



Heavy Rare Earths Limited

ABN 35 648 991 039

Half year Financial Report - 31 December 2025

Heavy Rare Earths Limited

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31 December 2025

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Heavy Rare Earths Limited
Corporate directory
31 December 2025

Directors	Mr Gabriel Chiappini (Non-executive Chairman) Ms Amanda Buckingham (Non-executive Director) Mr Graeme Morissey (Non-executive Director)
Company secretary	Justin Mouchacca
Registered office	Level 21, 459 Collins Street Melbourne, VIC 3000 Ph: (03) 8630 3321
Principal place of business	Level 21, 459 Collins Street Melbourne, VIC 3000
Share register	Boardroom Pty Ltd Level 8, 210 George Street Sydney, NSW 2000 Ph: 1300 737 760 (within Australia) Ph: +61 2 9290 9600
Auditor	William Buck Level 20, 181 William Street Melbourne, VIC 3000
Stock exchange listing	Heavy Rare Earths Limited shares are listed on the Australian Securities Exchange (ASX code: HRE)

Heavy Rare Earths Limited
Review of operations
31 December 2025

Heavy Rare Earths Limited (“HRE” or “the company”) is pleased to provide the following review of operations for the Half-year ended 31 December 2025. HRE’s total South Australian portfolio covers 2,949km² and includes the Prospect Hill Project, the Radium Hill Project, and the Lake Namba-Billeroo Project (Figure 1).

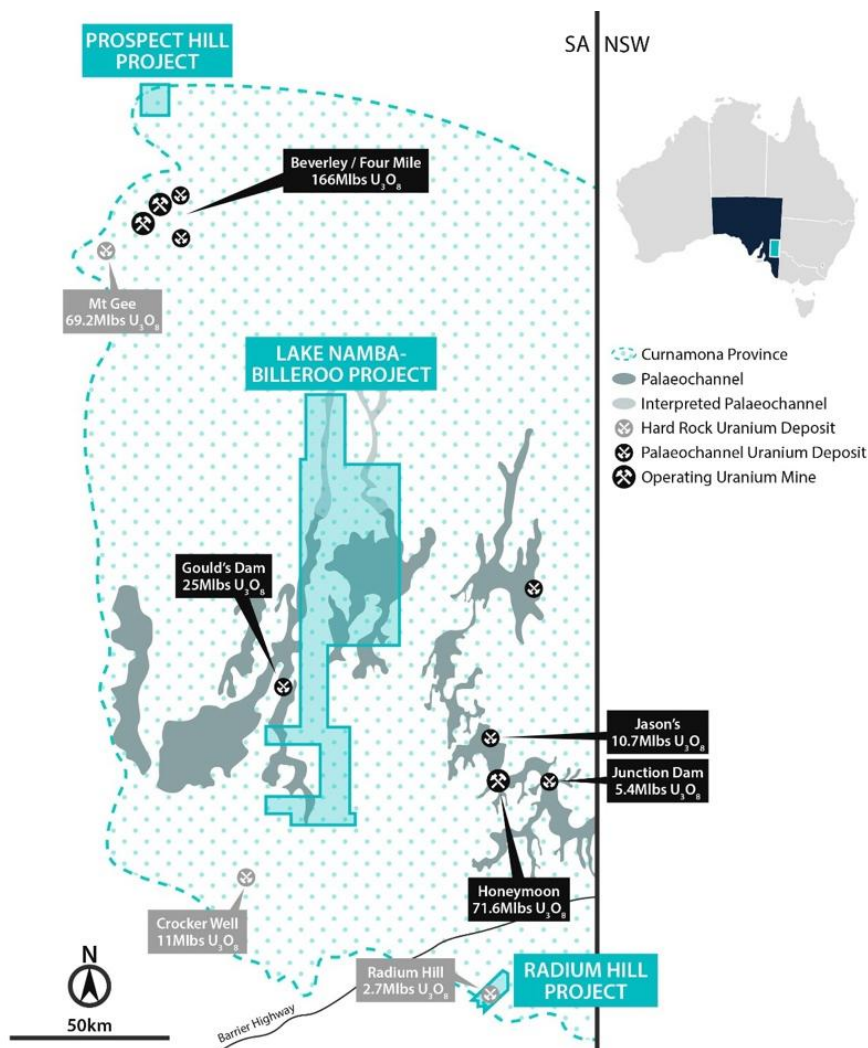


Figure 1. Location of HRE’s project areas and uranium deposits in the Curnamona Province.

