HEAVY RARE EARTHS LIMITED

ACN 648 991 039

Notice of Extraordinary General Meeting

An Extraordinary General Meeting of the Company will be held as follows:

Time and date:	12.00pm (AWST) on Thursday, 1 October 2026
In-person:	Suite 1, Level 6, 350 Collins Street, Melbourne VIC 3000

The Notice of Extraordinary General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their suitably qualified advisor prior to voting.

Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by telephone on (03) 8630 3321.

Shareholders are urged to vote by lodging the Proxy Form

Heavy Rare Earths Limited
ACN 648 991 039
(Company)

Notice of Extraordinary General Meeting

Notice is hereby given that an extraordinary general meeting of Shareholders of Heavy Rare Earths Limited (**Company**) will be at Suite 1, Level 6, 350 Collins Street, Melbourne VIC 3000 on Thursday, 1 October 2026 at 12.00pm (AWST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form, form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Tuesday, 29 September 2026 at 5.00pm (AWST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

Agenda

1. Resolutions

Resolution 1 – Ratification of prior issue of Tranche 1 Placement Shares

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

'*That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 31,000,000 Tranche 1 Placement Shares issued under Listing Rule 7.1 on the terms and conditions in the Explanatory Memorandum.*'

Resolution 2 – Approval to issue Tranche 2 Placement Securities

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

'That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 34,624,999 Tranche 2 Placement Securities on the terms and conditions in the Explanatory Memorandum.'

Resolution 3 – Approval to issue Related Party Placement Securities

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

'*That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 4,017,858 Related Party Placement Securities to the following related parties (and/or their respective nominee/s):*

(a) *up to 714,285 Related Party Placement Shares and 357,143 Related Party Placement Options to Graeme Morissey; and*

(b) *up to 892,857 Related Party Placement Shares and 446,429 Related Party Placement Options to Gabriel Chiappini,*

(c) *up to 1,071,429 Related Party Placement Shares and 535,715 Related Party Placement Options to Kevin Barnett and Helen Barnett;*

on the terms and conditions in the Explanatory Memorandum.'

Resolution 4 – Approval to issue Lead Manager Options

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

'*That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 5,000,000 Lead Manager Options, on the terms and conditions in the Explanatory Memorandum.'*

Resolution 5 – Approval to issue Director Performance Rights

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

'*That, pursuant to and in accordance with Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of up to 13,500,000 Director Performance Rights to the following Directors (or their respective nominee/s) as follows:*

(a) *10,500,000 Director Performance Rights to Mr Jason Barnett; and*

(b) *3,000,000 Director Performance Rights to Mr Graeme Morissey,*

on the terms and conditions in the Explanatory Memorandum.'

2. Voting exclusions

Pursuant to the Listing Rules, the Company will disregard any votes cast in favour of the relevant Resolution by or on behalf of the following persons:

Resolution	Disregard any votes cast in favour by or on behalf of:
Resolution 1	any person who participated in the issue of the Tranche 1 Placement Shares or their respective nominee/s, or any of their respective associates.
Resolution 2	any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of the Tranche 2 Placement Securities (except a benefit solely by reason of being a Shareholder), or any of their respective associates.
Resolution 3(a)	Mr Graeme Morissey (or his nominee/s), and any other person who will obtain a material benefit as a result of the issue of these Related Party Placement Securities (except a benefit solely by reason of being a Shareholder), or any of their respective associates.
Resolution 3(b)	Mr Gabriel Chiappini (or his nominee/s), and any other person who will obtain a material benefit as a result of the issue of these Related Party Placement Securities (except a benefit solely by reason of being a Shareholder), or any of their respective associates.
Resolution 3(c)	Mr Kevin Barnett and Mrs Helen Barnett (or their nominee/s), and any other person who will obtain a material benefit as a result of the issue of these Related Party Placement Securities (except a benefit

	solely by reason of being a Shareholder), or any of their respective associates.
Resolution 4	Cygnet Capital Pty Ltd (or its nominee/s), and any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of the Lead Manager Options (except a benefit solely by reason of being a Shareholder), or any of their respective associates.
Resolution 5(a)	Mr Jason Barnett (or his nominee/s), and any other person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Plan, or any of their respective associates.
Resolution 5(b)	Mr Graeme Morissey (or his nominee/s), and any other person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Plan, or any of their respective associates.

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

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;

(b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

  (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

  (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. Voting prohibitions

If you purport to cast a vote other than as permitted below, that vote will be disregarded by the Company (as indicated below), and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act:

Resolution	Disregard any votes cast in favour by or on behalf of:
Resolution 5(a) and Resolution 5(b)	In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment, on the relevant Resolution if: (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the above prohibition does not apply if:

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

BY ORDER OF THE BOARD

Justin Mouchacca
Company Secretary
Heavy Rare Earths Limited
Dated: 1 September 2026

Heavy Rare Earths Limited
ACN 648 991 039
(Company)

Explanatory Memorandum

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Suite 1, Level 6, 350 Collins Street, Melbourne VIC 3000 on Thursday, 1 October 2026 at 12.00pm (AWST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Resolution 1 – Ratification of prior issue of Tranche 1 Placement Shares
Section 4	Resolution 2 – Approval to issue Tranche 2 Placement Securities
Section 5	Resolution 3 – Approval to issue Related Party Placement Securities
Section 6	Resolution 4 – Approval to issue Lead Manager Options
Section 7	Resolution 5 – Approval to issue Director Performance Rights
Schedule 1	Definitions
Schedule 2	Terms and conditions of Placement Options, Lead Manager Options and Related Party Placement Options
Schedule 3	Summary of material terms of the Plan
Schedule 4	Terms and conditions of Director Performance Rights
Schedule 5	Valuation of Director Performance Rights

A Proxy Form is made available with this Notice.

