Sc ppm, Y ppm, REE ppm).

In parallel, HRE has been collaborating with researchers at the University of Adelaide, as part of the Australian Research Council's Centre for Critical Resources for the Future, to characterise the mineralogical setting of the rare earths, scandium, yttrium and uranium at Radium Hill. Scanning Electron Microscope analysis of initial samples from the historic mine and from Taylor's Shaft, a pre-WWII uranium working at the northern end of the BCMC, confirmed the presence of the accessory minerals monazite and xenotime intergrown with the well-documented davidite-rutile-ilmenite mineralisation that characterises Radium Hill-style deposits. Monazite and xenotime are both well-understood sources of critical rare earths with established commercial processing flowsheets, adding to the project's potential value proposition.

Additional samples collected along the corridor between the historic mine and Taylor's Shaft are being processed, with results to guide the design of HRE's maiden drilling program at Radium Hill in the year ahead. As at year end, this program remained subject to the necessary permits and heritage clearances, which HRE intends to progress following the approach successfully taken at Prospect Hill.

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	76	77	78	79	80	81	82	83	84	85
O	37.01	28.97	46.89	40.59	37.90	28.25	30.98	36.54	37.13	35.99
Na					0.61					
Mg			11.56							
Al			12.72		0.55			0.64	0.66	0.56
Si	0.26		12.06		1.43			0.28		0.62
P		13.61			1.25	13.85	15.37			
Ca	0.29	1.48			1.24	0.84		0.47		0.45
Sc	0.45									
Ti	35.25		0.66	59.01	29.76			35.16	35.76	34.59
V	1.03							0.93		1.20
Cr					0.68			0.92		
Fe	12.08		16.12	0.39	13.23		1.32	11.09	12.36	10.93
Br	1.37									
Sr									1.06	
Y							30.50		1.32	1.20
Zr					1.14					
Ag		4.94				2.79				
La	2.23	33.88				38.09				2.01
Ce		17.13				16.17				
Gd							1.54			
Dy							5.24			
Er							5.19			
Yb							9.49			
Lu							0.37			
Os	0.00									
Pb	3.75				5.74			3.86	5.05	3.65
U	6.28				6.47			10.11	6.66	8.81

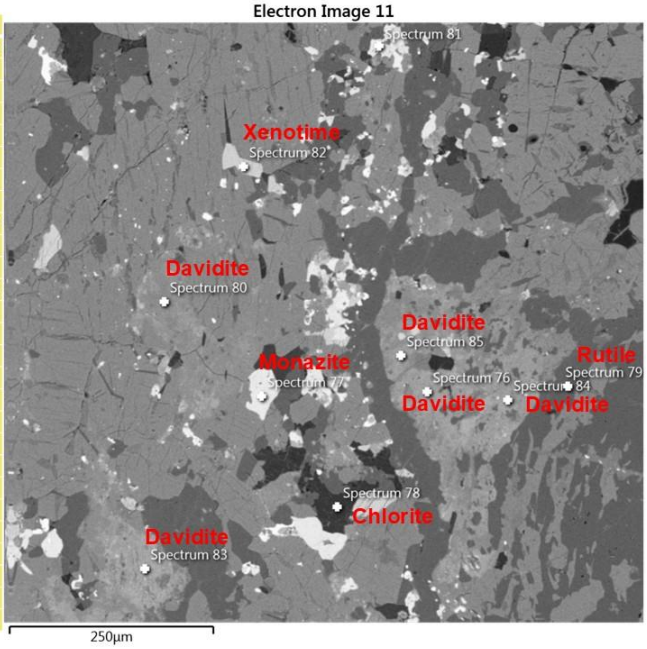

Figure 12. SEM image of sample 25RH08 from the BCMC, showing Radium Hill iron-titanium ore minerals (davidite, rutile) intergrown with monazite and xenotime.

Post the reporting period, the Company announced a collaboration with ANSTO Minerals, a world leader in rare earth and critical minerals process development. Radium Hill mine has a unique history as Australia's first uranium mine, and our findings have built upon the historical data to identify a diverse suite of desirable critical minerals.

ANSTO Minerals' expertise and ability to translate this to the development of practical processing options for HRE will build upon their prior work on the Radium Hill Mine tailings and will be invaluable to unlock the full value of the uranium, scandium and rare earths. We look forward to relaying their findings to investors when they become available

Billeroo Uranium Project, South Australia

HRE holds rights to the U-bearing Billeroo Palaeochannel in the western part of the Curnamona Province, part of a broader ground position previously referred to as the Lake Namba-Billeroo Uranium Project. The palaeochannel hosts significant uranium mineralisation at Boss Energy's nearby Gould's Dam resource and has otherwise been tested by only a single historic drillhole.

Early in the reporting period, geophysical consultants RESPOT merged passive seismic/gravity survey data along the Billeroo Palaeochannel, collected across four separate grids both up-channel and down-channel of Gould's Dam, with regional magnetic, radiometric and gravity data and adjacent passive seismic surveys held by Boss Energy. The combined dataset highlighted strong similarities with the fault/channel interaction observed at Gould's Dam and will assist in planning HRE's maiden drilling program along the palaeochannel. Heritage site clearance survey requests were also initiated with the Adnyamathanha Traditional Lands Association Aboriginal Corporation.

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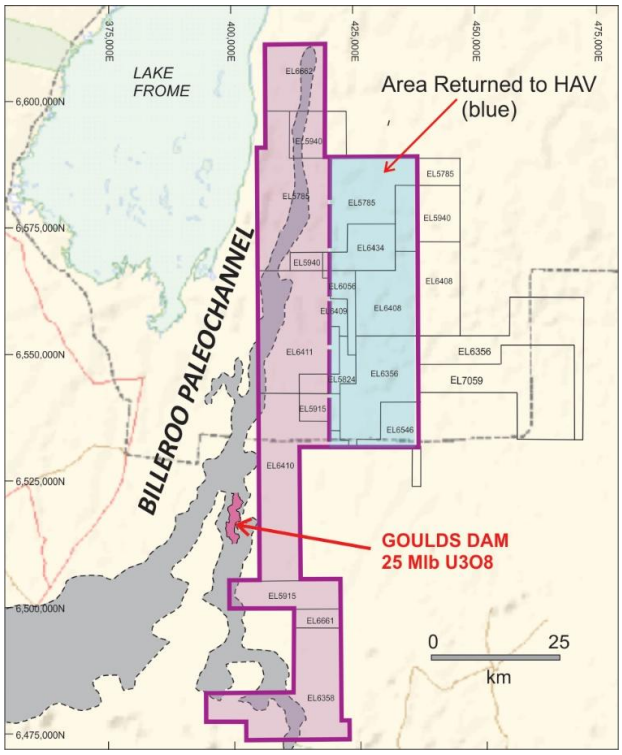

Figure 13. Updated HRE earn-in rights to the Billeroo Uranium Project.

During the March 2026 quarter, HRE agreed with Havilah Resources to sharpen its ground position at Billeroo. Under the amended arrangement, Havilah retained the Namba palaeochannel ground, while HRE retained the rights to the Billeroo Palaeochannel area itself - the portion of the project the Company considers more prospective for uranium and closer to established uranium resources. This rationalisation focuses HRE's exploration effort and future drilling on the highest-priority ground within the project.

Mineral Resources Statement

The following information is provided in accordance with Listing Rule 5.21.

Summary Estimate of Mineral Resources for Cowalinya Project as at 30 September 2023.

JORC RESOURCE CLASS	TONNES (Mt)	TREO (ppm)	MAGNET REOs (ppm)	MAGNET REOs/TREO	Sc2O3 (ppm)
Inferred	*159*	*870*	*242*	*28%*	*32*

TREO = La_2O_3+CeO_2+Pr_6O_{11}+Nd_2O_3+Sm_2O_3+Eu_2O_3+Gd_2O_3+Tb_4O_7+Dy_2O_3+Ho_2O_3+Er_2O_3+Tm_2O_3+Yb_2O_3+Lu_2O_3+Y_2O_3
Magnet REOs = Pr_6O_{11}+Nd_2O_3+Tb_4O_7+Dy_2O_3
Reported above a cut-off grade of 400 ppm TREO-CeO_2

Competent Person Statement

The Mineral Resources contained in this report were compiled by Mr Robin Rankin. Mr Rankin is a Member (#110551) of the Australasian Institute of Mining and Metallurgy (MAusIMM) and accredited since 2000 as a Chartered Professional by the AusIMM in the Geology discipline. He is Principal Consulting Geologist and operator of independent geological consultancy GeoRes. Mr Rankin has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Mr Rankin consents to the inclusion in this announcement of the matters based on the Mineral Resources in the form and context in which it appears.

