



Heavy Rare Earths Limited

ABN 35 648 991 039

Half-year Financial Report - 31 December 2024

Heavy Rare Earths Limited
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31 December 2024

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Heavy Rare Earths Limited
Corporate directory
31 December 2024

Directors

Mr John Byrne (Non-executive Chairman)
Mr Richard Brescianini (Executive Director)
Gabriel Chiappini (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 Audit (Vic) Pty Ltd
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)

The Company's exploration focus during the half-year ended 31 December 2024 was as follows:

Acquisition of Uranium Exploration Assets in South Australia

During the 31 December 2024 half-year period, the Company progressed towards completion of the transaction with Havilah Resources Limited (ASX: HAV; "Havilah") to acquire a significant portfolio of uranium (U) exploration assets in eastern South Australia. The transaction involves HRE earning an 80% initial interest in the uranium rights on three projects by spending \$3 million over three years, including a minimum of \$1 million in the first year following completion, on exploration and development activities.

Under the Term Sheet, HRE is required to issue to Havilah:

- (i) 38,000,000 fully paid ordinary shares in HRE ("**Consideration Shares**"); and
- (ii) 17,500,000 unlisted options, each with an exercise price of \$0.06 and a term of 3 years from their date of issue ("**Consideration Options**").

The portfolio comprises highly prospective uranium targets on the Radium Hill, Lake Namba-Billeroo and Prospect Hill projects that together comprise a total area of 2,949 km². They are located in South Australia's Curnamona Province which hosts two operating in-situ recovery (ISR) uranium mines at Four Mile (Heathgate Resources Pty Ltd) and Honeymoon (Boss Energy Ltd; ASX: BOE; "Boss"), with another on care and maintenance at Beverley, an historic hard-rock uranium operation at Radium Hill, and uranium resources and deposits at several other sites (Figure 1).

Initial targets for HRE include extensions of the Radium Hill uranium deposit, the southern extension of the Billeroo Palaeochannel, the southern Namba Palaeochannel, and potential palaeochannels north and east of Prospect Hill.

Subsequent to the end of the half-year, completion of the transaction was achieved (*refer to ASX announcement 07/01/2025*) as conditions precedent were not met as at 31 December 2024.

Lake Namba-Billeroo Uranium Project and Prospect Hill Uranium Project, South Australia

During the 31 December 2024 half-year period, HRE commenced exploration on its Lake Namba-Billeroo and Prospect Hill projects (*refer to ASX announcement 19/12/2024*). It involved Perth-based Atlas Geophysics ('Atlas') acquiring passive seismic and gravity surveys at both projects to define the location and extent of palaeochannels at a relatively shallow depth (<120 m). Surveys initially focused on the Billeroo Palaeochannel which hosts Boss's Gould's Dam uranium resource. The combined length of the Billeroo Palaeochannel being explored by HRE in the current campaign is 30 km (Figure 2).

The Company anticipates Atlas will complete the geophysical program during the first quarter of calendar year 2025.