2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Voting in person

To vote in person, attend the Meeting on the date and at the place set out above.

2.2 Voting by a corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

2.3 Voting by proxy

A Proxy Form is made available with this Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, complete the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

(a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;

(b) a proxy need not be a member of the Company; and

(c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The available Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

(a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);

(b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;

(c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and

(d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Section 250BC of the Corporations Act provides that, if:

(a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the company's members;

(b) the appointed proxy is not the chair of the meeting;

(c) at the meeting, a poll is duly demanded, or is otherwise required under section 250JA on the resolution; and

(d) either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Your proxy voting instruction must be received by 12.00pm (AWST) on Tuesday, 29 September 2026, being not later than 48 hours before the commencement of the Meeting.

2.4 Chair’s voting intentions

The Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention.

If the Chair is your proxy, either by appointment or by default, and you have not indicated your voting intention, you expressly authorise the Chair to exercise the proxy in respect of Resolution 5(a) and Resolution 5(b) even though these Resolutions are connected directly or indirectly with the remuneration of the Company’s Key Management Personnel.

In exceptional circumstances, the Chair of the Meeting may change their voting intention on any Resolution, in which case an ASX announcement will be made.

2.5 Submitting questions

Shareholders may submit questions in advance of the Meeting to the Company. Questions must be submitted by emailing the Company Secretary at info@hreltd.com.au at least 5 Business Days before the Meeting.

Shareholders will also have the opportunity to submit questions during the Meeting in respect to the formal items of business. In order to ask a question during the Meeting, please follow the instructions from the Chair.

The Chair will attempt to respond to the questions during the Meeting. The Chair will request prior to a Shareholder asking a question that they identify themselves (including the entity name of their shareholding and the number of Shares they hold).

3. Resolution 1 – Ratification of prior issue of Tranche 1 Placement Shares

3.1 General

On 5 August 2026, the Company announced a capital raise of approximately $2.028 million (**Capital Raising**), comprising a placement and a non-renounceable entitlement offer, as follows:

(a) (**Placement**): a placement to raise $1.3 million (before costs) via the issue of up to 46,428,571 Shares (**Placement Shares**) at an issue price of $0.028 each, together with one (1) free attaching quoted option for every two (2) Placement Shares subscribed for and issued, exercisable at $0.06 per option and expiring on 26 February 2028 (**Placement Options**); and

(b) (**Entitlement Offer**): a non-renounceable entitlement offer to raise approximately $728,119 (before costs) on a 1 for 8 basis at an issue price of $0.028 per new Share, together with one (1) free attaching quoted option for every two (2) Shares subscribed for and issued under the Entitlement Offer, exercisable at $0.06 per option and expiring on 26 February 2028.

Cygnet Capital Pty Ltd (**Lead Manager**) acted as the sole lead manager and sole bookrunner to the Capital Raising. A summary of the Lead Manager Mandate is set out in Section 0.

The Placement is being undertaken in the following tranches:

(c) (**Tranche 1**): comprising 31,000,000 Placement Shares issued on 26 August 2026 (**Tranche 1 Placement Shares**) utilising the Company's available placement capacity under Listing Rule 7.1 (the subject of Resolution 1); and

(d) (**Tranche 2**): subject to and conditional upon the prior receipt of Shareholder approval, the issue of:

(i) up to 12,750,000 Placement Shares (**Tranche 2 Placement Shares**) and 21,874,999 Placement Options (including those attaching to the Tranche 1 Placement Shares) to unrelated parties of the Company (the subject of Resolution 2); and

(ii) up to 2,678,571 Placement Shares (**Related Party Placement Shares**) and 1,339,287 Placement Options (**Related Party Placement Options**) (collectively, the **Related Party Placement Securities**), in the following proportions:

(A) 714,285 Related Party Placement Shares and 357,143 Related Party Placement Options to Graeme Morissey (or his nominee/s) (the subject of Resolution 3(a)); and

(B) 892,857 Related Party Placement Shares and 446,429 Related Party Placement Options to Gabriel Chiappini (or his nominee/s) (the subject of Resolution 3(b)); and

(C) 1,071,429 Related Party Placement Shares and 535,715 Related Party Placement Options to Kevin Barnett and Helen Barnett (or their nominee/s) (the subject of Resolution 3(c)).

In addition, the Company has agreed to issue up to 5,000,000 Options (**Lead Manager Options**) to the Lead Manager (or its nominee/s) as partial consideration for the provision of lead managerial and bookrunner services in connection with the Placement (the subject of Resolution 4).

On 25 August 2026, the Company issued the Tranche 1 Placement Shares without prior Shareholder approval under Listing Rule 7.1.

Proceeds from the Placement have been and are intended to be applied towards:

(a) a strategic review at the Subron Heavy Rare Earths project;

(b) the Company's maiden drilling program at the Prospect Hill Project;

(c) ANSTO test work and the Company's maiden drilling program at the Radium Hill Project; and

(d) general working capital and to pay the costs of the Offers.

Resolution 1 seeks the approval of Shareholders pursuant to Listing Rule 7.4 to ratify the issue of Tranche 1 Placement Shares under Listing Rule 7.1.

3.2 Listing Rules 7.1 and 7.4

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

The issue of the Tranche 1 Placement Shares does not fit within any of the exceptions to Listing Rule 7.1 and, as it has not yet been approved by Shareholders, effectively uses up part of the Company's 15% placement capacity under Listing Rule 7.1. This reduces the Company's capacity to issue further Equity Securities without Shareholder approval under those Listing Rules for the 12-month period following the issue of the Tranche 1 Placement Shares.