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The Mineral Resources contained in this report have been extracted from ASX release dated 3 October 2023. The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resources contained in the 3 October 2023 ASX release. All material assumptions and technical parameters supporting the Mineral Resources in the ASX release dated 3 October 2023 continue to apply and have not materially changed.

Interests in Mining Tenements

Below is a summary of the mining tenements held by the Company as at the date of this report.

Mining Tenement	Location	Beneficial Percentage held
EL 6041 – Radium Hill	*SA, Australia*	*80%**
EL 6594 – Radium Hill	*SA, Australia*	*80%**
EL 5831 – Radium Hill	*SA, Australia*	*80%**
EL 5891 – Prospect Hill	*SA, Australia*	*80%***
EL 6271 – Prospect Hill	*SA, Australia*	*80%***
EL 6933 – Prospect Hill	*SA, Australia*	*80%***
EL 5848 – Lake Namba-Billeroo	*SA, Australia*	*80%***
EL 5785 – Lake Namba-Billeroo	*SA, Australia*	*80%***
EL 5824 – Lake Namba-Billeroo	*SA, Australia*	*80%***
EL 5915 – Lake Namba-Billeroo	*SA, Australia*	*80%***
EL 5940 – Lake Namba-Billeroo	*SA, Australia*	*80%***
EL 6056 – Lake Namba-Billeroo	*SA, Australia*	*80%***
EL 6356 – Lake Namba-Billeroo	*SA, Australia*	*80%***
EL 6358 – Lake Namba-Billeroo	*SA, Australia*	*80%***
EL 6408 – Lake Namba-Billeroo	*SA, Australia*	*80%***
EL 6409 – Lake Namba-Billeroo	*SA, Australia*	*80%***
EL 6410 – Lake Namba-Billeroo	*SA, Australia*	*80%***
EL 6411 – Lake Namba-Billeroo	*SA, Australia*	*80%***
EL 6434 – Lake Namba-Billeroo	*SA, Australia*	*80%***
EL 6546 – Lake Namba-Billeroo	*SA, Australia*	*80%***
EL 6661 – Lake Namba-Billeroo	*SA, Australia*	*80%***
EL 6662 – Lake Namba-Billeroo	*SA, Australia*	*80%***
E63/1972 – Subron	*WA, Australia*	*100%*
E63/2144 – Subron	*WA, Australia*	*100%*
E63/2595 – Subron (application)	*WA, Australia*	*100%*
E63/2596 – Subron (application)	*WA, Australia*	*100%*
EL33101 – Duke	*NT, Australia*	*100%*
EL33194 – Duke	*NT, Australia*	*100%*

* U, Sc and REE rights only. Subject to meeting earn-in expenditure obligations.
** U rights only. Subject to meeting earn-in expenditure obligations.

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Heavy Rare Earths Limited
Directors' report
30 June 2026

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2026.

Directors
The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Gabriel Chiappini (Non-Executive Chairman) appointed Chairman 17 October 2025
Ms Amanda Buckingham (Non-executive Director) appointed 10 October 2025
Mr Graeme Morissey (Non-executive Director) appointed 5 November 2025
Mr Jason Barnett (Managing Director & CEO) appointed 9 June 2026
Mr John Byrne (Non-executive Director) resigned 10 October 2025
Mr Richard Brescianini (Non-executive Director) resigned 6 November 2025

Principal activities
The principal activities of the Company during the period consisted of exploration activities for uranium and critical minerals at the Company's areas of interest located in South Australia and Western Australia.

Main Business activities include:

- Carrying out exploration activities to earn an 80% interest in the uranium rights on three projects held by Havilah Resources Limited in eastern South Australia and commencing exploration activities on these projects.
- Completing the acquisition of the Prospect Hill tin project and obtaining mineral rights to all minerals at the Prospect Hill project, which lies in the northern Flinders Ranges of South Australia.
- Continuing exploration activities on projects that focus on uranium at Perenjori in Western Australia, and rare earth elements (REEs) at Cowalinya in Western Australia and Duke in the Northern Territory.
- Conducting a review on potential business development opportunities capable of enhancing the portfolio and driving shareholder returns.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
The loss for the company after providing for income tax amounted to $1,613,493 (30 June 2025: $3,215,987).

Financial position

The company's net assets decreased by $1,487,018 to $353,480. The decrease in net assets was the result of continued exploration activities and normal ongoing corporate expenses during the financial year.

Significant changes in the state of affairs
On 11 August 2025 the company granted, 2,500,000 unlisted options to the company's exploration manager. The options vest 12 months post commencement of employment and have an exercise price of $0.06 and expire on 11 August 2028.

On 22 December 2025 following receipt of shareholder approval at the company's 2025 Annual General Meeting the company issued a total of 10,000,000 Performance Rights to Directors Mr Gabriel Chiappini and Ms Amanda Buckingham. The Performance Rights were issued with the following vesting conditions:

(a) 2,800,000 Performance Rights with a vesting condition of the company achieving greater than a $0.075 VWAP of Shares over 20 consecutive trading days within 3 years of the issued date. (**Class A Performance Rights**).

(b) 3,200,000 Performance Rights with a vesting condition of the company achieving greater than a $0.10 VWAP of Shares over 20 consecutive trading days within 3 years of the issue date. (**Class B Performance Rights**).

(c) 4,000,000 Performance Rights with a vesting condition of the company achieving greater than a $0.15 VWAP of Shares over 20 consecutive trading days within 3 years of the issue date. (**Class C Performance Rights**).

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On 29 January 2026 the company announced that it proposed to grant 3 million performance rights to Non-executive Director, Graeme Morissey, and 1.5 million performance rights to Company Secretary, Justin Mouchacca, subject to shareholder approval requirements and in accordance with the company's Long Term Incentive Plan (LTIP) at the next general meeting of shareholders. The performance rights will be issued with the following vesting conditions:

(a) 1,500,000 Performance Rights with a vesting condition of the company achieving greater than a $0.075 VWAP of Shares over 20 consecutive trading days within 3 years of the issue date (**Class A Performance Rights**).
(b) 1,500,000 Performance Rights with a vesting condition of the company achieving greater than a $0.10 VWAP of Shares over 20 consecutive trading days within 3 years of the issue date (**Class B Performance Rights**).
(c) 1,500,000 Performance Rights with a vesting condition of the company achieving greater than a $0.15 VWAP of Shares over 20 consecutive trading days within 3 years of the issue date (**Class C Performance Rights**).

On 4 February 2026 the company announced that it had executed a Deed of Amendment to the initial Agreement with Havilah Resources Limited (HAV) which increases the scope of the elements at the Radium Hill Project and HAV have agreed to waive the minimum spend requirements that were previously agreed ($1 million in the first 12 months to 7 January 2026).

The company has also agreed for HAV to retain the Namba Uranium PalaeoChannel ground at the Billeroo Namba project, while the Company will retain the rights to the Billeroo PalaeoChannel area that the company believes to be more prospective for uranium, and closer to a significant, established uranium resource.

On 8 June 2026 the company announced the appointment of Jason Barnett as Managing Director and Chief Executive Officer. As part of his appointment, subject to shareholder approval at the Company's next general meeting of shareholders and in accordance with the Company's LTI plan the following performance rights will be issued:

(i) 3,500,000 Performance Rights with a vesting condition of the Company achieving greater than a $0.075 VWAP of Shares over 20 consecutive trading days within 3 years of the issue date. (**Class A Performance Rights)**
(ii) 3,500,000 Performance Rights with a vesting condition of the Company achieving greater than a $0.10 VWAP of Shares over 20 consecutive trading days within 3 years of the issue date. (**Class B Performance Rights)**
(iii) 3,500,000 Performance Rights with a vesting condition of the Company achieving greater than a $0.15 VWAP of Shares over 20 consecutive trading days within 3 years of the issue date. (**Class C Performance Rights)**

There were no other significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year
On 5 August 2026 the company announced a $1.3 million (before costs) Share Placement of 46,428,571 shares at an issue price of $0.028 per share, together with 1 free attaching option (with an exercise price of $0.06 and expiring on 26 February 2028) for every 2 shares subscribed under the placement.

The Company also announced a 1 for 8 non-renounceable entitlement offer to raise up to approximately $728,119.

The shares were to be issued through a two-tranche Placement with 31,000,000 shares being issued in accordance with the Company's placement capacity and the remaining 15,428,571 shares being subject to shareholder approval. The issue of the 23,214,286 Attaching Options under the Placement remains subject to the Company obtaining shareholder approval. The first tranche of 31,000,000 shares were issued on 26 August 2026 raising $868,000 before costs.