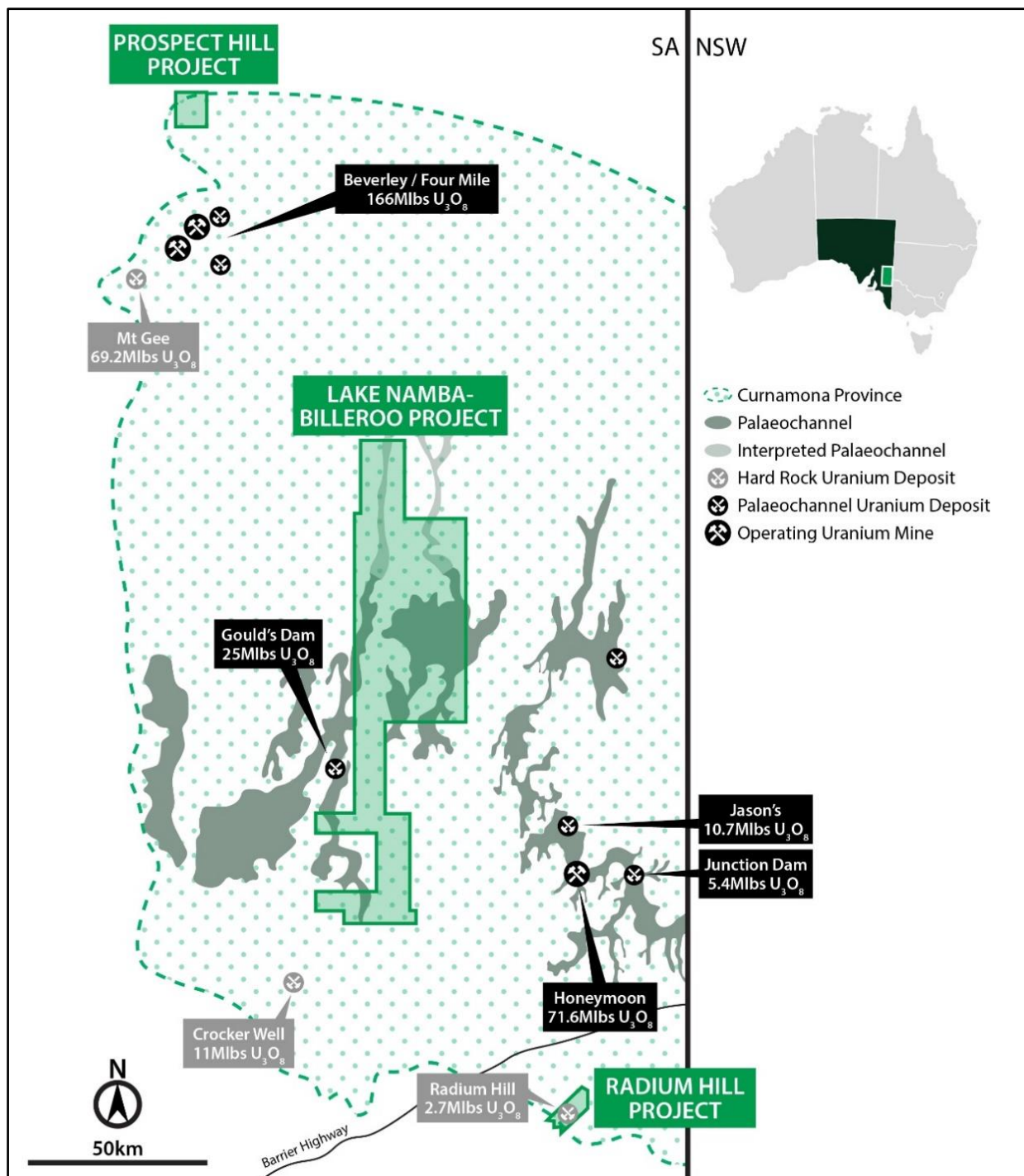


Figure 1: Location of HRE project areas and uranium deposits¹ in the Curnamona Province of eastern South Australia

¹ Data sources:

- Boss Energy Ltd (ASX: BOE) Annual Report 2024.
- Marmota Limited (ASX: MEU) ASX announcement 26/10/2023: "Marmota to grow Junction Dam uranium resource".
- SARIG SA Geodata MINDEP Database https://drillhole.pir.sa.gov.au/MineralDepositDetails.aspx?DEPOSIT_NO=962.
- Wilson T 2015. Uranium and uranium mineral systems in South Australia – Third edition, Report Book 2015/00011. Department of State Development, South Australia, Adelaide.
- World Nuclear Association: <https://world-nuclear.org/information-library/appendices/australia-s-uranium-mines>.