Prospect Hill: All Mineral rights opens pathway to Maiden Tin Resource

The company was pleased to announce during the period the completion of the transaction with Havilah Resources Limited (ASX: HAV; “Havilah”) to expand its existing uranium-only mineral rights to an **all minerals rights agreement** on the Prospect Hill project.

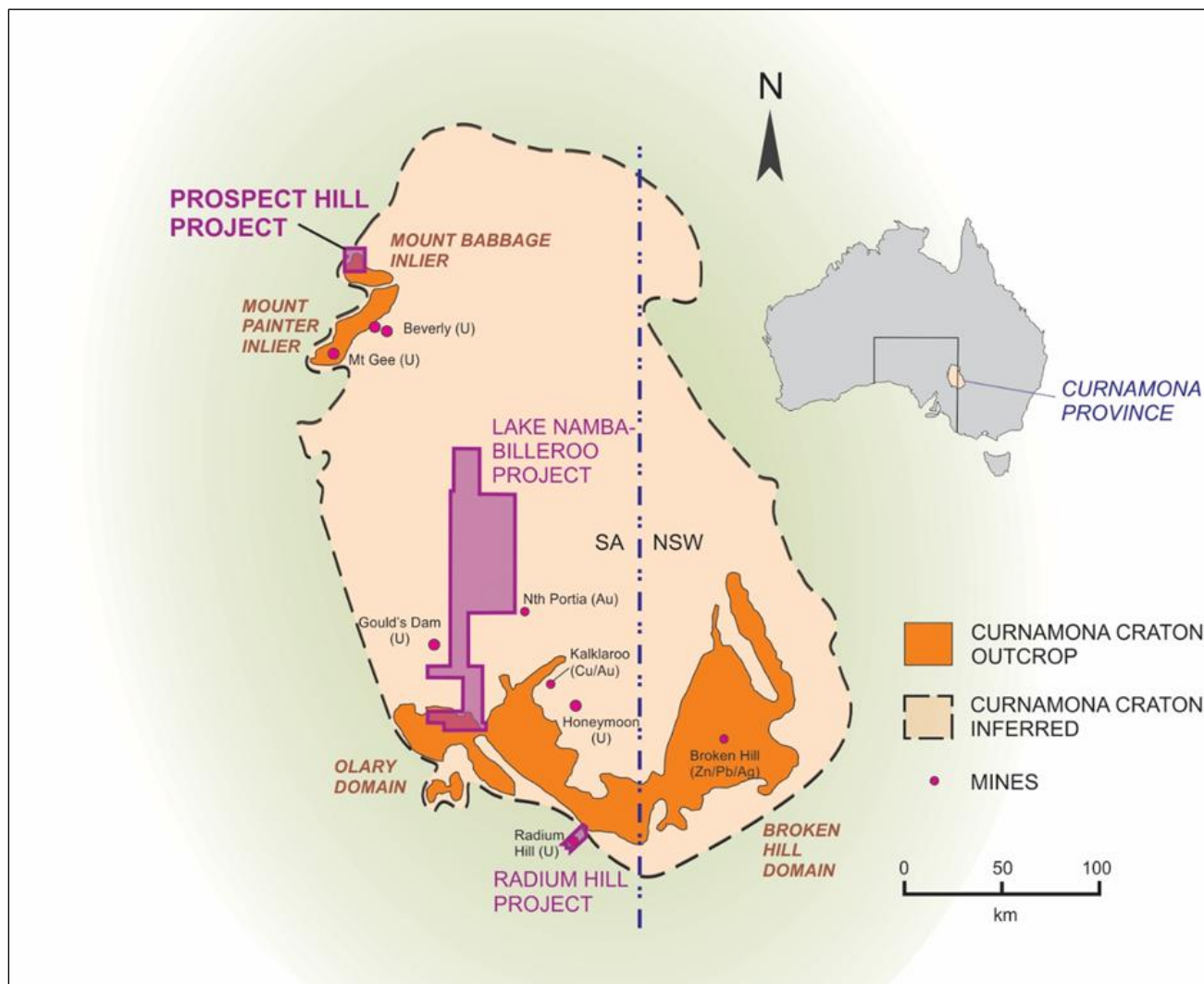


Figure 2: Location of HRE projects in the Curnamona Craton, South Australia

The Prospect Hill project is the largest and most advanced tin (Sn) project in South Australia and represents a significant and rare opportunity for the company to become a key player in a high-value commodity. Tin is classified as a critical mineral by major governments including the US, Canada, and the UK.

The acquisition comes with an unusually large and rich data set accumulated over time by several operators. The aggregate picture makes it clear that the project is highly prospective for tin mineralisation, specifically cassiterite (tin oxide).