Funds raised through the Placement and Entitlement Offer will be used for the maiden drilling program at the Company's Prospect Hill Tin project and Radium Hill Critical Minerals project together with progressing the Subron REE project strategic review.

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On 4 September 2026 the Company issued 4,500,000 performance rights with 1,500,000 issued to the Company Secretary and 3,000,000 issued a member of the exploration team. The performance rights were issued with the following vesting conditions:

(a) 1,500,000 Performance Rights with a vesting condition of the company achieving greater than a $0.075 VWAP of Shares over 20 consecutive trading days within 3 years of the issued date. (**Class A Performance Rights**).

(b) 1,500,000 Performance Rights with a vesting condition of the company achieving greater than a $0.10 VWAP of Shares over 20 consecutive trading days within 3 years of the issue date. (**Class B Performance Rights**).

(c) 1,500,000 Performance Rights with a vesting condition of the company achieving greater than a $0.15 VWAP of Shares over 20 consecutive trading days within 3 years of the issue date. (**Class C Performance Rights**).

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations
The Company will continue to conduct exploration activities at its project areas and these activities will include sampling, drilling, assay, metallurgical test work and, if warranted, scoping level feasibility.

The Company continues to review potential new opportunities. If the Directors are successful in acquiring new projects or entering into a joint venture, it is expected that part of the funding held by the Company may be directed to the purchase of that project and to the exploration and development plan for that project. It may be that additional cash will be required to fund any of these events should they eventuate. In that case the Directors will be required to review the funding options available to the Company.

Business risk management
The Company is committed to the effective management of risk to reduce uncertainty in the Company’s business outcomes and to protect and enhance shareholder value. There are various risks that could have a material impact on the achievement of the Company’s strategic objectives and future prospects.

Key risks and mitigation activities associated with the Company's objectives are set out below:

Exploration risk
The Company has no operating revenue and is unlikely to generate any operating revenue in the foreseeable future. Exploration and development costs and pursuit of its business plan will use funds from the Company's current cash reserves and future equity or debt raisings.

The development of one or more of its projects may require the Company to raise further capital in the future.

Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price (or Offer Price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern. The Company’s funding requirements are reviewed on a regular basis in order to mitigate future funding risk.

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Regulatory risk
The Company's mining and exploration activities are dependent upon the maintenance (including renewal) of the tenements in which the Company has or acquires an interest. Maintenance of the Company's tenements is dependent on, among other things, the Company's ability to meet the licence conditions imposed by relevant authorities. Although the Company has no reason to think that the tenements in which it currently has an interest will not be renewed, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed by the relevant authority or whether the Company will be able to meet the conditions of renewal on commercially reasonable terms, if at all.

The Company works with local government and mining departments to ensure it meets the required level of reporting requirements and to reduce any potential for breach of regulatory requirements.

Future funding risk
Exploration and development involve significant financial risk and capital development. The Company may require further capital to achieve its objective of transitioning from explorer to producer. In addition, if the Company acquires any new project it may need to raise further capital to fund the acquisition or exploration at the project once acquired.

For the foreseeable future, it is expected that this funding will be obtained from equity financing. Any equity financing undertaken will dilute existing Shareholders.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern. The Company's funding requirements are reviewed on a regular basis in order to mitigate future funding risk.

Global conflict risk
The ongoing global geopolitical conflicts and heightened international tensions introduce significant uncertainties into the broader macroeconomic environment. While the Company does not have direct material operations in the heavily impacted conflict zones, the broader ramifications including potential supply chain disruptions, increased volatility in foreign currency exchange and capital markets, and fluctuating commodity and energy prices could indirectly affect our operational costs and future financial performance. Management continues to monitor these risks closely.

Climate
There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the company include:

(a) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the company and its business viability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the company will not be impacted by these occurrences; and

(b) climate change may cause certain physical and environmental risks that cannot be predicted by the company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

Native Title
The Company's tenements, are located on land that is or may be subject to Native Title claims and determinations. The Company will need to maintain constructive relationships with Traditional Owners and comply with heritage protection legislation as exploration and development proceed. Delays in negotiating heritage agreements or obtaining heritage clearances may affect the timing of exploration and development activities.

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Land Access Risk
Land access is critical for exploration and exploitation to succeed. It requires both access to the mineral rights and access to the surface rights. Minerals rights may be negotiated and acquired. In all cases, the acquisition of prospective exploration and mining licences is a competitive business in which proprietary knowledge or information is critical, and the ability to negotiate satisfactory commercial arrangements with other parties is often essential. The Company may not be successful in acquiring or obtaining the necessary licences to conduct exploration or evaluation activities outside of the mineral tenements that it owns or seeks to acquire.

Access to land for exploration and evaluation purposes can be obtained by:
(i) private access and agreement with the landowner;
(ii) compensation purchase of surface rights; or
(iii) through judicial rulings.

However, access rights to licences can be affected by many factors, including:
(i) surface title land ownership negotiations, which are required before ground disturbing exploration activities can commence within the jurisdictions in which the Company operates;
(ii) permitting for exploration activities, which are required in order to undertake most exploration and exploitation activities within the jurisdictions in which the Company operates; and
(iii) natural occurrences, including inclement weather, flooding and bushfire.

All of these issues have the potential to delay, curtail and preclude the Company's operations. While the Company will have the potential to influence some of these access issues and retains staff to manage those instances where negotiations are required to gain access, it is not possible for the Company to predict the extent to which the above mentioned risks and uncertainties may adversely impact the Company's operations.

Environmental regulation
The Company holds participating interests in a number of exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement. To the best of the Directors' knowledge, the Company has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' report.

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Information on directors

Name:	**Mr Gabriel Chiappini**
Title:	Non-Executive Chairman (appointed Chairman 17 October 2025)
Qualifications:	CA, GAICD
Experience and expertise:	Gabriel is a Chartered Accountant with over 20 years' experience as a director, capital markets participant and a governance professional. He is a current member of the Australian Institute of Company Directors and Institute of Chartered Accountants (Australia). Gabriel's professional foundation was laid with Ernst & Young (EY) Perth. Following EY, he moved onto various corporate roles in London and Perth as detailed below. For the last 20 years Mr Chiappini has been managing his own Consulting Firm offering Corporate Advisory, Governance Services, and Non-executive Director services to a variety of ASX and start-up companies. He has provided advice and services on equity raisings exceeding AUD$850m, debt financing in excess of AUD$350m and assisted his clients with both divestment and acquisition strategies. Recently he managed and assisted with the vending in of seven ASX IPO's and RTO's. Gabriel has had a diverse and successful career as an ASX/public company director inclusive of Chairman, Non-executive Director and Finance/Chief Financial Officer roles, and Chair of Governance. He has a wide range of offshore corporate structuring experience in the USA, Europe and in the Middle East and is a current director of Black Dragon Gold Corporation (ASX:BDG) and Invictus Energy Limited (ASX:IVZ), as well as Head of Governance (Australia) for Adriatic Metals plc (ASX:ADT).
Other current directorships:	Black Dragon Gold Corp (ASX:BDG) and Invictus Energy Limited (ASX:IVZ)
Former directorships (last 3 years):	Adriatic Metals plc (ASX: ADT) (delisted 4 September 2025)
Interest in shares	732,558 fully paid ordinary shares
Interests in options:	Nil
Interests in rights:	5,000,000 performance rights

Name:	**Mr Jason Barnett**
Title:	Managing Director and Chief Executive Officer (appointed 9 June 2026)
Experience and expertise:	Mr Barnett is a seasoned mining executive with over 20 years of experience across critical minerals and gold in Australia and Canada, underpinned by a strong technical foundation built through operational positions, resource geology consulting, and project management.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	Nil
Interests in options:	Nil
Interests in rights:	Nil

Name:	**Ms Amanda Buckingham**
Title:	Non-Executive Director (appointed 10 October 2025)
Experience and expertise:	Ms Buckingham is a geophysicist with over 30 years' experience in mineral exploration. She co-founded Fathom Geophysics in late 2007, providing exploration targeting services to junior, mid-tier and major mining companies across multiple jurisdictions with extensive exploration experience globally. Her early career included working at majors such as Rio Tinto, as well as listed juniors in both Canada and Australia, and several years of consulting at SRK. She co-founded Cygnus Metals Limited and Desert Minerals limited. For the past 3 years she has been Managing Director of Warriedar Resources Limited, focused on the discovery and expansion of gold and antimony Resources in Western Australia.
Other current directorships:	None
Former directorships (last 3 years):	Warriedar Resources Ltd (ASX: WA8) (delisted 26 November 2025)
Interests in shares:	Nil
Interests in options:	Nil
Interests in rights:	5,000,000 performance rights