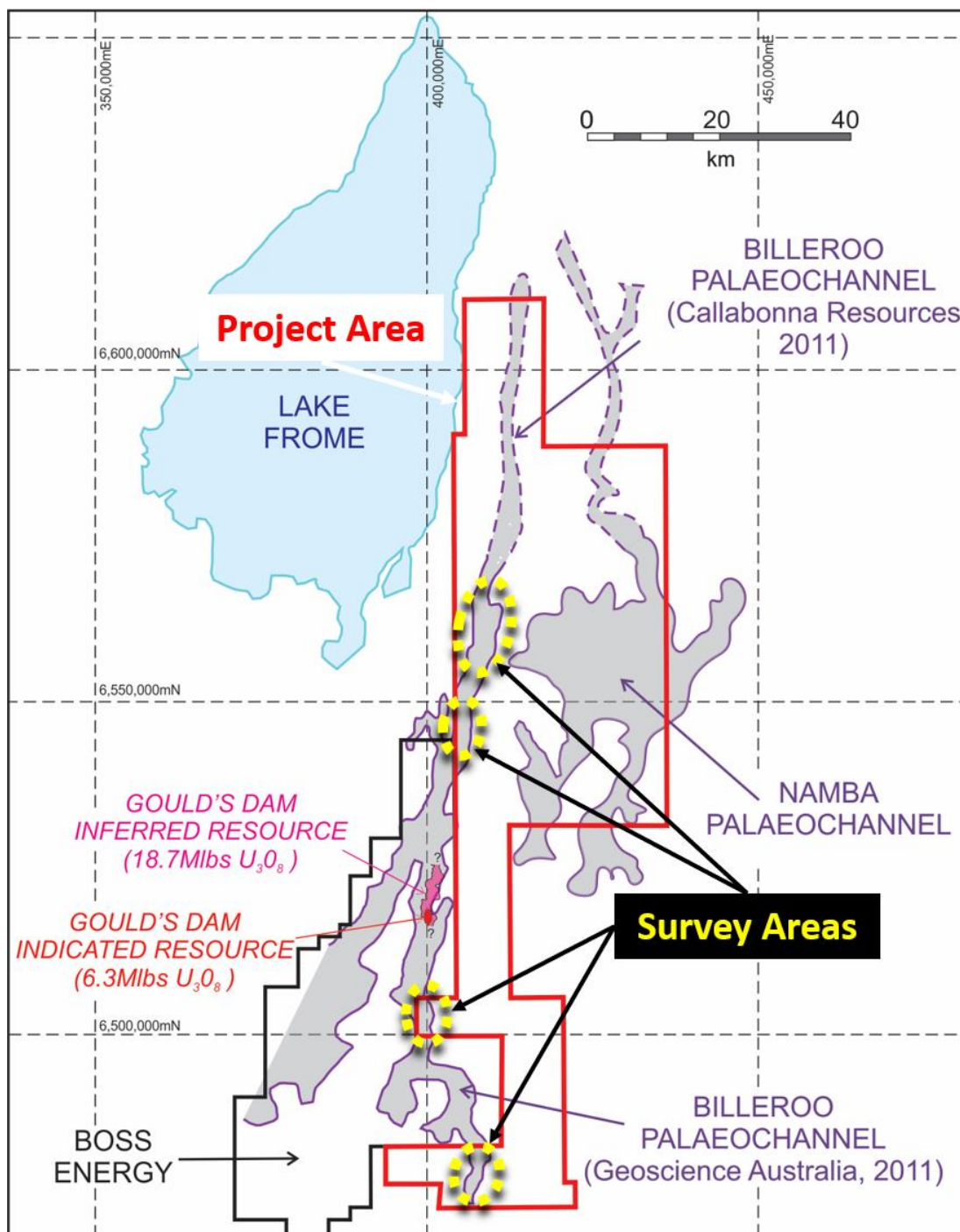


Figure 2: Lake Namba-Billeroo Project showing location of Billeroo Palaeochannel passive seismic/gravity survey areas.

Radium Hill Uranium-Rare Earth Project, South Australia

At HRE's Radium Hill Project, there is considerable potential to discover extensions of uranium mineralization north-east of the main mine lode system. In addition to earning an initial 80% interest in the uranium rights at Radium Hill, HRE's transaction with Havilah incorporates said rights to rare earths (REE) and scandium (Sc).

During the 31 December 2024 half-year period the Company reported assay results from sampling of mineralization from historic dumps, both within the historic Radium Hill Mine site lease, which is excluded from HRE's Radium Hill project, and from lode extensions which are in the project area. All samples collected showed high concentrations of U, REE and Sc (Table 1), confirming historic observations by early explorers and scientists.