The Prospect Hill project offers a number of priority targets, as well as one prospect, South Ridge, where the company anticipates being able to declare a maiden Mineral Resource Estimate (MRE) quickly given the advanced nature of exploration here, including assays from 56 drill holes, with material mineralised intersections.

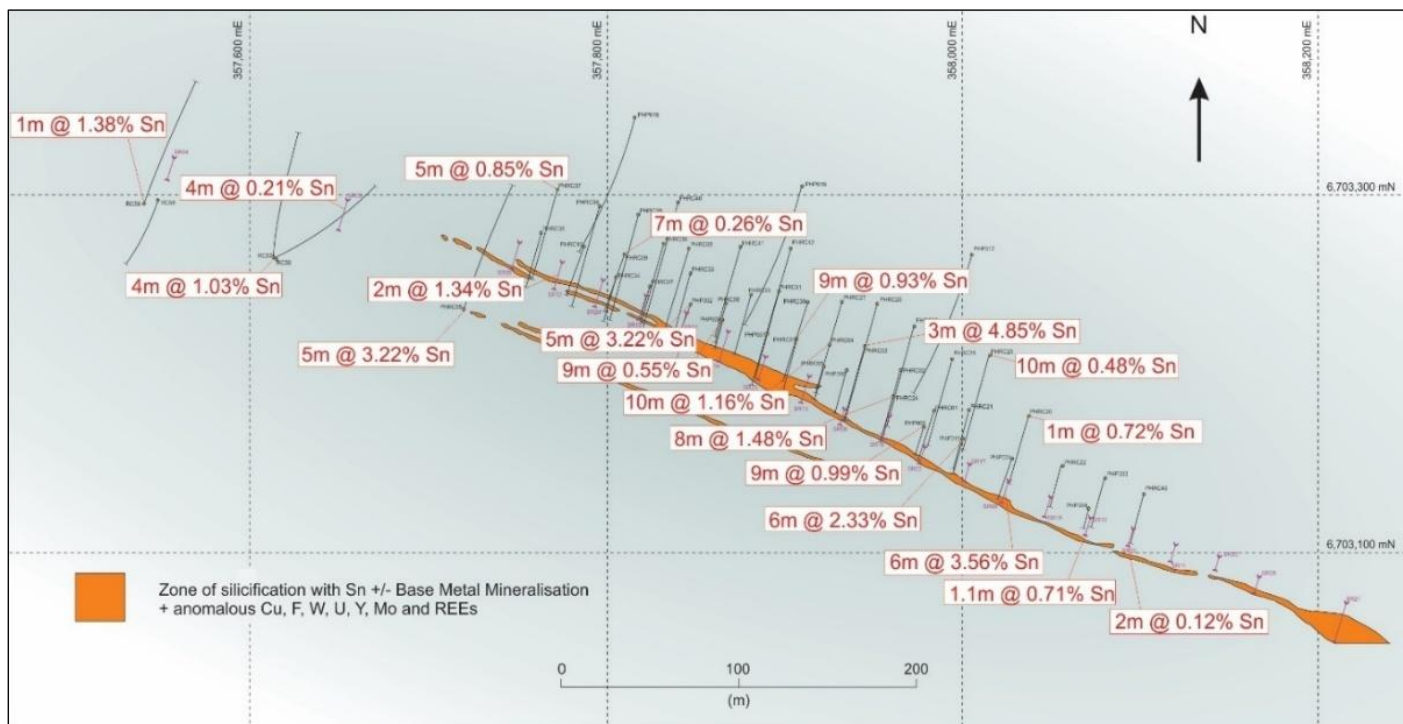


Figure 3: Plan view of South Ridge prospect with selected drill and trench intersections

Highly mineralised drill intercepts from South Ridge include:

- 3 m @ 4.85% Sn from 44 m in PHRC03
- 5 m @ 3.32% Sn from 84 m in PHRC55
- 6 m @ 2.33% Sn from 14 m in PHP-15
- 6 m @ 1.85% Sn from 24 m in PHP-2
- 8 m @ 1.48% Sn from 11 m in PHRC24
- 10 m @ 1.16% Sn from 33 m in PHRC04

Prospect Hill: Review of data reveals additional base metal and silver prospectivity

Following the finalisation of the all-minerals' rights agreement, the company systematically reviewed the extensive geological database for the Prospect Hill project, collected over four decades from several previous operators, and it became apparent from this data that although tin had been the focus of previous work at South Ridge, there are significant intervals of highly anomalous Copper, Lead, Zinc and Silver associated with the structurally controlled tin mineralisation.