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Name:	**Mr Graeme Morissey**
Title:	Non-Executive Director (appointed 5 November 2025)
Qualifications:	CA, MAICD
Experience and expertise:	Mr Morissey brings extensive experience in governance of listed explorers and developers gained over previous roles in global accounting and workload firms EY, KPMG and Grant Thornton. He has served as CFO for early-stage explorers, developers, and producers, accumulating extensive managerial experience in equity capital markets, debt financing, mergers and acquisitions and local and cross-jurisdictional mining and exploration operations.
Other current directorships:	Jacaranda Natural Resources Ltd
Former directorships (last 3 years):	Nil
Interests in shares:	Nil
Interests in options:	Nil
Interests in rights:	Nil

Name:	**Mr John Byrne**
Title:	Non-Executive Chairman (resigned 10 October 2025)
Experience and expertise:	Mr Byrne has 40 years' experience in the natural resource industry as a financial analyst, investor and mine developer. John formed and mentored Cambrian Mining Plc in 2002, which started with net assets of GBP£1.4 million and before being acquired in 2008 had net assets of GBP£149 million. John 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$3.3billion in 2010. Currently Mr Byrne is the Chairman of Lions Bay Capital Limited (LBI:TSXV) and Fidelity Minerals Limited (FMN:TSXV), both listed on the Toronto Ventures Exchange. Mr Bryne was previously Chairman of ASX listed Kalina Power Limited (ASX:KPO) and Jervois Global Limited (then Jervois Mining Limited) (ASX:JRV).
Other current directorships:	Lions Bay Capital Limited (LBI: TSXV); Fidelity Minerals Limited (FMM: TSXV)
Former directorships (last 3 years):	None
Interests in shares:	N/A
Interests in options:	N/A
Interests in rights:	N/A

Name:	**Mr Richard Brescianini**
Title:	Non-executive Director (resigned 6 November 2025)
Qualifications:	B. Sc (Hons)
Experience and expertise:	Mr Brescianini is a qualified geoscientist with an Honours degree from the University of Tasmania and is a member of the Australian Institute of Geoscientists and Australian Society of Exploration Geophysicists. Richard commenced his career in mineral exploration with BHP Minerals in 1987 working in teams focused on the discovery of base and precious metal deposits across Australia and North America. Richard's experience includes working as the Director of the Northern Territory Government's Geological Survey and working for rare earths developer Arafura Resources for 14 years in its executive management team.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	N/A
Interests in options:	N/A
Interests in rights:	N/A

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

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Company secretary
Mr Justin Mouchacca, CA FGIA

Mr Mouchacca is a Chartered Accountant and Fellow of the Governance Institute of Australia with over 17 years' experience in public company responsibilities including statutory, corporate governance and financial reporting requirements. Since July 2019, Mr Mouchacca has been principal of JM Corporate Services and has been appointed Company Secretary and Financial Officer for a number of entities listed on the ASX and unlisted public companies.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2026, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Mr John Byrne *	1	1
Mr Richard Brescianini **	1	1
Mr Gabriel Chiappini	4	4
Ms Amanda Buckingham ***	2	2
Mr Graeme Morissey ****	2	2
Mr Jason Barnett *****	1	1

Held: represents the number of meetings held during the time the director held office.

* Mr John Byrne resigned as Non-Executive Director on 10 October 2025.
** Mr Richard Brescianini resigned as Non-Executive Director on 6 November 2025.
*** Ms Amanda Buckingham appointed as Non-Executive Director on 10 October 2025.
**** Mr Graeme Morissey appointed Non-Executive Director 5 November 2025.
***** Mr Jason Barnett appointed Managing Director & CEO on 9 June 2026.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

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The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having financial performance as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the General Meeting held on 16 March 2022, where the shareholders approved a maximum annual aggregate remuneration of $350,000.

Executive remuneration
The company aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the company and comparable market remunerations.

The long-term incentives ('LTI') include share-based payments. During the financial year to 30 June 2026, there were no options issued to directors which formed part of their remuneration.

The Company did not use any external remuneration consultants during the financial period. financial year.

Company performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the company. The Company has implemented a Long-Term Incentive Plan. Under the Plan, the Company may grant options to subscribe for Shares or performance rights entitling the holder to be issued Shares on terms and conditions set by the Board at its discretion.

Details of remuneration
Amounts of remuneration
Details of the remuneration of key management personnel of the company are set out in the following tables.

The key management personnel of the company consisted of the following directors of the company:

- Mr Gabriel Chiappini (Non-Executive Chairman) appointed Chairman 17 October 2025
- Ms Amanda Buckingham (Non-executive Director) appointed 10 October 2025
- Mr Graeme Morissey (Non-executive Director) appointed 5 November 2025
- Mr Jason Barnett (Managing Director & CEO) appointed 9 June 2026
- Mr John Byrne (Non-executive Director) resigned 10 October 2025
- Mr Richard Brescianini (Non-executive Director) resigned 6 November 2025

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	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
30 June 2026	Cash salary and fees $	Cash bonus $	Leave entitlement $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Mr John Byrne *	17,244	-	-	-	-	-	17,244
Mr Gabriel Chiappini	48,000	-	-	-	-	40,501	88,501
Ms Amanda Buckingham **	34,710	-	-	-	-	40,501	75,211
Mr Graeme Morissey ***	31,467	-	-	-	-	-	31,467
Mr Richard Brescianini ****	16,000	-	-	1,920	-	-	17,920
Executive Directors:							
Mr Jason Barnett *****	20,833	-	-	2,500	1,301	-	24,634
	168,254	-	-	4,420	1,301	81,002	254,977

* Resigned 10 October 2025.
** Appointed 10 October 2025.
*** Appointed 5 November 2025.
**** Resigned 6 November 2025.
***** Appointed 9 June 2026.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2025	Cash salary and fees $	Cash bonus $	Leave entitlement $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Mr John Byrne	32,125	-	-	6,900	-	27,875	66,900
Mr Gabriel Chiappini*	20,000	-	-	-	-	-	20,000
Mr Ryan Skeen**	8,000	-	-	3,220	-	20,000	31,220
Mr Wayne Kernaghan	-	-	-	-	-	-	-
Executive Directors:							
Mr Richard Brescianini***	109,834	-	(9,858)	22,214	-	83,333	205,523
	169,959	-	(9,858)	32,334	-	131,208	323,643

* Appointed 31 January 2025.
** Resigned 31 January 2025.
*** Transitioned from Executive Technical Director on 21 May 2025.
Excess leave was taken during the year resulting in a negative amount
These amounts were cash salary and fees settled in the form of equity

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The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	30 June 2026	2025	30 June 2026	2025	30 June 2026	2025
Non-Executive Directors:						
Mr John Byrne	100%	100%	-	-	-	-
Mr Gabriel Chiappini	54%	100%	-	-	46%	-
Mr Ryan Skeen	-	100%	-	-	-	-
Ms Amanda Buckingham	46%	-	-	-	54%	-
Mr Graeme Morissey	100%	-	-	-	-	-
	-	-	-	-	-	-
Executive Directors:						
Mr Richard Brescianini	100%	100%	-	-	-	-
Mr Jason Barnett`	100%	-	-	-	-	-

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mr Jason Barnett
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	9 June 2026
Term of agreement:	This contract will continue from commencement date until terminated.
Details:	Mr Barnett will be remunerated at $250,000 per annum (plus superannuation). The contract may be terminated any time with 3 months' written notice being provided by either the Company or Mr Barnett. Upon expiration of the term the contract may be renewed by mutual agreement.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Non-Executive Directors

On appointment to the Board, all non-executive directors enter into a service agreement with the Consolidated Entity in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the Director.

Share-based compensation
Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2026.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2026.

Performance shares

The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the company, including their personally related parties is set out below:

During the financial year period and following receipt of shareholder approval at the company’s 2025 Annual General Meeting, the company issued a total of 10,000,000 Performance Rights to Directors Mr Gabriel Chiappini and Ms Amanda Buckingham. The Performance Rights were issued with the following vesting conditions:

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- 2,800,000 Performance Rights with a vesting condition of the company achieving greater than a $0.075 VWAP of Shares over 20 consecutive trading days within 3 years of the issued date. (Class A Performance Rights).
- 3,200,000 Performance Rights with a vesting condition of the company achieving greater than a $0.10 VWAP of Shares over 20 consecutive trading days within 3 years of the issue date. (Class B Performance Rights).
- 4,000,000 Performance Rights with a vesting condition of the company achieving greater than a $0.15 VWAP of Shares over 20 consecutive trading days within 3 years of the issue date. (Class C Performance Rights).