Table 1: Radium Hill reference sample assays

ID	U ₃ O ₈ ppm	U ₃ O ₈ %	V ₂ O ₅ ppm	Sc ₂ O ₃ ppm	TREO ppm	TREO %
RH-A	59	0.006	7034	1081	1602	0.16
RH-B	2476	0.25	7712	468	10853	1.09
RH-C	4233	0.42	4713	391	14800	1.48
RH-1	5684	0.57	6819	606	12171	1.22
RH-2	16273	1.63	10604	452	36371	3.64

Whilst highly encouraging, these results are not purported to be representative of the mineralization in the region, which would require systematic sampling, including drilling and/or costeaning, to reach any firm conclusions. However, the associated metal results are sufficiently encouraging to warrant detailed follow up and inclusion in the project's future assay protocols and metallurgical treatment considerations.

Perenjori Uranium Project, Western Australia

The Company's 100 per cent-owned Perenjori project is located 190 kilometres east-south-east of the port city of Geraldton. The project shows potential to host "calcrete-type" uranium and ion adsorption-type rare earths in palaeochannels on Archaean granitic basement. Virtually no exploration for these deposit types is evident from historic reports.

Work in 2024 by HRE successfully delineated the location and depth of an inferred major palaeochannel system in the project area, and soil sampling verified previously-reported surface uranium anomalism associated with an 8-kilometre-long airborne radiometric anomaly (*refer to ASX announcement 19/06/2024*).

No work was carried out at Perenjori during the December 2024 half-year period but the Company has scheduled field work (passive seismic and soil sampling) for the first quarter of calendar year 2025.

Corporate

During the 31 December 2024 half-year period the Company announced that it received firm commitments for a two-tranche placement to raise \$1,200,000 (before costs) at an issue price of \$0.03 per share ("Placement"), being a 15.1% discount to the Company's 15-day volume weighted average price ("VWAP") and a 11.4% discount to the 30-day VWAP to the close of trading on Friday 18 October 2024.

The Placements were completed during the half-year period to 31 December 2024 and \$1,200,000 was received.

In addition to the Placement, the Company completed a non-renounceable entitlement offer to existing shareholders of one (1) share for every two (2) shares held in the Company ("Entitlement Offer") at an issue price of \$0.03 per share, raising \$1.26 million (before costs) and issued 42,137,633 shares. The Entitlement Offer was fully underwritten by Cygnet Capital Pty Ltd ("Cygnet") and Taylor Collison Limited ("Taylor Collison"), with each of Cygnet and Taylor Collison underwriting 50% of the Entitlement Offer.

Cowalinya Rare Earth Project, Western Australia

The Company's 100 per cent-owned Cowalinya project is located approximately 110 kilometres north-north-east of the port city of Esperance.

During the December 2024 half-year period, the Company reported a very substantial growth in Inferred Mineral Resources for Cowalinya to 159 million tonnes @ 870 ppm (Table 2). This result represents material increases in resource tonnes (468%), grade (39%), and contained rare earths (690%) on the project's maiden Mineral Resources reported in 2022. Significantly, the valuable magnet rare earth component of the Mineral Resources has also increased from 25% to 28% which is at the high-end for Australian clay-hosted resources.

Table 2: Summary Estimate of Mineral Resources for Cowalinya Rare Earth Project.

JORC RESOURCE CLASS	TONNES (Mt)	TREO (ppm)	MAGNET REOs (ppm)	MAGNET REOs/TREO	Sc ₂ O ₃ (ppm)
Inferred	159	870	242	28%	32

TREO = La₂O₃+CeO₂+Pr₆O₁₁+Nd₂O₃+Sm₂O₃+Eu₂O₃+Gd₂O₃+Tb₄O₇+Dy₂O₃+Ho₂O₃+Er₂O₃+Tm₂O₃+Yb₂O₃+Lu₂O₃+Y₂O₃

Magnet REOs = Pr₆O₁₁+Nd₂O₃+Tb₄O₇+Dy₂O₃

Reported above a cut-off grade of 400 ppm TREO-CeO₂

The average total thickness of the three interpreted mineralised layers in weathered saprolite that comprise the Mineral Resources is nearly 15 metres and the top of the predominant mineralisation lies about 15 metres below surface. The shallow, weathered and near horizontal nature of the mineralisation may allow broad-scale free-dig mining and excavation with equipment such as scrapers and continuous miners.