This historic data includes **8m @ 80 g/t Ag, 0.45% Cu, 0.87% Zn, and 0.84% Pb**, in addition to 0.51% Sn (with a 1m section @ 282 g/t Ag 1.87% Cu, 3.48% Zn, and 3.16% Pb in addition to 2.9% Sn).

The relationship of base metal and silver mineralisation to tin mineralisation at South Ridge is not yet clear from the available data, but field investigations are planned as part of ongoing work.

Other significant intersections uncovered from the historic database are shown in Table 1 with all intervals returning grades of more than 1 Oz/t.

Hole No.	Year	from (m)	to (m)	width (m)	Sn %	Cu %	Pb %	Zn %	Ag g/t
PHRC04	2007	31	36	5	0.44	0.27	0.68	1.19	40
PHRC05	2007	13	21	8	0.51	0.45	0.84	0.76	80
	incl.	13	16	3	1.35	0.99	2.20	1.76	200
	Incl.	14	15	1	2.90	1.87	3.16	3.48	282
PHP006	1994	16	19	3	0.99	0.49	1.24	0.14	64
PHP007	1994	22	23	1	0.23	1.12	1.92	1.8	76
PHP008	1994	17	25	8	0.30	0.49	0.11	0.14	35
PHRC023	2008	29	36	7	1.07	0.68	0.91	1.02	41
	incl.	34	35	1	0.09	0.99	1.29	0.70	78

Table 1. Significant intervals of base metal (Cu+Zn+Pb) + Ag mineralisation from historic South Ridge Sn prospect data (using 0.1% Cu cutoff – no internal dilution). Data from historic company reports 2

Given this rich data set and high-grade historical results, the company will seek to fast-track drilling at South Ridge with the aim of quickly estimating a maiden tin Mineral Resource Estimate, understanding the relationship with other base metals and silver, and to acquire material for metallurgical testwork.

Radium Hill: New assays and historic data reveals 8km Critical Minerals Corridor, hosting high-grade uranium, REE's, scandium, yttrium and vanadium

The company was pleased to announce very encouraging assay results late in the half-year from the Radium Hill reconnaissance rock chip sampling program. Rock samples had been collected across the 8km-long linear SW to NE extension from the historic Radium hill mine and assessed with a multi-element analysis.

While the assayed uranium grades were strong as expected, the consistent presence of high-grade Scandium (up to 969ppm Sc_2O_3) and Yttrium (up to 2236ppm Y_2O_3) close to the historic mine and up to 5km from the mine, is of particular significance for HRE's future critical minerals exploration program.

This data, in conjunction with reinterpretation of aerial geophysical data and intense investigation of historical data, is refining our knowledge of this 8km Critical Mineral Corridor ("CMC").

It is important to note that this corridor, corresponding to the axial plane of a regional fold, outcrops for only half of its interpreted extent. Where it does outcrop, there are numerous examples of historical mining efforts dating back more than a century.

In addition to the anomalous uranium that we anticipated, Scandium and Yttrium were detected at multiple prospects along the length of the sample area, with significant grades particularly concentrated on two main targets - Bristowe's/Railway (<1km from Radium Hill Mine) and Bonython Hill (5km from Radium Hill Mine). Refer to Figure 4.

- Sampling at Bristowe's Prospect confirmed multiple lodes of high-grade U-REE-Y-Sc mineralisation with up to 721ppm Sc_2O_3 , 1728ppm Y_2O_3 and 0.36% U_3O_8 .
- Perhaps of greater significance were samples from Bonython Hill showing the strongly anomalous nature of U-REE-Y-Sc mineralisation continues for up to 5km along strike from Radium Hill mine, with up to 284ppm Sc_2O_3 , 1309ppm Y_2O_3 and 0.15% U_3O_8 .