Listing Rule 7.4 provides that where a company in a general meeting ratifies the previous issue of securities after it has been made or agreed to be made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rules 7.1), those securities will be deemed to have been made with shareholder approval for the purposes of Listing Rules 7.1.

The effect of Shareholders passing Resolution 1 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% placement capacity set out in Listing Rule 7.1, without the requirement to obtain prior Shareholder approval.

If Resolution 10 is passed, 31,000,000 Tranche 1 Placement Shares will be excluded in calculating the Company's 15% limit under Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12-month period following the issue date.

If Resolution 1 is not passed, 31,000,000 Tranche 1 Placement Shares will continue to be included in the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue or agree to issue without obtaining prior Shareholder approval, to the extent of 31,000,000 Equity Securities for the 12-month period following the issue of those Tranche 1 Placement Shares.

The Company confirms that Listing Rule 7.1 was not breached at the time the Tranche 1 Placement Shares were issued.

3.3 Specific information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the Placement Shares:

(a) The Tranche 1 Placement Shares were issued to a range of sophisticated and institutional investors (**Placement Participants**), none of whom are a related party of the Company or a Material Investor (based on information known to the Company). The participants in the Placement were identified through a bookbuild process, which involved the Company and the Lead Manager seeking expressions of interest to participate in the Placement from existing contacts of the Company and clients of the Lead Manager.

(b) A total of 31,000,000 Tranche 1 Placement Shares were issued under Listing Rule 7.1.

(c) The Tranche 1 Placement Shares are fully paid and rank equally in all respects with the Company's existing Shares on issue.

(d) The Tranche 1 Placement Shares were issued on 26 August 2026 at an issue price of $0.028 each.

(e) A summary of the intended use of the funds raised from the Placement is set out in Section 3.

(f) There are no other material terms to the agreement for the issue of the Tranche 1 Placement Shares.

(g) A voting exclusion statement is included in the Notice.

3.4 Additional information

Resolution 1 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 1.

4. Resolution 2 – Approval to issue Tranche 2 Placement Securities

4.1 General

The background to the Placement, including the proposed issue of the Tranche 2 Placement Shares and Placement Options (together, the **Tranche 2 Placement Securities**), is set out in Section 3 above.

Resolution 2 seeks the approval of Shareholders pursuant to Listing Rule 7.1 to approve the issue of up to 34,624,999 Tranche 2 Placement Securities in the proportions below:

(a) up to 12,750,000 Tranche 2 Placement Shares; and

(b) up to 21,874,999 Placement Options.

4.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 3.2 above.

The effect of Shareholders passing Resolution 2 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% placement capacity set out in Listing Rule 7.1, without the requirement to obtain prior Shareholder approval.

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Tranche 2 Placement Securities. In addition, the Tranche 2 Placement Securities will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of the Tranche 2 Placement Securities.

4.3 Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Tranche 2 Placement Securities:

(a) The Tranche 2 Placement Securities will be issued to Placement Participants (or their respective nominee/s), none of whom are a related party of the Company or a Material Investor. The Placement Participants were identified through a bookbuild process, which involved the Company and Lead Manager seeking expressions of interest to participate in the Placement from new and existing contacts of the Company and Lead Manager.

(b) A maximum of 34,624,999 Tranche 2 Placement Securities will be issued, in the following proportions:

  (i) up to 12,750,000 Tranche 2 Placement Shares; and

  (ii) up to 21,874,999 Placement Options.

(c) The Tranche 2 Placement Shares will be fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue. The Placement Options will be exercisable at $0.06 each, expire on 26 February 2028 and will otherwise be on the terms and conditions in Schedule 2.

(d) The Tranche 2 Placement Securities will be issued no later than 3 months after the date of the Meeting.

(e) The Tranche 2 Placement Shares will be issued at an issue price of $0.028 each, being the same price at which the Tranche 1 Placement Shares were issued. As the Placement Options are free attaching to the Placement Shares, the Company will not receive any cash consideration for the issue of the Placement Options.

(f) Refer to Section 3 for a summary of the intended use of funds raised from the Placement.

(g) There are no other material terms to the agreement for the issue of the Tranche 2 Placement Securities.

(h) A voting exclusion statement is included in the Notice.

4.4 Additional information

Resolution 2 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 2.

5. Resolution 3 – Approval to issue Related Party Placement Securities

5.1 General

The background to the Placement, including the proposed issue of Related Party Placement Securities, is set out in Section 3.1 above.

Directors Graeme Morissey and Gabriel Chiappini, along with Kevin Barnett and Helen Barnett, the parents of Director Jason Barnett (or their respective nominee/s) (**Related Party Participants**), wish to participate in the Placement to the extent of subscribing for up to an aggregate of 4,017,858 Related Party Placement Securities, comprised of 2,678,571 Related Party Placement Shares and 1,339,287 Related Party Placement Options, to raise $74,999.99 in the following proportions:

Related Party Participant	Amount committed to the Placement	Related Party Placement Shares	Related Party Placement Options
Graeme Morissey	$19,999.98	714,285	357,143
Gabriel Chiappini	$25,000	892,857	446,429
Kevin Barnett & Helen Barnett	$30,000.01	1,071,429	535,715
Total	**$74,999.99**	**2,678,571**	**1,339,287**

Resolution 3(a) to (c) (inclusive) seek the approval of Shareholders pursuant to Listing Rule 10.11 for the issue of the Related Party Placement Securities in the proportions set out above.