Heavy Rare Earths Limited
Directors' report
31 December 2024

The directors present their report, together with the financial statements, on the Company for the half-year ended 31 December 2024.

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 John Byrne (Non-executive Chairman)
Mr Richard Brescianini (Executive Director)
Mr Gabriel Chiappini (Non-executive Director) appointed 31 January 2025
Mr Ryan Skeen (Non-executive Director) resigned 31 January 2025

Principal activities

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

Main Business activities include:

- Exploring, developing and operating mineral resource projects with a focus on rare earth elements (REEs), including the Cowalinya Project in the Norseman-Esperance region of Western Australia.
- Completing the acquisition of its 80% interest in the uranium rights on three projects held by Havilah Resource Limited and commencing exploration activities on these projects.
- Conducting a review on potential business development opportunities capable of enhancing the portfolio and driving shareholder returns.

Review of operations

The loss for the Company after providing for income tax amounted to \$797,599 (31 December 2023: loss of \$861,729).

Financial performance

The loss for the half-year period amounted to \$797,599 (31 December 2023: loss of \$861,729).

Financial Position

The Company's net assets increased by \$1,791,790 to \$2,522,320 as at 31 December 2024. The increase in net assets was a result of the capital raise during the half-year period.

Significant changes in the state of affairs

On 21 October 2024 the Company announced it has entered into a binding Term Sheet with Havilah Resources Limited (ASX: HAV; "**Havilah**") to acquire a significant portfolio of uranium exploration assets in the uranium rich Curnamona Province of eastern South Australia ("**Acquisition**"). The transaction involves HRE earning an 80% initial interest in the uranium rights on three projects by spending \$3 million over three years, including a minimum of \$1 million in the first year following completion of the Acquisition, on exploration and development activities.

Under the Term Sheet and subject to satisfying the conditions precedent, HRE is required to issue to Havilah:

- i 38,000,000 fully paid ordinary shares in HRE ("**Consideration Shares**"); and
- ii 17,500,000 unlisted options, each with an exercise price of \$0.06 and a term of 3 years from their date of issue ("**Consideration Options**").

Havilah will be free-carried until the completion of a bankable feasibility study ("**BFS**") on any uranium deposit discovered. Following completion of a BFS, Havilah will have the right to contribute its pro-rata share of all future expenditure, or otherwise dilute to a 1.5% net smelter royalty ("**NSR**") on production from that uranium deposit.

As at 31 December 2024, the conditions precedent to completion of the Acquisition were not met.

The Company also announced that it had received firm commitments for a two-tranche placement to raise \$1,200,000 (before costs) at an issue price of \$0.03 per share ("**Placement**"), being a 15.1% discount to the Company's 15-day volume weighted average price ("**VWAP**") and a 11.4% discount to the 30-day VWAP to the close of trading on Friday 18 October 2024.

Heavy Rare Earths Limited
Directors' report
31 December 2024

In addition to the Placement, the Company announced that it was proposing, subject to shareholder approval, to undertake a non-renounceable entitlement offer to existing shareholders of one (1) share for every two (2) shares held in the Company ("**Entitlement Offer**") at an issue price of \$0.03 per share, to raise up to \$1,264,000 (before costs).

The Entitlement Offer was fully underwritten by Cygnet and Taylor Collison Limited ("**Taylor Collison**"), with each of Cygnet and Taylor Collison underwriting 50% of the Entitlement Offer respectively.

On 11 November 2024 the Company issued 16,000,000 fully paid ordinary shares (Shares) pursuant to the Placement with an issue price of \$0.03 (3 cents) per share, raising \$480,000.

On 28 November 2024, the Company sought shareholder approval for the Acquisition at its Annual General Meeting of shareholders. This was approved by the shareholders.