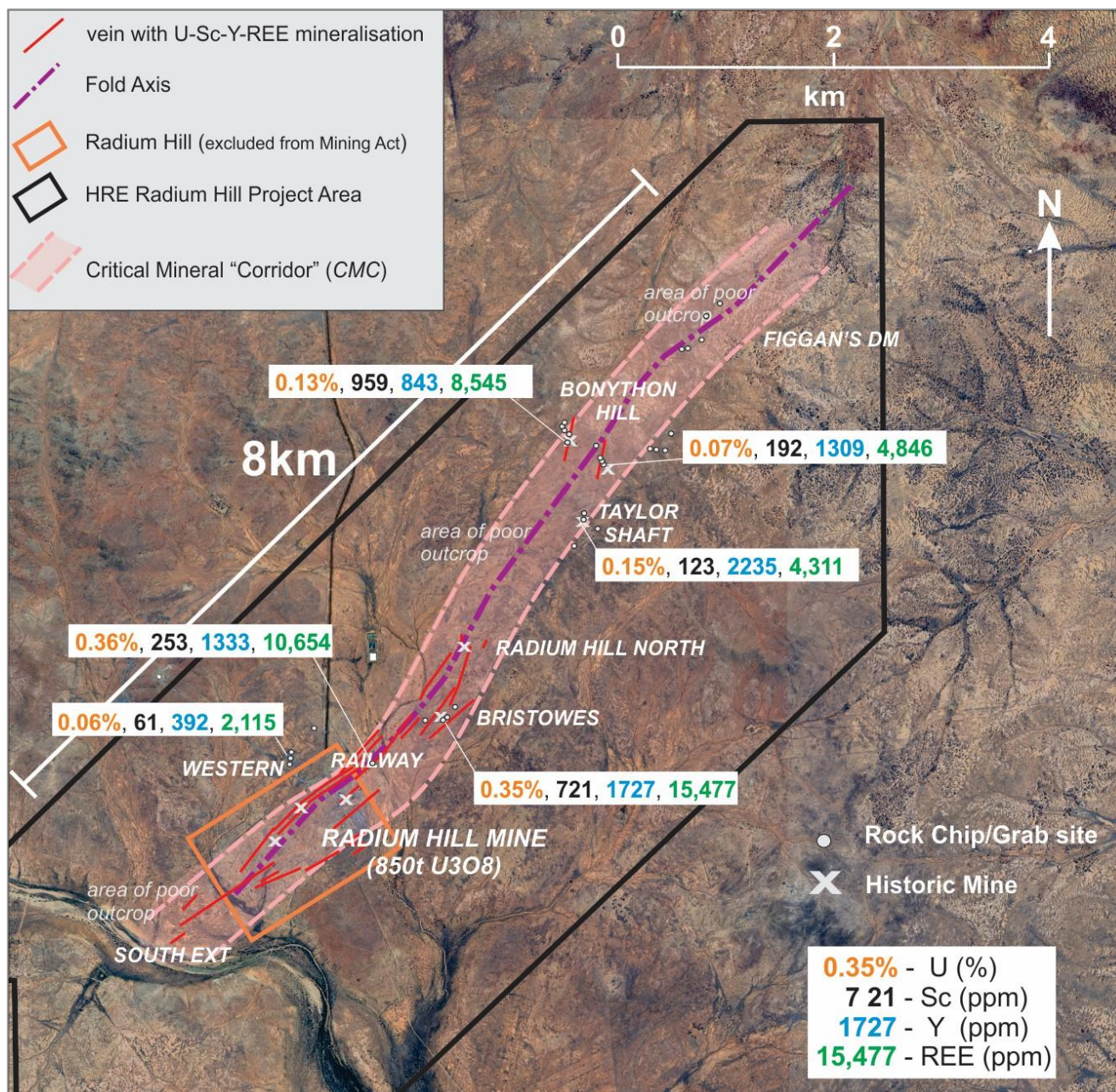


Figure 4. Radium Hill project showing Critical Mineral Corridor with selected high-grade rock samples from recent mapping program.

Analysis of the findings has been led by Bob Johnson, the highly experienced founder of Maptek, an innovative and industry leading provider of 3D geological modelling software.

Concurrent with this work, a geological consultant has been systematically searching through historical data looking for evidence of mineralisation along the CMC. This study has been time-consuming due to the variable state of preservation of the data after so many decades.

Results from two previous reconnaissance sampling programs at Radium Hill were released before the spectacular rise in yttrium oxide prices in mid-July 2025 (Y values were not included in these announcements). Re-evaluation of the data makes it clear that scandium has the potential to significantly add value to the Radium Hill critical mineral inventory. Several of the more significant results from the May 2025 sampling include:

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Review of operations
31 December 2025

SAMPLE	EAST	NORTH	PROSPECT	U3O8*	Sc ₂ O ₃ *	Y ₂ O ₃	V ₂ O ₅	TREO**
				%	ppm	ppm	ppm	%
RHR006	467333	6422633	Radium Hill Nth	0.36	644	2997	5106	1.54
RHR007	467333	6422633	Radium Hill Nth	0.37	936	2794	5641	0.72
RHR002	467070	6421962	Bristowes	0.60	882	2426	8319	1.64
RHR003	467080	6421956	Bristowes	0.41	521	1918	5391	1.22
RHR018	466971	6422088	Intermediate	0.47	445	1537	7141	0.77

* U3O8 and Sc2O3 previously reported in ASX announcement 19 May 2025 ** TREO (Total Rare Earth Oxides) = La2O3 + CeO2 + Pr6O11 + Nd2O3 + Sm2O3 + Eu2O3 + Gd2O3 + Tb4O7 + Dy2O3 + Ho2O3 + Er2O3 + Tm2O3 + Yb2O3 + Lu2O3

Corporate

During the half-year period, the company announced a number of board appointments in line with its strategy to accelerate the exploration program across its prospective Uranium and Critical Minerals portfolio.