5.2 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue Equity Securities to any of the following persons without the approval of Shareholders:

(a) a related party (Listing Rule 10.11.1);

(b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (30%+) in the company (Listing Rule 10.11.2);

(c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (10%+) in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);

(d) an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (Listing Rule 10.11.4); or

(e) a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 or 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders (Listing Rule 10.11.5).

Messrs Morissey and Chiappini are each a related party of the Company by virtue of being a Director of the Company. Mr Kevin Barnett and Mrs Helen Barnett is a related party by virtue of being the parents of Director Jason Barnett.

Shareholder approval pursuant to Listing Rule 10.11 is therefore required unless an exception applies. It is the view of the Board that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to Listing Rule 7.1 is not required for the issue of the Related Party Placement Securities as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of the Related Party Placement Securities will not be included in the Company's 15% placement capacity pursuant to Listing Rule 7.1.

The effect of Shareholders passing Resolution 3(a) to (c) (inclusive) will be to allow the Company to issue the Related Party Placement Securities, to raise an additional $74,999.99(before costs) under the Placement.

If any of Resolution 3(a) to (c) (inclusive) is not passed, the Company will not be able to proceed with the issue of the relevant Related Party Placement Securities for which approval was not obtained.

Resolution 3(a) to (c) (inclusive) are not conditional on each other, and Shareholders may approve one or all of these Resolutions in which case, the Related Party Placement Securities the subject of the approved Resolution(s) will be issued, even though Shareholders have not approved all of these Resolutions.

5.3 Specific information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Related Party Placement Securities:

(a) The Related Party Placement Securities will be issued to the Related Party Participants (and/or their respective nominees) in the proportions set out in Section 5.1 above.

(b) Of the Related Party Participants:

  (i) Messrs Morissey and Chiappini fall into the category stipulated by Listing Rules 10.11.1; and

  (ii) Mr Kevin Barnett and Mrs Helen Barnett fall into the category stipulated by Listing Rule Listing Rule 10.11.4.

  In the event the Related Party Placement Securities are issued to a nominee of a Related Party Participant, that nominee will fall into the category stipulated by Listing Rule 10.11.4.

(c) A maximum of 2,678,571 Related Party Placement Shares and 1,339,287 Related Party Placement Options will be issued to the Related Party Participants (and/or their respective nominee/s) in the proportions set out in Section 5.1 above.

(d) The Related Party Placement Shares will be fully paid and rank equally in all respects with the Company's existing Shares on issue. The Related Party Placement Options will be exercisable at $0.06 each, expire on 26 February 2028 and will otherwise be on the terms and conditions in Schedule 2.

(e) The Related Party Placement Securities will be issued no later than 1 month after the date of the Meeting.

(f) The Related Party Placement Shares will be issued at a price of $0.028 each, being the same price as those Placement Shares issued to non-related party participants in the Placement. As the Related Party Placement Options are free attaching to the

Related Party Placement Shares, the Company will not receive any cash consideration for the issue of the Related Party Placement Options.

(g) Refer to Section 3.1 above for a summary of the intended use of funds raised from the Placement.

(h) The proposed issue of the Related Party Placement Securities is not intended to remunerate or incentivise Directors Graeme Morissey or Gabriel Chiappini.

(i) There are no other material terms to the proposed issue of the Related Party Placement Securities.

(j) A voting exclusion statement is included in the Notice.

5.4 Chapter 2E of the Corporations Act

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

(a) obtain Shareholder approval in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

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

The proposed issue of the Related Party Placement Securities constitutes giving a financial benefit to a related party of the Company.

The Board (with Messrs Morissey and Chiappini abstaining) considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Related Party Placement Securities because the Related Party Placement Securities will be issued on the same terms as those Securities issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm’s length terms.

5.5 Additional information

Resolution 3(a) to Resolution 3(c) (inclusive) are each separate ordinary resolutions.

The Board (with Messrs Morissey and Chiappini abstaining due to their personal interest in the outcome of these Resolutions) recommends that Shareholders vote in favour of Resolution 3(a) to Resolution 3(c) (inclusive).

6. Resolution 4 – Approval to issue Lead Manager Options

6.1 General

The background to the Placement, including the proposed issue of Lead Manager Options, is set out in Section 3.1 above.

Resolution 4 seeks the approval of Shareholders pursuant to Listing Rule 7.1 for the issue of up to 5,000,000 Lead Manager Options to the Lead Manager (or its nominee/s).

6.2 Summary of Lead Manager Mandate

The Company has signed a mandate letter dated 31 July 2026 to engage Cygnet Capital to act as Lead Manager of the Company's Entitlement Offer and Placement (**Lead Manager Mandate**), the material terms and conditions of which are summarised below:

(a) (**Fees**): In accordance with the Lead Manager Mandate, the Company will pay the following fees to the Lead Manager:

  (i) a selling fee of 4% of the gross proceeds raised under the Entitlement Offer and Placement;

  (ii) a management fee of 2% of the gross proceeds raised under the Entitlement Offer and Placement; and

  (iii) the Lead Manager Options.

(b) (**Reimbursement**): The Company has agreed to reimburse the Lead Manager for all reasonable out of pocket expenses incurred by the Lead Manager in connection with the Entitlement Offer and Placement, up to a maximum of $5,000.

The Lead Manager Mandate contains additional provisions considered standard for agreements of this nature.

6.3 Listing Rule 7.1

A summary of Listing Rule 7.1 is in Section 3.2 above.

The proposed issue of the Lead Manager Options does not fit within any of the exceptions to Listing Rule 7.1 and therefore requires the approval of Shareholders under Listing Rule 7.1.