The company has recorded a share based payment expense for the Performance Rights using an estimate of the potential vesting period in which the performance conditions will take to be achieved as the Performance Rights have a service condition. The exercise price of the performance rights is nil.

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Expiry date	Share price hurdle for vesting	Fair value per right at grant date
27/11/2025	22/12/2028	$0.075	$0.028
27/11/2025	22/12/2028	$0.100	$0.023
27/11/2025	22/12/2028	$0.150	$0.016

Performance rights granted carry no dividend or voting rights.

There were no performance rights over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2026.

Additional information
The earnings of the company for the four years to 30 June 2026 are summarised below:

	30 June 2026	**30 June 2025**	**30 June 2024**	**30 June 2023**
	$	$	$	$
(Loss) before income tax	(1,613,493)	(3,215,987)	(1,308,284)	(1,794,211)
Share price at beginning of year (cents)*	3.8	3.5	9.0	20.0
Share price at year end (cents)	2.9	3.8	3.5	9.0

* The Company was admitted to ASX on 22 August 2022.

Additional disclosures relating to key management personnel
Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mr Gabriel Chiappini	500,000	-	232,558	-	732,558
Ms Amanda Buckingham	-	-	-	-	-
Mr Graeme Morissey	-	-	-	-	-
Mr Jason Barnett	-	-	-	-	-
Mr Richard Brescianini **	4,058,887	-	-	(4,058,887)	-
Mr John Byrne *	2,087,500	-	-	(2,087,500)	-
	6,646,387	-	232,558	(6,146,387)	732,558

* Resigned as a Director on 10 October 2025. The balance disclosed in "Disposal/Other" column represents Mr Byrne's shareholding as at that date.
** Resigned as a Director on 6 November 2025. The balance disclosed in "Disposal/Other" column represents Mr Brecianini's shareholding as at that date.

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Option holding
The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Mr John Byrne	2,000,000	-	-	(2,000,000)	-
Mr Richard Brescianini	2,000,000	-	-	(2,000,000)	-
Mr Gabriel Chiappini	-	-	-	-	-
Ms Amanda Buckingham	-	-	-	-	-
Mr Graeme Morissey	-	-	-	-	-
Mr Jason Barnett	-	-	-	-	-
	4,000,000	-	-	(4,000,000)	-

Performance rights holding
The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Amanda Buckingham	-	5,000,000	-	-	5,000,000
Gabriel Chiappini	-	5,000,000	-	-	5,000,000
	-	10,000,000	-	-	10,000,000

Loans to key management personnel and their related parties
There were no loans to key management personnel at any time during the financial year.

Other transactions with key management personnel and their related parties
There were no transactions with key management personnel and their related parties.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of the company under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
07/01/2025	07/01/2028	$0.06	17,500,000
26/02/2025	26/02/2028	$0.06	12,500,000
11/08/2025	11/08/2028	$0.06	2,500,000
			32,500,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

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Shares under performance rights
Unissued ordinary shares of the company under performance rights at the date of this report are as follows:

Grant date	Expiry date	Share price hurdle for vesting	Number under rights
27/11/2025	22/12/2028	$0.075	2,800,000
27/11/2025	22/12/2028	$0.10	3,200,000
27/11/2025	22/12/2028	$0.15	4,000,000
04/09/2026	04/09/2029	$0.075	1,500,000
04/09/2026	04/09/2029	$0.10	1,500,000
04/09/2026	04/09/2029	$0.15	1,500,000
			14,500,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate. The exercise price of the performance rights is nil.

Shares issued on the exercise of options
There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2026 and up to the date of this report.

Shares issued on the exercise of performance rights
There were no ordinary shares of the company issued on the exercise of performance rights during the year ended 30 June 2026 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of William Buck Audit (Vic) Pty Ltd
There are no officers of the company who are former partners of William Buck Audit (Vic) Pty Ltd.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
William Buck Audit (Vic) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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Heavy Rare Earths Limited
Directors' report
30 June 2026

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Mr Gabriel Chiappini
Non-executive Chairman

30 September 2026

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WilliamBuck
ACCOUNTANTS & ADVISORS

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Heavy Rare Earths Limited

As lead auditor for the audit of the financial report of Heavy Rare Earths Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Heavy Rare Earths Limited.

William Buck
William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

Dennis Lee
W. H. D. Lee
Director
Melbourne, 30 September 2026

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vic.info@williambuck.com
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Heavy Rare Earths Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2026

	Note	30 June 2026 $	30 June 2025 $
R&D Tax Incentive Income		-	89,735
Interest income		53,150	43,307
		53,150	133,042
Expenses			
Exploration and evaluation expenditure	4	(577,097)	(2,054,119)
Corporate and administrative expenses		(635,045)	(948,474)
Employment expenses		(315,805)	(245,061)
Share based payments expense		(126,476)	(101,375)
Depreciation expense		(12,220)	-
Loss before income tax expense		(1,613,493)	(3,215,987)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of Heavy Rare Earths Limited		(1,613,493)	(3,215,987)
Other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive income/(loss) for the year attributable to the owners of Heavy Rare Earths Limited		(1,613,493)	(3,215,987)
		Cents	**Cents**
Basic earnings per share	19	(0.78)	(2.28)
Diluted earnings per share	19	(0.78)	(2.28)

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The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Heavy Rare Earths Limited
Statement of financial position
As at 30 June 2026

	Note	30 June 2026 $	30 June 2025 $
Assets			
Current assets			
Cash and cash equivalents		459,327	1,935,357
Trade and other receivables		86,480	30,314
Other current assets		8,942	16,193
Total current assets		554,749	1,981,864
Non-current assets			
Plant and equipment	6	52,250	6,962
Total non-current assets		52,250	6,962
Total assets		606,999	1,988,826
Liabilities			
Current liabilities			
Trade and other payables	7	230,275	148,328
Employee benefits		23,244	-
Total current liabilities		253,519	148,328
Total liabilities		253,519	148,328
Net assets		353,480	1,840,498
Equity			
Issued capital	8	10,705,174	10,705,174
Reserves	9	431,376	1,260,223
Accumulated losses		(10,783,070)	(10,124,899)
Total equity		353,480	1,840,498

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The above statement of financial position should be read in conjunction with the accompanying notes

Heavy Rare Earths Limited
Statement of changes in equity
For the year ended 30 June 2026

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2024	6,684,119	955,323	(6,908,912)	730,530
Loss after income tax expense for the year	-	-	(3,215,987)	(3,215,987)
Other comprehensive income/(loss) for the year, net of tax	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	(3,215,987)	(3,215,987)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 8)	2,292,422	-	-	2,292,422
Vesting of share based payments (note 20)	-	101,375	-	101,375
Issue of shares to settle outstanding Directors and consultant Fees	288,633	-	-	288,633
Issue of consideration shares on completion of the acquisition of interest in the Uranium rights	1,140,000	-	-	1,140,000
Issue of shares pursuant to Introductory fee for the acquisition of interest in the Uranium rights	300,000	-	-	300,000
Vesting of consideration options for tenement acquisitions	-	203,525	-	203,525
Balance at 30 June 2025	10,705,174	1,260,223	(10,124,899)	1,840,498

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2025	10,705,174	1,260,223	(10,124,899)	1,840,498
Loss after income tax expense for the year	-	-	(1,613,493)	(1,613,493)
Other comprehensive income/(loss) for the year, net of tax	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	(1,613,493)	(1,613,493)
Transactions with owners in their capacity as owners:				
Expiry of Options	-	(955,322)	955,322	-
Vesting of share based payments	-	126,475	-	126,475
Balance at 30 June 2026	10,705,174	431,376	(10,783,070)	353,480

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The above statement of changes in equity should be read in conjunction with the accompanying notes

Heavy Rare Earths Limited
Statement of cash flows
For the year ended 30 June 2026

	Note	30 June 2026 $	30 June 2025 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(900,075)	(286,408)
Interest received		53,150	43,307
R&D Tax Incentive		-	89,735
Payments for exploration and evaluation costs		(571,597)	(1,273,248)
Net cash used in operating activities	18	(1,418,522)	(1,426,614)
Cash flows from investing activities			
Payments for plant and equipment	6	(57,508)	(6,962)
Net cash used in investing activities		(57,508)	(6,962)
Cash flows from financing activities			
Proceeds from issue of shares	8	-	2,464,797
Payments for capital raising costs		-	(53,450)
Net cash from financing activities		-	2,411,347
Net increase/(decrease) in cash and cash equivalents		(1,476,030)	977,771
Cash and cash equivalents at the beginning of the financial year		1,935,357	957,586
Cash and cash equivalents at the end of the financial year		459,327	1,935,357

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The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Heavy Rare Earths Limited as an individual entity. The financial statements are presented in Australian dollars, which is Heavy Rare Earths Limited's functional and presentation currency.