Gabriel Chiappini: Non-Executive Chair

Gabriel had served as a Non-Executive Director for HRE since February 2025. Mr Chiappini is a Chartered Accountant with over 25 years' experience as a director, capital markets participant, private equity, investment banking and a governance professional. He is a current member of the Australian Institute of Company Directors and Institute of Chartered Accountants (Australia).

Gabriel manages his own consulting firm offering Corporate Advisory and professional Director services into the ASX small to mid-cap markets, and currently serves as a Non-Executive Director of Black Dragon Gold Corporation (ASX:BDG) and Non-Executive Director and Governance Chair of Invictus Energy Limited (ASX:IVZ), and was recently appointed as an officer of Voltaic Strategic Resources (ASX:VSR) to assist with VSR's corporate restructure. Gabriel also acts as the Governance Chair of Middle Island Resources (ASX: MDI) and until recently, also served as the Governance Chair (Australia) at Adriatic Metals plc from pre-IPO in 2017 through to its USD\$1.3bn takeover by DPM Metals (formerly Dundee Precious Metals) in September 2025.

Dr Amanda Buckingham: Non-Executive Director

Dr Buckingham is a geophysicist with over 30 years' experience in mineral exploration. Amanda co-founded Fathom Geophysics in late 2007, providing exploration targeting services to junior, mid-tier and major mining companies across multiple jurisdictions. She has extensive exploration experience globally.

Amanda's 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. Amanda co-founded Cygnus Metals Limited (ASX: CY5) and Desert Minerals Limited (ASX: DM1). She is currently a director of several private companies, including Plutonic Limited, and an Adjunct Research Fellow at the University of Western Australia. Amanda was the Managing Director of Warriedar Resources Limited (ASX: WA8) for 3.5 years, focused on the discovery and expansion of gold and antimony Resources in Western Australia, prior to Warriedar's acquisition by Capricorn Metals (ASX: CMM).

Graeme Morissey: Non-Executive Director

This appointment builds upon recent changes to the board and is in line with the company's corporate strategy to transition its board to focus on and accelerate its exploration program across its prospective Uranium, Tin, Heavy Rare Earths and Critical Minerals portfolio. Mr Morissey served as the Chief Financial Officer for Warriedar Resources Limited (ASX: WA8) alongside fellow HRE Director Amanda Buckingham.

Concurrent with these board appointments, John Byrne and Richard Brescianini agreed to retire from the board, and focus on other business activities. The Board would like to take this opportunity to thank them again for their contributions to the company.

Competent Person's Statement

The Exploration Results contained in this announcement were compiled by Mr Joseph Ogierman. Mr Ogierman is a Member (#4469) of the Australian Institute of Geoscientists (MAIG). He is a full-time employee of Heavy Rare Earths Limited. Mr Ogierman has more than 35 years' experience in mineral exploration and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 JORC Code. Mr Ogierman consents to the inclusion in this announcement of the matters based on the Exploration Results in the form and context in which they appear.

The company confirms that it is not aware of any new information or data that materially affects the Cowalinya Mineral Resources or Exploration Target as contained in the 3 October 2023 and 23 October 2023 ASX releases, respectively. All material assumptions and technical parameters underpinning the Cowalinya Mineral Resources and Exploration Target in the ASX releases dated 3 October 2023 and 23 October 2023 respectively, continue to apply and have not materially changed.

Heavy Rare Earths Limited
Directors' report
31 December 2025

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2025.

Directors

The following persons were directors of the company during the half-year period and up to the date of this report, unless otherwise stated:

Mr Gabriel Chiappini (Non-Executive Chairman) - appointed Chairman on 17 October 2025
Ms Amanda Buckingham (Non-executive Director) - appointed 10 October 2025
Mr Graeme Morissey (Non-executive Director) - appointed 5 November 2025
Mr John Byrne (Non-executive Chairman) - resigned 10 October 2025
Mr Richard Brescianini (Executive Director) - resigned 6 November 2025

Principal activities

The principal activities of the company during the half-year 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.