On 29 November 2024, the Company announced a fully underwritten non-renounceable pro rata offer to Eligible Shareholders of 42,137,575 New Shares at an issue price of \$0.03 per New Share on the basis of 1 (one) New Share for every 2 (two) Existing Shares held to raise approximately \$1.26 million before issue costs (Entitlement Offer).

On 23 December 2024 the Company issued 42,137,633 Shares pursuant to the Entitlement Offer raising \$1,264,129 (before costs) and 24,000,000 Shares to settle the second tranche of the Placement, raising \$840,000 before costs.

The Company also issued 9,621,099 Shares to settle outstanding Directors fees and consultant liabilities with an issue price of \$0.03 (3 cents) per share.

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

Matters subsequent to the end of the financial half-year

On 7 January 2025 the Company announced that it had completed the acquisition of its interest in the Uranium rights for the Acquisition and issued the 38,000,000 Consideration Shares and 17,500,000 Consideration Options. The Company also issued 10,000,000 Shares pursuant to Introductory fee for the Acquisition.

On 31 January 2025, Mr Gabriel Chiappini was appointed Non-executive Director and Mr Ryan Skeen resigned.

No other matter or circumstance has arisen since 31 December 2024 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 John Byrne
Non-executive Chairman

13 March 2025

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 2024, 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.



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



J. C. Luckins
Director
Melbourne, 13 March 2025

Heavy Rare Earths Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024

	Note	31 December 2024 \$	31 December 2023 *Restated \$
Revenue			
Interest Income		10,328	21,222
Expenses			
Corporate and administrative expenses		(391,102)	(329,860)
Employment expenses		(211,910)	(119,970)
Exploration expenditure		(204,915)	(422,166)
Share based payment expense		-	(10,955)
Loss before income tax expense		(797,599)	(861,729)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Heavy Rare Earths Limited		(797,599)	(861,729)
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		(797,599)	(861,729)
		Cents	Cents
Basic earnings per share	8	(1.04)	(1.26)
Diluted earnings per share	8	(1.04)	(1.26)

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 2024

	Note	31 December 2024 \$	30 June 2024 \$
Assets			
Current assets			
Cash and cash equivalents		2,782,234	957,586
Trade and other receivables		61,150	63,055
Total current assets		<u>2,843,384</u>	<u>1,020,641</u>
Total assets		<u>2,843,384</u>	<u>1,020,641</u>
Liabilities			
Current liabilities			
Trade and other payables		321,064	274,303
Employee benefits		-	15,808
Total current liabilities		<u>321,064</u>	<u>290,111</u>
Total liabilities		<u>321,064</u>	<u>290,111</u>
Net assets		<u>2,522,320</u>	<u>730,530</u>
Equity			
Issued capital	5	9,273,508	6,684,119
Reserves		955,323	955,323
Accumulated losses		<u>(7,706,511)</u>	<u>(6,908,912)</u>
Total equity		<u>2,522,320</u>	<u>730,530</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 2024

	Issued capital \$	Share based payment \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	6,683,971	944,368	(2,238,104)	5,390,235
Adjustment for change in accounting policy (Note 3)	-	-	(3,362,524)	(3,362,524)
Balance at 1 July 2023 - restated	6,683,971	944,368	(5,600,628)	2,027,711
Loss after income tax expense for the half-year	-	-	(861,729)	(861,729)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(861,729)	(861,729)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	150	-	-	150
Share-based payments	-	10,955	-	10,955
Balance at 31 December 2023	<u>6,684,121</u>	<u>955,323</u>	<u>(6,462,357)</u>	<u>1,177,087</u>
	Issued capital \$	Share based payment \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2024	6,684,119	955,323	(6,908,912)	730,530
Issue of Tranche 1 Placement Shares	480,000	-	-	480,000
Issue of Rights Issue Entitlement Shares	1,264,129	-	-	1,264,129
Issue of Tranche 2 Placement Shares	720,000	-	-	720,000
Issue of shares for settlement of Director and Consultant Fees	288,633	-	-	288,633
Cost of Share Issues	(163,373)	-	-	(163,373)
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>