If Resolution 4 is passed, the Company will be able to proceed with the issue of the Lead Manager Options. In addition, the issue of the Lead Manager Options will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12-month period following the issue date of the Lead Manager Options.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the Lead Manager Options and will have to consider other means of payment, including cash alternatives.

6.4 Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Lead Manager Options:

(a) The Lead Manager Options will be issued to the Lead Manager (or its nominee/s);

(b) A maximum of 5,000,000 Lead Manager Options will be issued.

(c) The Lead Manager Options will be exercisable at $0.06 each, expire on 26 February 2028 and will otherwise be subject to the terms and conditions in Schedule 2.

(d) The Lead Manager Options will be issued within 3 months after the date of the Meeting.

(e) The Lead Manager Options will be issued for a nominal issue price of $0.00001 each, as partial consideration for the provision of lead managerial services pursuant to the terms of the Lead Manager Mandate. Accordingly only $50 will be raised by the issue of the Lead Manager Options.

(f) A summary of the material terms of the Lead Manager Mandate is in Section 6.2 above.

(g) A voting exclusion statement is included in the Notice.

6.5 Additional information

Resolution 4 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 4.

7. Resolution 5 – Approval to issue Director Performance Rights

7.1 General

The Company is proposing, subject to obtaining Shareholder approval pursuant to Listing Rule 10.14, to issue up to 13,500,000 Performance Rights (**Director Performance Rights**) to Directors Jason Barnett and Graeme Morissey (or their respective nominee/s) (together, the **Recipient Directors**) under the Plan, as follows:

Recipient Director	Director Performance Rights			
	Tranche A	Tranche B	Tranche C	Total
Jason Barnett	3,500,000	3,500,000	3,500,000	10,500,000
Graeme Morissey	1,000,000	1,000,000	1,000,000	3,000,000
Total	**4,500,000**	**4,500,000**	**4,500,000**	**13,500,000**

The Director Performance Rights are to be issued under the Plan. A summary of the material terms of the Plan is in Schedule 3. Subject to the terms and conditions in Schedule 4, the Director Performance Rights will vest as follows:

Tranche	Number of Director Performance Rights	Vesting Condition
A	4,500,000	The 20-Day VWAP of the Company's Shares following the issue of the Director Performance Rights being equal to or greater than $0.075 within 3 years of the issue date.
B	4,500,000	The 20-Day VWAP of the Company's Shares following the issue of the Director Performance Rights being equal to or greater than $0.10 within 3 years of the issue date.
C	4,500,000	The 20-Day VWAP of the Company's Shares following the issue of the Director Performance Rights being equal to or greater than $0.15 within 3 years of the issue date.
Total	**13,500,000**	

The Director Performance Rights will expire on the date that is 3 years from the date of issue.

The Company is at an important stage of development with significant opportunities and challenges in both the near- and long-term, and the proposed issue of Director Performance Rights aims to align the efforts of the Recipient Directors in seeking to achieve the creation of Shareholder value.

The Board believes that the issue of these Director Performance Rights will align the interests of the Recipient Directors with those of the Company and its Shareholders. In addition, the Board also believes that incentivising the Recipient Directors with Performance Rights is a prudent means of conserving the Company's available cash reserves. The Board believes it is important to offer these Director Performance Rights to continue to attract and maintain highly experienced and qualified Board members in a competitive market.

Resolution 5(a) and Resolution 5(b) seek Shareholder approval pursuant to Listing Rule 10.14 for the issue of up to:

(a) 10,500,000 Director Performance Rights to Mr Jason Barnett; and

(b) 3,000,000 Director Performance Rights to Mr Graeme Morissey.

7.2 Listing Rule 10.14

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire Equity Securities under an employee incentive scheme without the approval of its shareholders:

(a) a director of the entity (Listing Rule 10.14.1);

(b) an associate of a person referred to in Listing Rule 10.14.1 (Listing Rule 10.14.2); and

(c) a person whose relationship with the entity or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders (Listing Rule 10.14.3).

Approval pursuant to Listing Rule 7.1 is not required for the issue of the Director Performance Rights as approval is being obtained under Listing Rule 10.14. Accordingly, the issue of the Director Performance Rights to the Recipient Directors (or their respective nominee/s) will not be included in the Company's 15% annual placement capacity in Listing Rule 7.1.

The effect of Shareholders passing Resolution 5(a) to Resolution 5(b) will be to allow the Company to issue the relevant Director Performance Rights to the Recipient Directors (or their respective nominee/s).

Resolution 5(a) to Resolution 5(b) are not inter-conditional and Shareholders may approve one or more of these Resolutions, in which case, the Director Performance Rights the subject of the relevant Resolution(s) will be issued, even though Shareholders have not approved all of these Resolutions.

7.3 Specific information required by Listing Rule 10.15

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided in relation to the proposed issue of the Director Performance Rights:

(a) The Director Performance Rights will be issued to the Recipient Directors (or their respective nominee/s).

(b) The Recipient Directors each fall into the category stipulated by Listing Rule 10.14.1 by virtue of being Directors of the Company. In the event the Director Performance Rights are issued to a nominee of the Recipient Directors, that person will fall into the category stipulated by Listing Rule 10.14.2.

(c) The maximum number of Director Performance Rights to be issued is 13,500,000, in the proportions set out in Section 7.1 above.

(d) The current total remuneration package for each of the Recipient Directors (exclusive of superannuation) is set out in the table below:

Recipient Director	Total remuneration (per annum)
Jason Barnett	$250,000
Graeme Morissey	$48,000

(e) No Equity Securities have previously been issued under the Plan to the Recipient Directors (or their respective nominee/s).