Review of operations

Financial performance

The loss for the half-year period amounted to \$847,844 (31 December 2024: \$797,599). The loss for the period included a share based payment expense of \$40,505 relating to the vesting charge for options and performance rights issued during the period.

Financial Position

The company's net assets decreased by \$807,339 to \$1,033,159 as at 31 December 2025. The decrease in net assets was a result of continued exploration activities and normal ongoing corporate expenses during the half-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:

- 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 issue 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**).

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

Heavy Rare Earths Limited
Directors' report
31 December 2025

Matters subsequent to the end of the financial half-year

On 29 January 2026 the company announced that it proposed to grant 3 million performance rights to Non-executive Director, Mr 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); and
- (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 PaleoChannel ground at the Billeroo Namba project, while the Company will retain the rights to the Billeroo PaleoChannel area that the company believes to be more prospective for uranium, and closer to a significant, established uranium resource.

No other matter or circumstance has arisen since 31 December 2025 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.

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 half year period and up to the date of the Directors' report.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Gabriel Chiappini
Non-executive Chairman

16 March 2026

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 review of Heavy Rare Earths Limited for the half-year ended 31 December 2025, 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Heavy Rare Earths Limited.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136

W. H. D. Lee

W. H. D. Lee

Director

Melbourne, 16 March 2026

Heavy Rare Earths Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2025

	Note	31 December 2025 \$	31 December 2024 \$
Interest Income		34,271	10,328
Expenses			
Corporate and administrative expenses		(324,122)	(391,102)
Employment expenses		(110,343)	(211,910)
Exploration expenditure		(405,056)	(204,915)
Share based payments expense		(40,505)	-
Depreciation and amortisation expense		(2,089)	-
Loss before income tax expense		(847,844)	(797,599)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Heavy Rare Earths Limited		(847,844)	(797,599)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Heavy Rare Earths Limited		(847,844)	(797,599)
		Cents	Cents
Basic earnings per share	8	(0.41)	(1.04)
Diluted earnings per share	8	(0.41)	(1.04)

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 31 December 2025

	Note	31 December 2025 \$	30 June 2025 \$
Assets			
Current assets			
Cash and cash equivalents		1,326,010	1,935,357
Trade and other receivables		71,841	30,314
Prepayments		15,306	16,193
Total current assets		<u>1,413,157</u>	<u>1,981,864</u>
Non-current assets			
Plant & equipment		62,381	6,962
Total non-current assets		<u>62,381</u>	<u>6,962</u>
Total assets		<u>1,475,538</u>	<u>1,988,826</u>
Liabilities			
Current liabilities			
Trade and other payables		428,464	148,328
Employee benefits		13,915	-
Total current liabilities		<u>442,379</u>	<u>148,328</u>
Total liabilities		<u>442,379</u>	<u>148,328</u>
Net assets		<u>1,033,159</u>	<u>1,840,498</u>
Equity			
Issued capital	4	10,705,174	10,705,174
Reserves		345,405	1,260,223
Accumulated losses		<u>(10,017,420)</u>	<u>(10,124,899)</u>
Total equity		<u>1,033,159</u>	<u>1,840,498</u>

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 half-year ended 31 December 2025

	Issued capital \$	Share based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2024	9,273,508	955,323	(6,908,912)	3,319,919
Loss after income tax expense for the half-year	-	-	(797,599)	(797,599)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(797,599)	(797,599)
Balance at 31 December 2024	<u>9,273,508</u>	<u>955,323</u>	<u>(7,706,511)</u>	<u>2,522,320</u>

	Issued capital \$	Share based payments reserve \$	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 half-year	-	-	(847,844)	(847,844)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(847,844)	(847,844)
<i>Transactions with owners in their capacity as owners:</i>				
Expiry of options	-	(955,323)	955,323	-
Vesting of share based payments	-	40,505	-	40,505
Balance at 31 December 2025	<u>10,705,174</u>	<u>345,405</u>	<u>(10,017,420)</u>	<u>1,033,159</u>

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 half-year ended 31 December 2025