Heavy Rare Earths Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 21, 459 Collins Street
Melbourne, VIC 3000
Ph: (03) 8630 3321

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2026. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the company are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current financial year. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2026, the Company incurred a net loss of $1,613,493 (2025: net loss of $3,215,987), net cash outflows from operating activities of $1,418,522 (2025: $1,426,614) and had a cash balance as at 30 June 2026 of $459,327 (2025: $1,935,357).

The Directors have assessed that these conditions indicate that a material uncertainty exists that may cast significant doubt on the entity’s ability to continue as a going concern, and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As with all exploration and evaluation entities, the Company's proposed expenditure on exploration areas of interest is subject to sufficient funding being available to the Company. The Company secures funding requirements by way of either equity or debt transactions.

Furthermore, should the Company require it to maintain a working capital position to maintain operations, the Directors of the Company will delay the payment of their respective fees.

Notwithstanding the above, the Directors determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. The assessment of the going concern assumption is based on the Company’s cash flow projections and application of a number of judgements and estimates, resulting in the conclusion of a range of reasonably possible scenarios. Included in the Directors going concern cash flow assessment is that sufficient funds can be secured if required by a combination of capital raisings, given by the strong historical record of securing additional capital as evidenced by the placement completed in August 2026, and the deferment of forecast payments for exploration and evaluation expenses and any non-discretionary corporate and administrative expenditure.

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Note 2. Material accounting policy information (continued)

Accordingly, the financial report has been prepared on the basis that the Company can continue normal business activities and meet its commitments as and when they fall due, and the realisation of assets and liabilities in the ordinary course of business.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with IFRS Accounting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost assumption, except for share-based payment arrangements which have been measured at fair value.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
The company recognises revenue as follows:

Interest
Interest revenue is recognised as interest accrues using the effective interest method.

Government grants
Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where a grant compensates the Company for expenses already incurred, with no future related costs, it is recognised as income in profit or loss in the period in which it becomes receivable.

The Company receives grant funding in the form of the Research and Development (R&D) Tax Incentive, a refundable tax offset under Division 355 of the Income Tax Assessment Act 1997, accounted for as a government grant under AASB 120. As the offset compensates the Company for research and development expenditure already incurred, with no future related costs or continuing performance obligations attached, it is recognised as income in profit or loss in the period in which reasonable assurance of receipt is obtained. It is not deferred over the period the related costs are expensed, nor amortised over the useful life of any related asset, and is not applied as a reduction against the carrying amount of any related asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the financial year is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

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Note 2. Material accounting policy information (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting year; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting year. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading or it is due to be settled within 12 months after the reporting year; or there is no right to defer the settlement of the liability for at least 12 months after the reporting year. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees and consultants.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

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Note 2. Material accounting policy information (continued)

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share
Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Heavy Rare Earths Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2026. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

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Note 2. Material accounting policy information (continued)

AASB 18 Presentation and Disclosure in Financial Statements
This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces AASB 101 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The company will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Recognition of research and development tax incentive benefits
The Company is entitled to claim grant credits from the Australian Government in recompense for its research and development program expenditure. The program is overseen by AusIndustry, which is entitled to audit and/or review claims lodged for the past 4 years. In the event of a negative finding from such an audit or review AusIndustry has the right to rescind and clawback those prior claims, potentially with penalties. Such a finding may occur in the event that those expenditures do not appropriately qualify for the grant program. In their estimation, considering also the independent external expertise they have contracted to draft and claim such expenditures, the directors of the company consider that such a negative review has a remote likelihood of occurring.

Share-based payment transactions
The company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences and carry-forward tax losses only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 4. Exploration and evaluation expenditure

	2026 $	2025 $
Shares issued as consideration for tenement acquisition	-	1,140,000
Vesting of options issued as consideration for tenement acquisition	-	203,525
Other exploration activities	577,097	710,594
	577,097	2,054,119

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Note 4. Exploration and evaluation expenditure (continued)

The consideration for the tenement acquisition of Uranium rights from Havilah Resources Limited completed on 7 January 2025 included the issue of 38,000,000 shares and 17,500,000 options with an exercise price of $0.06 and a expiry of 3 years from issue date.

The costs of the acquisition were expensed in line with the Company's accounting policy during the 2025 financial year.

Note 5. Operating segments

Identification of reportable operating segments
The Company has identified its operating segments based on the investment decisions of the board and used by the chief operating decision makers in assessing performance and in determining the allocation of resources. The Company operates in one segment being the evaluation and exploration of heavy rare earths and resources in Australia.

Note 6. Non-current assets - plant and equipment

	30 June 2026 $	30 June 2025 $
Computer equipment - at cost	2,500	2,500
Less: Accumulated depreciation	(902)	-
	1,598	2,500
Exploration Equipment - at cost	61,970	4,462
Less: Accumulated depreciation	(11,318)	-
	50,652	4,462
	52,250	6,962

	Computer equipment $	Exploration equipment $	Total $
Balance at 1 July 2024	-	-	-
Additions	2,500	4,462	6,962
Balance at 30 June 2025	2,500	4,462	6,962
Additions	-	57,508	57,508
Depreciation expense	(902)	(11,318)	(12,220)
Balance at 30 June 2026	1,598	50,652	52,250

Note 7. Current liabilities - trade and other payables

	30 June 2026 $	30 June 2025 $
Trade and other payables	134,764	116,764
Accrued expenses	34,019	26,765
Other payables	61,492	4,799
	230,275	148,328

Refer to note 11 for further information on financial instruments.

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Note 8. Equity - issued capital

	30 June 2026 Shares	30 June 2025 Shares	30 June 2026 $	30 June 2025 $
Ordinary shares - fully paid	208,033,882	208,033,882	10,705,174	10,705,174

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2024	68,275,150		6,684,119
Issue of Tranche 1 Placement shares	1 November 2024	16,000,000	$0.03	480,000
Issue of Rights Issue - Entitlement shares	23 December 2024	42,137,633	$0.03	1,264,129
Issue of Tranche 2 Placement shares	23 December 2024	24,000,000	$0.03	720,000
Issue of shares to settle outstanding Directors and consultant Fees	23 December 2024	9,621,099	$0.03	288,633
Issue of consideration shares on completion of the acquisition of interest in the Uranium rights	7 January 2025	38,000,000	$0.03	1,140,000
Issue of shares pursuant to Introductory fee for the acquisition of interest in the Uranium rights	7 January 2025	10,000,000	$0.03	300,000
Capital raising costs		-	-	(171,707)
Balance	30 June 2025	208,033,882		10,705,174
Balance	30 June 2026	208,033,882		10,705,174

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 9. Equity - reserves

	2026 $	2025 $
Share-based payments reserve	431,376	1,260,223

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees, directors and other consultants as part of their remuneration, and other parties as part of their compensation for services.

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Note 9. Equity - reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

	Share based payments reserve $
Balance at 1 July 2024	955,323
Share based payments for acquisition of tenements	203,525
Share based payments for capital raising costs	101,375
Balance at 30 June 2025	1,260,223
Expiry of Options	(955,322)
Vesting of share based payments	126,475
Balance at 30 June 2026	431,376

Note 10. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 11. Financial instruments

Financial risk management objectives
The company's activities expose it to liquidity risk. It has no exposure to price risk, interest rate risk, market risk or credit risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. Financial instruments of the company consist of cash and cash equivalents, goods and services tax credits and trade and other payables.

Liquidity risk
Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. As at balance date all financial liabilities had payable terms within 60 days.

The company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

As at report date, all financial liabilities of the company had maturities of less than 60 days.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 12. Key management personnel disclosures

Directors
The following persons were directors of Heavy Rare Earths Limited during the financial year:

Mr Gabriel Chiappini (Non-Executive Chairman) appointed Chairman 17 October 2025
Ms Amanda Buckingham (Non-executive Director) appointed 10 October 2025
Mr Graeme Morissey (Non-executive Director) appointed 5 November 2025
Mr Jason Barnett (Managing Director & CEO) appointed 9 June 2026
Mr John Byrne (Non-executive Director) resigned 10 October 2025
Mr Richard Brescianini (Non-executive Director) resigned 6 November 2025

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Note 12. Key management personnel disclosures (continued)

Compensation
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	30 June 2026 $	30 June 2025 $
Short-term employee benefits	168,254	160,101
Post-employment benefits	4,420	32,334
Long-term benefits	1,301	-
Share-based payments	81,002	131,208
	254,977	323,643

Note 13. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Audit (Vic) Pty Ltd, the auditor of the company:

	30 June 2026 $	2025 $
Audit services - William Buck Audit (Vic) Pty Ltd		
Audit or review of the financial statements	51,500	42,300

Note 14. Contingent liabilities

Havilah Farm-in Agreement
On 4 August 2025 the company announced that it had executed a binding 'other minerals' Term Sheet (**Term Sheet**) with Havilah pursuant to which the company has the right to earn-in an 80% interest in Other Mineral Rights of Havilah. Following the company earning the 80% interest in Other Mineral Rights of Havilah, the company and Havilah shall be in a joint venture.