(f) A summary of the material terms of the Plan is in Schedule 3.

(g) The Board considers that Director Performance Rights, rather than Shares or cash are an appropriate form of incentive because:

(i) The Director Performance Rights seek to align the interests of the Recipient Directors with those of Shareholders with the aim of increasing Shareholder value;

(ii) The Director Performance Rights seek to provide the Recipient Directors with incentives to focus on performance with the aim of creating Shareholder value;

(iii) The Director Performance Rights are a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Recipient Directors; and

(iv) It is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Director Performance Rights upon the terms proposed.

(h) A valuation of the Director Performance Rights is set out in Schedule 5 and summarised below:

Recipient Director	Director Performance Rights	Value
Jason Barnett	10,500,000	**$293,300**
Graeme Morissey	3,000,000	**$83,800**
Total	13,500,000	**$377,100**

(i) The Director Performance Rights will be issued to the Recipient Directors (or their respective nominee/s) as soon as practicable following the meeting and, in any event, not later than 3 years after the date of the Meeting.

(j) The Director Performance Rights will be issued for nil cash consideration and will be provided as an incentive component to each of the Recipient Director's respective remuneration packages.

(k) No loan will be provided in relation to the issue of the Director Performance Rights.

(l) Details of any Securities issued under the Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14. Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Securities under the Plan after this Resolution is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

(m) A voting exclusion statement is included in the Notice.

7.4 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 5.4 above.

The proposed issue of the Director Performance Rights constitutes giving a financial benefit to related parties of the Company.

The Board (other than the Recipient Directors who each have a material personal interest in the outcome of these Resolutions) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Director Performance Rights, because the issue of the Director Performance Rights constitutes 'reasonable remuneration' and therefore falls within the exception stipulated by section 211 of the Corporations Act.

7.5 Additional information

Resolution 5(a) and Resolution 5(b) are each separate ordinary resolutions.

The Board (with Messrs Barnett and Morissey abstaining due to their personal interests in the outcome of these Resolutions) recommend Shareholders vote in favour of Resolution 5(a) and Resolution 5(b).

Schedule 1 Definitions

In the Notice, words importing the singular include the plural and vice versa.

$ or A$	means Australian Dollars.
20-Day VWAP	means the volume weighted average price of Shares traded on ASX over 20 consecutive days on which the Company's Shares have traded on ASX.
ASX	means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
Board	means the board of Directors.
Business Day	means a day other than a Saturday, Sunday, bank holiday or public holiday in Perth, Western Australia.
Chair	means the person appointed to chair the Meeting of the Company convened by the Notice.
Closely Related Party	means: (a) a spouse or child of the member; or (b) has the meaning given in section 9 of the Corporations Act.
Company	means Heavy Rare Earths Limited (ACN 648 991 039).
Constitution	means the constitution of the Company as at the date of the Meeting.
Corporations Act	means the *Corporations Act 2001* (Cth).
Director	means a director of the Company.
Director Performance Rights	has the meaning given in Section 7.1.
Equity Security	has the same meaning as in the Listing Rules.
Explanatory Memorandum	means the explanatory memorandum which forms part of the Notice.
Key Management Personnel	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.
Lead Manager	means Cygnet Capital Pty Ltd (ACN 103 488 606).
Lead Manager Mandate	has the meaning given in Section 6.2.
Lead Manager Options	has the meaning given in Section 3.1.
Listing Rules	means the listing rules of ASX.
Material Investor	means, in relation to the Company:

	(a) a related party; (b) Key Management Personnel; (c) a substantial Shareholder; (d) an advisor; or (e) an associate of the above, who received or will receive Securities in the Company which constitute more than 1% of the Company's anticipated capital structure at the time of issue.
Meeting	has the meaning given in the introductory paragraph of the Notice.
Notice	means this notice of extraordinary general meeting.
Option	means an option to acquire a Share.
Performance Right	means a right, subject to certain terms and conditions, to acquire a Share on the satisfaction (or waiver) of certain performance conditions.
Placement	has the meaning given in Section 3.1.
Placement Options	has the meaning given in Section 3.1.
Placement Participants	has the meaning given in Section 3.3(a).
Placement Shares	has the meaning given in Section 3.1.
Plan	means the Company's Long Term Incentive Plan, a summary of which is in Schedule 3.
Proxy Form	means the proxy form made available with the Notice.
Recipient Directors	means Jason Barnett and Graeme Morissey collectively.
Related Party Participants	has the meaning given in Section 5.1.
Related Party Placement Options	has the meaning given in Section 3.1.
Related Party Placement Securities	means the Related Party Placement Shares and Related Party Placement Options collectively.
Related Party Placement Shares	has the meaning given in Section 3.1.
Resolution	means a resolution referred to in the Notice.
Schedule	means a schedule to the Notice.
Section	means a section of the Explanatory Memorandum.
Securities	means any Equity Securities of the Company (including Shares, Options and/or Performance Rights).
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means the holder of a Share.

Tranche 1 Placement Shares	has the meaning given in Section 3.1.
Tranche 2 Placement Securities	has the meaning given in Section 4.1.
Tranche 2 Placement Shares	has the meaning given in Section 3.1.
WST or AWST	means Western Standard Time, being the time in Perth, Western Australia.

Schedule 2 Terms and conditions of Placement Options, Lead Manager Options and Related Party Placement Options

A summary of the terms and conditions of the Placement Options, Lead Manager Options and Related Party Placement Options (collectively, referred to as “**Options**” in this Schedule) is below:

(a) (**Entitlement**): Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) (**Exercise Price**): The amount payable upon exercise of each Option is $0.06 (**Exercise Price**).