	Note	31 December 2025 \$	31 December 2024 \$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(251,054)	(246,859)
Payments for exploration expenditure		(335,056)	(349,500)
Interest received		34,271	10,328
		<u>(551,839)</u>	<u>(586,031)</u>
Net cash used in operating activities			
Cash flows from investing activities			
Payments for plant & equipment		(57,508)	-
		<u>(57,508)</u>	<u>-</u>
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from issue of shares	4	-	2,464,129
Payments for capital raising costs		-	(53,450)
		<u>-</u>	<u>2,410,679</u>
Net cash from financing activities			
Net increase/(decrease) in cash and cash equivalents		(609,347)	1,824,648
Cash and cash equivalents at the beginning of the financial half-year		1,935,357	957,586
		<u>1,326,010</u>	<u>2,782,234</u>
Cash and cash equivalents at the end of the financial half-year			

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

Heavy Rare Earths Limited
Notes to the financial statements
31 December 2025

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 16 March 2026.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2025 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

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 half-year ended 31 December 2025, the company incurred a net loss of \$847,844 (31 December 2024: \$797,599), net cash outflows from operating activities of \$551,839 (31 December 2024: \$586,031) and had a cash balance as at 31 December 2025 of \$1,326,010 (30 June 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.

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 and the deferment of forecast payments for exploration and evaluation expenses and any non-discretionary corporate and administrative expenditure.

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.

Heavy Rare Earths Limited
Notes to the financial statements
31 December 2025

Note 2. Significant accounting policies (continued)

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 reporting period. 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.

Note 3. 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 4. Equity - issued capital

	31 December 2025 Shares	30 June 2025 Shares	31 December 2025 \$	30 June 2025 \$
Ordinary shares - fully paid	<u>208,033,882</u>	<u>208,033,882</u>	<u>10,705,174</u>	<u>10,705,174</u>

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.

The company would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The company is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies

Note 5. 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.

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 31 December 2025 (30 June 2025: nil).

Note 6. Commitments

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.

Heavy Rare Earths Limited
Notes to the financial statements
31 December 2025

Note 7. Events after the reporting period

On 29 January 2026 the company announced that it proposed to grant 3 million performance rights to Non-executive Director, Mr 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); and
- (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 PaleoChannel ground at the Billeroo Namba project, while the company will retain the rights to the Billeroo PaleoChannel area that the company believes to be more prospective for uranium, and closer to a significant, established uranium resource.

No other matter or circumstance has arisen since 31 December 2025 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 8. Loss per share

	31 December 2025	31 December 2024
	\$	\$
Loss after income tax attributable to the owners of Heavy Rare Earths Limited	<u>(847,844)</u>	<u>(797,599)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>208,033,882</u>	<u>77,043,410</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>208,033,882</u>	<u>77,043,410</u>
	Cents	Cents
Basic earnings per share	(0.41)	(1.04)
Diluted earnings per share	(0.41)	(1.04)

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 half-year.

Note 9. Share-based payments

During the half-year period 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.

Heavy Rare Earths Limited
Notes to the financial statements
31 December 2025

Note 9. Share-based payments (continued)

During the half-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:

- (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 issue 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**); and
- (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**).

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.

Set out below are summaries of options granted during the half-year:

31 December
2025

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired	Balance at the end of the half-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
			<u>45,700,000</u>	<u>2,500,000</u>	<u>-</u>	<u>(15,700,000)</u>	<u>32,500,000</u>

Set out below are summaries of performance rights granted during the half-year:

31 December
2025

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
27/11/2025	22/12/2028	-	-	10,000,000	-	-	10,000,000
			<u>-</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>10,000,000</u>

For the options granted during the current financial half-year, the 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
11/08/2025	11/08/2028	\$0.04	\$0.60	80.00%	-	3.94%	\$0.018

Heavy Rare Earths Limited
Notes to the financial statements
31 December 2025

Note 9. Share-based payments (continued)

For the performance rights granted during the current financial half-year, the 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

Heavy Rare Earths Limited
Directors' declaration
31 December 2025

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2025 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Gabriel Chiappini
Non-executive Chairman

16 March 2026

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

Report on the half-year financial report



Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Heavy Rare Earths Limited (the Company), does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 December 2025 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

What was reviewed?

We have reviewed the accompanying half-year financial report of the Company, which comprises:

- the statement of financial position as at 31 December 2025,
- the statement of profit or loss and other comprehensive income for the half-year then ended,
- the statement of changes in equity for the half-year then ended,
- the statement of cash flows for the half-year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review 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 Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 in the half-year financial report, which indicates that the Company incurred a net loss of \$847,844 and net operating cash outflows of \$551,839 during the half-year ended 31 December 2025. 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 conclusion is not modified in respect of this matter.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the financial report

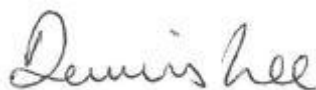
Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136



W. H. D. Lee

Director

Melbourne, 16 March 2026