Once the company has earned the 80% interest in Havilah's non-uranium mineral rights by satisfying the Earn-In Requirement (as detailed in Note 6), a joint venture ("**JV**") will be formed and Havilah will be free-carried until the completion of a bankable feasibility study ("**BFS**") on any non-uranium mineral deposit discovered. Following completion of a BFS, Havilah will have the right to contribute its 20% pro-rata share of all future JV expenditure or otherwise dilute to below a 10% JV interest and receive a 1.5% net smelter return (NSR) royalty on production.

Subject to completing the Earn-In Requirement, the company will reimburse Havilah an aggregate amount of $1,800,000 being reimbursement of Havilah's historical exploration expenditure on the project. Payment of these funds will be deferred until such time cashflows from a future non-uranium mining or processing operation at Prospect Hill are available or the company elects to make the reimbursement payment earlier.

Completion of the Earn-in will be dependent on the company meeting its expenditure requirement within the proposed time period. In the event that the proposed Earn-in is not achieved the contingent payments will not be required to be paid.

Cowalinya Option Deed
On 9 June 2021, the company entered into an Assignment of Option to Acquire Exploration Licence Deed (**Assignment Deed**) in relation to the assignment of the proposed acquisition of an option to acquire 100% of Western Australia Exploration Licence 63/1972 (**EL 63/1972**). The Assignment Deed was entered into with Cobold Metals Limited (Cobold).

In accordance with the Option Deed, the company also entered into a Royalty Agreement whereby the previous tenement holder will receive rights to a royalty of $A0.25 per tonne for any type of ore processed from the tenements or any successor tenement payable on sale of the relevant mineral product provided that such royalty rate is not more than what would be deemed fair and reasonable and/or having regard to prevailing industry evidence of commercial arm's length royalty rates for such commodities. The total amount payable in accordance with the Royalty Agreement will be capped at $250,000 per annum.

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Note 14. Contingent liabilities (continued)

The company is not able to assess the proposed timing of any royalty payment as this will be subject to the project proceeding to production and revenue being generated from the project.

There are no other contingent liabilities at 30 June 2026 (30 June 2025: nil)

Note 15. Commitments

The Company has to perform minimum exploration work and expend minimum amounts of money on its tenements. The overall expenditure requirement tends to be limited in the normal course of the Company's tenement portfolio management through expenditure exemption approvals and expenditure reductions through relinquishment of parts of the whole of tenements deemed on prospective. Should the Company wish to preserve interest in its current tenements the amount which may be required to be expended is as follows:

Havilah Farm-in Agreement
On 4 August 2025 the company announced that it had executed a binding 'other minerals' Term Sheet (**Term Sheet**) with Havilah pursuant to which the company has the right to earn-in an 80% interest in Other Mineral Rights of Havilah. Following the company earning the 80% interest in Other Mineral Rights of Havilah, the company and Havilah shall be in a joint venture.

Under the Agreement, to acquire the 80% interest the company must spend a minimum of $1,500,000 on exploration and development of non-uranium minerals within 3 years, including $350,000 in the first year. As part of this expenditure obligation, to acquire the 80% interest the company is required to drill a minimum of 2,500 m during the first 18 months and a minimum of 1,250 m in the second 18 months of the 3-year earn-in term (3,750 m in total) (taken together, the "**Earn-In Requirement**"). There is no initial consideration to be paid in accordance with this Term Sheet and the acquisition has been determined to be an asset acquisition, as the assets acquired comprising of exploration assets did not constitute a business in accordance with AASB 3.

	30 June 2026 $	30 June 2025 $
Exploration Expenditure		
Within one year	279,000	280,500
One to five years	1,121,000	1,400,000
Total commitment	1,400,000	1,680,500

Note 16. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 12 and the remuneration report included in the directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

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Note 17. Matters subsequent to the end of the financial year

On 5 August 2026 the company announced a $1.3 million (before costs) Share Placement of 46,428,571 shares at an issue price of $0.028 per share, together with 1 free attaching option (with an exercise price of $0.06 and expiring on 26 February 2028) for every 2 shares subscribed under the placement.

The Company also announced a 1 for 8 non-renounceable entitlement offer to raise up to approximately $728,119.

The shares were to be issued through a two-tranche Placement with 31,000,000 shares being issued in accordance with the Company's placement capacity and the remaining 15,428,571 shares being subject to shareholder approval. The issue of the 23,214,286 Attaching Options under the Placement remains subject to the Company obtaining shareholder approval. The first tranche of 31,000,000 shares were issued on 26 August 2026 raising $868,000 before costs.

Funds raised through the Placement and Entitlement Offer will be used for the maiden drilling program at the Company's Prospect Hill Tin project and Radium Hill Critical Minerals project together with progressing the Subron REE project strategic review.

On 4 September 2026 the Company issued 4,500,000 performance rights with 1,500,000 issued to the Company Secretary and 3,000,000 issued a member of the exploration team. The performance rights were issued with the following vesting conditions:

(a) 1,500,000 Performance Rights with a vesting condition of the company achieving greater than a $0.075 VWAP of Shares over 20 consecutive trading days within 3 years of the issued date. (**Class A Performance Rights**).

(b) 1,500,000 Performance Rights with a vesting condition of the company achieving greater than a $0.10 VWAP of Shares over 20 consecutive trading days within 3 years of the issue date. (**Class B Performance Rights**).

(c) 1,500,000 Performance Rights with a vesting condition of the company achieving greater than a $0.15 VWAP of Shares over 20 consecutive trading days within 3 years of the issue date. (**Class C Performance Rights**).

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 18. Reconciliation of loss after income tax to net cash used in operating activities

	30 June 2026 $	30 June 2025 $
Loss after income tax expense for the year	(1,613,493)	(3,215,987)
Adjustments for:		
Depreciation and amortisation	12,220	-
Share-based payments	126,476	101,375
Shares issued for acquisition of mining tenements	-	1,740,000
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(61,663)	2,149
Decrease/(increase) in prepayments	7,248	(11,184)
Decrease in security deposits	5,500	17,332
Increase/(decrease) in trade and other payables	25,253	(51,791)
Increase/(decrease) in employee benefits	79,937	(8,508)
Net cash used in operating activities	(1,418,522)	(1,426,614)

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Note 19. Earnings per share

	30 June 2026 $	30 June 2025 $
Loss after income tax attributable to the owners of Heavy Rare Earths Limited	(1,613,493)	(3,215,987)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	208,033,882	140,950,219
Weighted average number of ordinary shares used in calculating diluted earnings per share	208,033,882	140,950,219
	Cents	**Cents**
Basic earnings per share	(0.78)	(2.28)
Diluted earnings per share	(0.78)	(2.28)

Both the basic and diluted loss per share have been calculated using the loss attributable to shareholders of the company as the numerator (i.e. no adjustments to loss were necessary in either 2025 or 2024).

The performance rights and options have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted loss per share as they do not meet the requirements for inclusion in AASB 133 “Earnings per Share”. The performance rights are non-dilutive as the company has generated a loss for the financial year.

Note 20. Share-based payments

Options

During the financial year the company granted 2,500,000 unlisted options to the company’s exploration manager. The options vest 12 months post commencement of employment and have an exercise price of $0.06 and expire on 11 August 2028.

Set out below are summaries of options on issue during the year:

30 June 2026

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/08/2022	24/08/2025	$0.30	9,850,000	-	-	(9,850,000)	-
24/08/2022	24/08/2025	$0.40	4,350,000	-	-	(4,350,000)	-
28/09/2023	24/08/2025	$0.30	500,000	-	-	(500,000)	-
28/12/2023	24/08/2025	$0.30	1,000,000	-	-	(1,000,000)	-
07/01/2025	07/01/2028	$0.06	17,500,000	-	-	-	17,500,000
26/02/2025	26/02/2028	$0.06	12,500,000	-	-	-	12,500,000
11/08/2025	11/08/2028	$0.06	-	2,500,000	-	-	2,500,000
			45,700,000	2,500,000	-	(15,700,000)	32,500,000
Weighted average exercise price			$0.150	$0.060	$0.000	$0.330	$0.060

* Options issued as incentive options to the Company's exploration manager.