(c) (**Expiry Date**): Each Option will expire at 5:00pm (AEDT) on 26 February 2028 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) (**Exercise Period**): The Options are exercisable at any time and from time to time on or prior to the Expiry Date.

(e) (**Quotation**): It is the Company’s current intention to seek quotation of the Options. There is no certainty that quotation of the Options will be granted. The quotation of the Options will be subject to the Company offering the Options under a prospectus prepared in accordance with Chapter 6D of the Corporations Act and lodged with ASIC and satisfying the quotation conditions set out in the Listing Rules.

(f) (**Notice of Exercise**): The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) (**Exercise Date**): A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(h) (**Shares issued on exercise**): Shares issued on exercise of the Options will rank equally with the then Shares of the Company.

(i) (**Takeovers prohibition**): The issue of Shares on exercise of the Options is subject to and conditional upon the issue of the relevant Shares not resulting in any person being in breach of section 606(1) of the Corporations Act.

(j) (**Reconstruction of capital**): If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

(k) (**Participation in new issues**): There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) (**Entitlement to dividends**): The Options do not confer any entitlement to a dividend, whether fixed or at the discretion of the directors, during the currency of the Options without exercising the Options.

(m) (**Entitlement to capital return**): The Options do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise, and similarly do not confer any right to participate in the surplus profit or assets of the Company upon a winding up, in each case, during the currency of the Options without exercising the Options.

(n) (**Adjustment for reorganisation**): If there is any reorganisation of the issued share capital of the Company, the rights of the Option holder will be varied in accordance with the Listing Rules.

(o) (**Change in exercise price**): Except as expressly provided in these terms, an Option does not confer the right to a change in the Exercise Price, an Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(p) (**Adjustment for bonus issue**): If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

(i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and

(ii) no change will be made to the Exercise Price.

(q) (**Voting rights**): The Options do not confer any right to vote at meetings of members of the Company, except as required by law, during the currency of the Options without first exercising the Options.

Schedule 3 Summary of material terms of the Plan

The principal terms of the Plan are summarised below:

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

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

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

The Plan does not contain an issue cap on the number of Awards that may be issued for no monetary consideration.

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

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

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

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

(i) all or a percentage of unvested Options will vest and become exercisable;

(ii) all or a percentage of Performance Rights will be automatically exercised; and

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

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

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

(i) the prior consent of the Board is obtained; or

(ii) such assignment or transfer occurs by force of law upon the death of a holder to the holder's legal personal representative.

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

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

(j) (**Lapse**): Unvested Awards will generally lapse on the earlier of:

(i) the cessation of employment, engagement or office of the holder;

(ii) the day the Board makes a determination that all unvested Awards and vested Options of the holder will lapse because, in the opinion of the Board the holder has acted fraudulently or dishonestly, or is in material breach of his or her duties or obligations to the Company;

(iii) if any applicable Conditions are not achieved by the relevant time;

(iv) if the Board determines that any applicable Conditions have not been met and cannot be met prior to the date that is 5 years from the grant date of an Award or any other date determined by the Board and as specified in the Offer (**Expiry Date**); or

(v) the Expiry Date.

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

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

Schedule 4 Terms and conditions of Director Performance Rights

A summary of the terms and conditions of the Director Performance Rights (referred to as **Performance Rights** in this Schedule) is set out below:

1. (**Entitlement**): Subject to the terms and conditions set out below, each Performance Right, once vested, entitles the holder to the issue of one fully paid ordinary share in the capital of the Company (**Share**).

2. (**Issue Price**): The Performance Rights are issued for nil cash consideration.

3. (**Vesting Condition**): Subject to the terms and conditions set out below, the Performance Rights will be subject to the following vesting condition (the **Vesting Condition**):

Tranche	Number of Director Performance Rights	Vesting Condition
A	4,500,000	The 20-Day VWAP of the Company's Shares following the issue of the Director Performance Rights being equal to or greater than $0.075 within 3 years of the issue date.
B	4,500,000	The 20-Day VWAP of the Company's Shares following the issue of the Director Performance Rights being equal to or greater than $0.10 within 3 years of the issue date.
C	4,500,000	The 20-Day VWAP of the Company's Shares following the issue of the Director Performance Rights being equal to or greater than $0.15 within 3 years of the issue date.

4. (**Vesting**): Subject to the satisfaction of the Vesting Condition, the Company will notify the holder in writing (**Vesting Notice**) within 10 Business Days of becoming aware that the Vesting Condition has been satisfied.

5. (**Expiry Date**): The Performance Rights will expire and lapse at 5.00pm (AWST) on the date that is 3 years from the date of issue, or as otherwise provided for under the terms of the Plan (**Expiry Date**).

6. (**Exercise**): At any time between receipt of a Vesting Notice and the Expiry Date (as defined in paragraph 5 above), the holder may apply to exercise Performance Rights by delivering a signed notice of exercise to the Company Secretary (**Notice of Exercise**). The holder is not required to pay a fee to exercise the Performance Rights.

7. (**Issue of Shares**): As soon as practicable after the valid exercise of a vested Performance Right, the Company will:

   (a) issue, allocate or cause to be transferred to the holder the number of Shares to which the holder is entitled;

   (b) if required, and subject to paragraph 8, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act;

(c) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules; and

(d) issue a substitute certificate for any remaining unexercised Performance Rights held by the holder.

8. (**Restrictions on transfer of Shares**): If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, Shares issued on exercise of the Performance Rights may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act. The Company is authorised by the holder to apply a holding lock on the relevant Shares during the period of such restriction from trading.

