

ASX ANNOUNCEMENT

Heavy Rare Earths Limited (ASX: HRE)
21 November 2023

PERENJORI RARE EARTH PROJECT GRANTED

- New Perenjori project adds to HRE's rare earth exploration portfolio in Western Australia's Mid West region
- 100 per cent-owned project targeted for ion-adsorption type rare earth deposits
- Cursory historic exploration and none for rare earths

Heavy Rare Earths Limited ("HRE" or "the Company") is pleased to report an addition to its existing rare earth project portfolio of Cowalinya and Merino (WA), and Duke (NT).

The Company's 100 per cent-owned Perenjori rare earth project is located in the Mid West region of Western Australia approximately 185 kilometres ESE of the port city of Geraldton (Figure 1). It covers an area of 329 km² in two adjacent exploration licences E70/6397 and E70/6398 that were recently granted by the Department of Mines, Industry Regulation and Safety. The underlying tenure to the project is (from N to S) unallocated Crown land, general lease (for grazing purposes) and private farm land.

Native Title rights over the region is held by the Yamatji Nation.

The exploration model being investigated by HRE is heavy rare earths (HREE)-enriched ion-adsorption clay-hosted deposits similar to those found in southern China and Myanmar which supply most of the world's HREEs. The Perenjori and nearby Merino area (*refer to ASX announcement 1 September 2023*) both ranked very highly in an internal study targeting this style of mineralisation in Western Australia's palaeochannels.

Geology and Previous Exploration

The geology of the Perenjori area is dominated by Quaternary lacustrine sediments of ephemeral salt lakes (playas) as well as calcrete and laterite. Laterite is associated with sparse outcrops of Archaean granitoids which locally exhibit extreme weathering. Minor outcrops of fresh granitoids range from hornblende and biotite-bearing granite and granodiorite to undifferentiated varieties. Chemical analysis by the Geological Survey of Western Australia shows that granitic intrusions immediately north of the project contain between 363 and 889 ppm TREE (total rare earths). No samples were analysed within HRE's tenements.

Palaeochannels are inferred to occur beneath most of the project area, but owing to the complete absence of exploration drilling on HRE's tenements the precise location and depth of these palaeochannels remains uncertain.

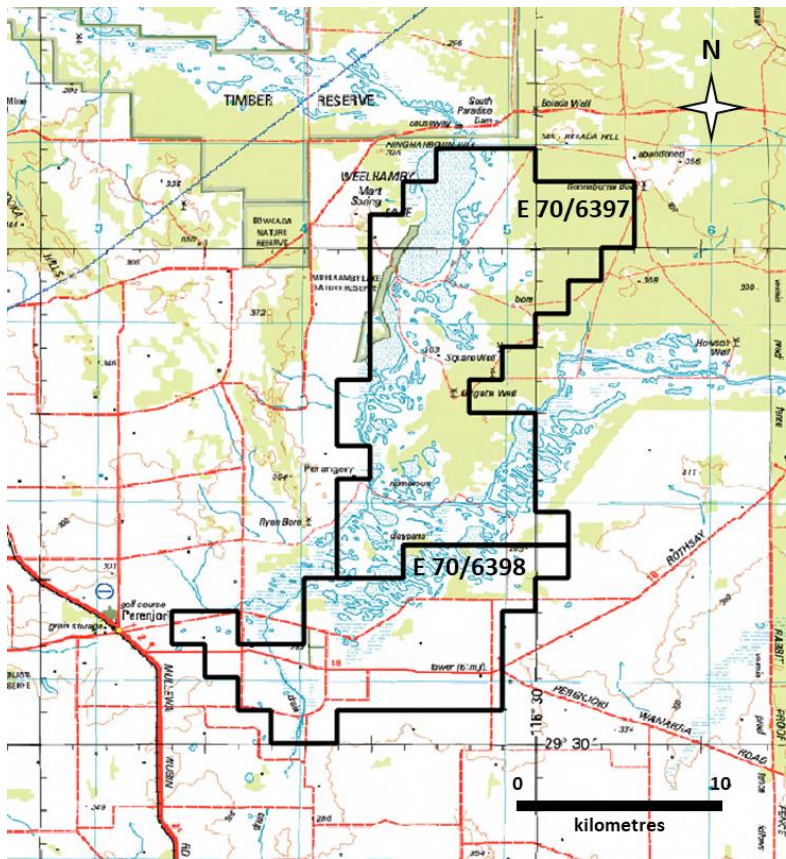


Figure 1: Location of Perenjori project tenements E70/6397 and E70/6398.
Background image: 1:250,000 scale Perenjori Topographic Map.

Planned Exploration by HRE

The Company has agreed to the terms of the Yamatji Nation Indigenous Land Use Agreement's Standard Heritage Agreement (SHA) and final execution of the SHA is imminent. This allows the commencement of on-ground exploration at both Perenjori and nearby Merino.

HRE plans to complete a first-pass sweep of the Perenjori project, comprising soil and rock sampling, during Year 1 of exploration. Drilling in Year 2 of the program will be subject to the results of Year 1 activities.

The proposed budget for Years 1 and 2 of exploration on the Perenjori project is summarized in Table 1. The statutory minimum annual expenditure commitment on the project is the same for each year at \$109,000.

Table 1: Perenjori Project Budget.

Activity	Year 1	Year 2
Rock & soil sampling ¹	\$62,900	-
Drilling ²	-	\$111,600
Tenement management ³	\$22,400	\$19,500
Administration & working capital ⁴	\$37,100	\$39,700
TOTAL	\$122,400	\$170,800

¹ Includes field support, technical consulting & assay

² Includes cultural heritage, field support, equipment rental & assay

³ Includes WA Government charges

⁴ Includes technical management

Updated Use of Funds from IPO Prospectus

The table below provides an updated 2-year Use of Funds from the Company's IPO Prospectus dated 5 July 2022 following the grant of the Perenjori tenements.

Activity	2-year Use of Funds
Drilling – exploration & resource upgrade	\$2,340,000
Assaying	\$440,000
Metallurgical process development	\$325,000
New projects – Merino (WA) & Perenjori (WA)	\$200,000
Project Studies	\$200,000
Duke project exploration (NT)	\$100,000
Payment for Cowalinya vendors – exercise of option	\$300,000
Costs of the Offers	\$640,000
Administration & working capital	\$1,455,000
Total	\$6,000,000

-- Ends --

This announcement has been approved by the Board of HRE.

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About Heavy Rare Earths Limited

Heavy Rare Earths Limited (ASX: HRE) is an Australian rare earth exploration and development company. HRE's key exploration project is Cowalinya, near Esperance in Western Australia. This is a clay-hosted rare earth project with an Inferred Resource of 159 Mt @ 870 ppm TREO and a desirable rare earth composition where 28% are the valuable magnet rare earths and 23% the strategic heavy rare earths.

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