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Note 20. Share-based payments (continued)

30 June 2025

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/08/2022	24/08/2025	$0.30	9,850,000	-	-	-	9,850,000
24/08/2022	24/08/2025	$0.40	4,350,000	-	-	-	4,350,000
28/09/2023	24/08/2025	$0.30	500,000	-	-	-	500,000
28/12/2023	24/08/2025	$0.30	1,000,000	-	-	-	1,000,000
07/01/2025	07/01/2028	$0.06	-	17,500,000	-	-	17,500,000
26/02/2025	26/02/2028	$0.06	-	12,500,000	-	-	12,500,000
			15,700,000	30,000,000	-	-	45,700,000
Weighted average exercise price			$0.330	$0.060	$0.000	$0.000	$0.150

* Options issued as partial consideration for acquisition of interest in tenements.
** Options issued for corporate advisory services.

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	30 June 2026 Number	30 June 2025 Number
24/08/2022	24/08/2025	-	9,850,000
24/08/2022	24/08/2025	-	4,350,000
28/09/2023	24/08/2025	-	500,000
28/12/2023	24/08/2025	-	1,000,000
07/01/2025	07/01/2028	17,500,000	17,500,000
26/02/2025	26/02/2028	12,500,000	12,500,000
11/08/2025	11/08/2028	2,500,000	-
		32,500,000	45,700,000

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.622 years (2025: 1.746 years).

Performance rights

During the financial year period and following receipt of shareholder approval at the company's 2025 Annual General Meeting, the company issued a total of 10,000,000 Performance Rights to Directors Mr Gabriel Chiappini and Ms Amanda Buckingham. The Performance Rights were issued with the following vesting conditions:

- 2,800,000 Performance Rights with a vesting condition of the company achieving greater than a $0.075 VWAP of Shares over 20 consecutive trading days within 3 years of the issued date. (**Class A Performance Rights**).
- 3,200,000 Performance Rights with a vesting condition of the company achieving greater than a $0.10 VWAP of Shares over 20 consecutive trading days within 3 years of the issue date. (**Class B Performance Rights**).
- 4,000,000 Performance Rights with a vesting condition of the company achieving greater than a $0.15 VWAP of Shares over 20 consecutive trading days within 3 years of the issue date. (**Class C Performance Rights**).

The company has recorded a share based payment expense for the Performance Rights using an estimate of the potential vesting period in which the performance conditions will take to be achieved as the Performance Rights have a service condition.

There were no performance rights which have vested as at the end of the financial year or exercisable.

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Note 20. Share-based payments (continued)

Set out below are summaries of performance rights granted under the plan:

2026

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/11/2025	22/12/2028	-	-	2,800,000	-	-	2,800,000
27/11/2025	22/12/2028	-	-	3,200,000	-	-	3,200,000
27/11/2025	22/12/2028	-	-	4,000,000	-	-	4,000,000
			-	10,000,000	-	-	10,000,000

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.5 years (2025: nil). The weighted average exercise price is nil.

For the options currently on issue, the Black-Scholes valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
07/01/2025	07/01/2028	$0.031	$0.06	79.38%	-	3.94%	$0.012
26/02/2025	26/02/2028	$0.025	$0.06	79.38%	-	3.94%	$0.008
11/08/2025	11/08/2028	$0.043	$0.06	80.00%	-	3.94%	$0.018

For the performance rights granted during the current financial year, the Monte Carlo valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
27/11/2025	22/12/2028	$0.04	-	80.00%	-	3.77%	$0.028
27/11/2025	22/12/2028	$0.04	-	80.00%	-	3.77%	$0.023
27/11/2025	22/12/2028	$0.04	-	80.00%	-	3.77%	$0.016

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Heavy Rare Earths Limited
Consolidated entity disclosure statement
As at 30 June 2026

Heavy Rare Earths Limited does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, section 295(3A)(a) of the Corporations Act 2001 does not apply to the entity.

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Heavy Rare Earths Limited
Directors' declaration
30 June 2026

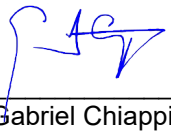
In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with IFRS Accounting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2026 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Gabriel Chiappini
Non-executive Chairman

30 September 2026

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Independent auditor's report to the members of Heavy Rare Earths Limited

Report on the audit of the financial report

Opinion

In our opinion, the accompanying financial report of Heavy Rare Earths Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2026 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What was audited?

We have audited the financial report of the Company, which comprises:

- the statement of financial position as at 30 June 2026,
- the statement of profit or loss and other comprehensive income for the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended,
- notes to the financial statements, including material accounting policy information,
- the consolidated entity disclosure statement, and
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Company incurred a net loss of $1,613,493 and net operating cash outflows of $1,418,522 during the year ended 30 June 2026. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

	Area of focus (refer also to notes 2, 3 & 20)	How our audit addressed the key audit matter
Share-based payments	During the financial year the Company issued share-based payments as consideration for services provided to the entity. The issued options and performance rights were assessed by management to meet the definition of share-based payments under AASB 2 *Share Based Payments*. This area is a Key Audit Matter due to the complexity of arrangements and judgements applied in valuing the share-based payment instruments issued.	Our audit procedures included: — Understanding the terms of the instruments being issued including the number of instruments issued, grant date, expiry date, exercise price and the presence of any market or non-market conditions; — Assessing the appropriateness of the valuation models used by management to determine the valuation of the instruments and examining the key inputs used in the models; — Recalculating the share-based payments vesting charge over the vesting periods and recording of expense in the profit or loss statement and increment to share-based payments reserve with respect to the options issued in the current period; and — Verifying the accuracy of the disclosures of share-based payment arrangements in the financial statements.

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Other information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2026 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001,* and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf

This description forms part of our auditor's report.

WilliamBuck
ACCOUNTANTS & ADVISORS

Report on the Remuneration Report

Our opinion on the Remuneration Report

In our opinion, the Remuneration Report of Heavy Rare Earths Limited, for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

What was audited?

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2026.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

Dennis Lee

W. H. D. Lee
Director
Melbourne, 30 September 2026

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Heavy Rare Earths Limited
Shareholder information
30 June 2026

The shareholder information set out below was applicable as at 23 September 2026.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	32	-
1,001 to 5,000	54	0.08
5,001 to 10,000	104	0.39
10,001 to 100,000	388	6.13
100,001 and over	190	93.40
	768	100.00
Holding less than a marketable parcel	206	0.54

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Havilah Resources Limited	38,000,000	15.90
Deck Chair Holdings Pty Ltd	14,037,075	5.87
Kea Holdings Pty Ltd (IOS Holding A/C)	13,950,000	5.84
HSBC Custody Nominees (Australia) Limited	9,434,996	3.95
UBS Nominees Pty Ltd	7,319,264	3.06
Dreaver Investments Australia Pty Ltd	6,808,333	2.85
Mathieson Downs Pty Ltd	6,500,000	2.72
Kembla No 20 Pty Ltd (CAA A/C)	5,761,948	2.41
ITA Nominees Pty Ltd	5,300,000	2.22
Mr Richard Brescianini & Mrs Maria L Brescianini (Brescianini Invest A/C)	4,058,887	1.70
Kolley Pty Ltd (Lucas Family A/C)	4,000,000	1.67
M & K Korkidas Pty Ltd (M & K Korkidas Pty Ltd A/C)	3,991,032	1.67
AMAX Pacific Pty Ltd	3,310,000	1.38
Citicorp Nominees Pty Ltd	3,112,292	1.30
Don Martin Superannuation Pty Ltd (Don Martin Super Fund A/C)	3,000,000	1.26
Mr Benjamin M Vallerine & Ms Samantha L Blount (Avalanche A/C)	2,666,668	1.12
Shorthalfhead Pty Ltd (Brae Sokolsko Family No2 A/C)	2,500,000	1.05
Mr Murray G Dummer & Mrs Jane C Dummer (Complete Equip Hire S/F A/C)	2,360,001	0.99
BNP Paribas Nominees Pty Ltd (IB AU Noms Retail Client)	1,870,397	0.78
HSBC Custody Nominees (Australia) Limited - A/C2	1,860,000	0.78
	139,840,893	58.52

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Heavy Rare Earths Limited
Shareholder information
30 June 2026

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares exercisable at $0.06 on or before 7 January 2028	17,500,000	1
Options over ordinary shares exercisable at $0.06 on or before 26 February 2028	12,500,000	2
Options over ordinary shares exercisable at $0.06 on or before 11 August 2028	2,500,000	1
Performance rights	14,500,000	4

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Havilah Resources Limited	38,000,000	15.90
Deck Chair Holdings Pty Ltd	14,037,075	5.87
Kea Holdings Pty Ltd (IOS Holding A/C)	13,950,000	5.84

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

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