9. (**Ranking**): All Shares issued upon the conversion of Performance Rights will upon issue rank equally in all respects with other Shares.

10. (**Transferability of the Performance Rights**): The Performance Rights are not transferable, except with the prior written approval of the Company at its sole discretion and subject to compliance with the Corporations Act and Listing Rules.

11. (**Dividend rights**): A Performance Right does not entitle the holder to any dividends.

12. (**Voting rights**): A Performance Right does not entitle the holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the Corporations Act or the ASX Listing Rules where such rights cannot be excluded by these terms.

13. (**Quotation of the Performance Rights**): The Company will not apply for quotation of the Performance Rights on any securities exchange.

14. (**Adjustments for reorganisation**): If there is any reorganisation of the issued share capital of the Company, the rights of the Performance Rights holder will be varied in accordance with the Listing Rules.

15. (**Entitlements and bonus issues**): Subject to the rights under paragraph 16, holders will not be entitled to participate in new issues of capital offered to shareholders such as bonus issues and entitlement issues.

16. (**Bonus issues**): If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the number of Shares which must be issued on the exercise of a vested Performance Right will be increased by the number of Shares which the holder would have received if the holder had exercised the Performance Right before the record date for the bonus issue.

17. (**Return of capital rights**): The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

18. (**Rights on winding up**): The Performance Rights have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.

19. (**Takeovers prohibition**):

(a) the issue of Shares on exercise of the Performance Rights is subject to and conditional upon the issue of the relevant Shares not resulting in any person being in breach of section 606(1) of the Corporations Act; and

(b) the Company will not be required to seek the approval of its members for the purposes of item 7 of section 611 of the Corporations Act to permit the issue of any Shares on exercise of the Performance Rights.

20. (**No other rights**): A Performance Right does not give a holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

21. (**Amendments required by ASX**): The terms of the Performance Rights may be amended as considered necessary by the Board in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the Listing Rules, following such amendment, the economic and other rights of the holder are not diminished or terminated.

22. (**Plan**): The Performance Rights are issued pursuant to and are subject to the Plan. In the event of conflict between a provision of these terms and conditions and the Plan, these terms and conditions prevail to the extent of that conflict.

23. (**Constitution**): Upon the issue of the Shares on exercise of the Performance Rights, the holder will be bound by the Company's Constitution.

Schedule 5 Valuation of Director Performance Rights

The Director Performance Rights (in this Schedule, the **Performance Rights**) were valued by Stantons Corporate Finance Pty Ltd, using a Monte Carlo methodology to reflect the market-based vesting conditions. The pricing model was based on the assumptions set out below:

	Class A Performance Rights	Class B Performance Rights	Class C Performance Rights
Iterations	100,000	100,000	100,000
Valuation date	17 August 2026	17 August 2026	17 August 2026
Expiry date	17 August 2029	17 August 2029	17 August 2029
Share price at valuation date	$0.040	$0.040	$0.040
VWAP hurdle	$0.075	$0.100	$0.150
Exercise price	Nil	Nil	Nil
Risk-free rate	4.449%	4.449%	4.449%
Volatility	80.67%	80.67%	80.67%
Value per right (rounded)	$0.0323	$0.0287	$0.0228

HEAVY RARE EARTHS LIMITED

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YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 12.00pm (AWST) on Tuesday, 29 September 2026.**

TO APPOINT A PROXY ONLINE

STEP 1: VISIT https://www.votingonline.com.au/hregm2026

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

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

BY SMARTPHONE

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TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

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

Appointment of a Second Proxy

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

To appoint a second proxy you must:

(a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

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

STEP 3 SIGN THE FORM

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

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

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

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

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

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **12.00pm (AWST) on Tuesday, 29 September 2026.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

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

Online	https://www.votingonline.com.au/hregm2026
By Fax	+ 61 2 9290 9655
By Mail	Boardroom Pty Limited GPO Box 3993, Sydney NSW 2001 Australia
In Person	Boardroom Pty Limited Level 8, 210 George Street Sydney NSW 2000 Australia

Attending the Meeting

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

Heavy Rare Earths Limited
ABN 35 648 991 039

☐ **Your Address**
This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.
Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

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

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

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Extraordinary General Meeting of the Company to be held in person at **Suite 1, Level 6, 350 Collins Street, Melbourne VIC 3000 on Thursday, 1 October 2026 at 12.00pm (AWST)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of all items of business. If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 3a, 3b, 3c, 5a & 5b, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these items even though Resolutions 3a, 3b, 3c, 5a & 5b connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 3a, 3b, 3c, 5a & 5b). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

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

		For	Against	Abstain*
Resolution 1	Ratification of prior issue of Tranche 1 Placement Shares	☐	☐	☐
Resolution 2	Approval to issue Tranche 2 Placement Securities	☐	☐	☐
Resolution 3a	Approval to issue Related Party Placement Securities to Graeme Morissey	☐	☐	☐
Resolution 3b	Approval to issue Related Party Placement Securities to Gabriel Chiappini	☐	☐	☐
Resolution 3c	Approval to issue Related Party Placement Securities to Kevin Barnett and Helen Barnett	☐	☐	☐
Resolution 4	Approval to issue Lead Manager Options	☐	☐	☐
Resolution 5a	Approval to issue Director Performance Rights to Jason Barnett	☐	☐	☐
Resolution 5b	Approval to issue Director Performance Rights to Graeme Morissey	☐	☐	☐

STEP 3 SIGNATURE OF SECURITYHOLDERS

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

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name…………………………………………….... Contact Daytime Telephone……………………….............................. Date / / 2026