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 2024

	Note	31 December 2024 \$	31 December 2023 *Restated \$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(246,859)	(433,227)
Payments for exploration expenditure		(349,500)	(409,060)
Interest received		10,328	21,222
Net cash used in operating activities		<u>(586,031)</u>	<u>(821,065)</u>
Net cash from investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from issue of shares	5	2,464,129	150
Payments for capital raising costs		<u>(53,450)</u>	<u>-</u>
Net cash from financing activities		<u>2,410,679</u>	<u>150</u>
Net increase/(decrease) in cash and cash equivalents		1,824,648	(820,915)
Cash and cash equivalents at the beginning of the financial half-year		<u>957,586</u>	<u>2,124,052</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>2,782,234</u></u>	<u><u>1,303,137</u></u>

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

Note 1. General information

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

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

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

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 13 March 2025.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 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 2024 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 2024, the Company incurred a net loss of \$797,599 (31 December 2023: loss of \$861,729), net cash outflows from operating activities of \$586,031 (31 December 2023: outflows of \$821,065) and had a cash balance as at 31 December 2024 of \$2,782,234 (30 June 2024: \$957,586).

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.

Accordingly, the financial report has been prepared on the basis that the Group 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.

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. Restatement of comparatives

Change in accounting policy

During the year ended 30 June 2024, the Company changed its accounting policy relating to the capitalisation of tenement acquisition costs and all associated expenditures incurred, in accordance with AASB 6 Exploration and Evaluation of Mineral Resources. The Company concluded that it is more appropriate to expense all costs associated with the exploration and evaluation activities undertaken.

In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, the consolidated entity has retrospectively applied the aforementioned change in accounting policy and therefore comparative information presented herein has been restated.

Statement of profit or loss and other comprehensive income

	31 December 2023 \$ Reported	Consolidated \$ Adjustment	31 December 2023 \$ Restated
Revenue			
Sundry income	21,222	-	21,222
Expenses			
Corporate and administrative expenses	(329,860)	-	(329,860)
Employment expenses	(119,970)	-	(119,970)
IPO Costs	-	-	(452,730)
Other exploration costs	(30,102)	(392,064)	(422,166)
Share based payment	(10,955)	-	(10,955)
Loss before income tax expense	(469,665)	(392,064)	(861,729)
Income tax expense	-	-	-
Loss after income tax expense for the Half-year attributable to the owners of Heavy Rare Earths Limited	(469,665)	(392,064)	(861,729)
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	(469,665)	(392,064)	(861,729)
	Cents Reported	Cents Adjustment	Cents Restated
Basic earnings per share	(0.69)	(0.58)	(1.27)
Diluted earnings per share	(0.69)	(0.58)	(1.27)

Note 3. Restatement of comparatives (continued)

Statement of Cash Flows

Consolidated

	31 December 2023 \$ Reported	\$ Adjustment	31 December 2023 \$ Restated
Cash flows from operating activities			
Payments for exploration and evaluation	-	(409,060)	(409,060)
Payments to suppliers and employees (inclusive of GST)	(433,227)	-	(433,227)
Interest received	21,222	-	21,222
Net cash used in operating activities	(412,005)	(409,060)	(821,065)
Cash flows from investing activities			
Payments for exploration and evaluation	(409,060)	409,060	-
Net cash used in investing activities	(409,060)	409,060	-
Cash flows from financing activities			
Proceeds from issue of shares	150	-	150
Share issue transaction costs	-	-	-
Net cash from financing activities	150	-	150
Net decrease in cash and cash equivalents	(820,915)	-	(820,915)
Cash and cash equivalents at the beginning of the Half-year	2,124,052	-	2,124,052
Cash and cash equivalents at the end of the Half-year	1,303,137	-	1,303,137

Note 4. 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 5. Equity - issued capital

	31 December 2024 Shares	30 June 2024 Shares	31 December 2024 \$	30 June 2024 \$
Ordinary shares - fully paid	160,033,882	68,275,150	9,273,508	6,684,119

Note 5. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2024	68,275,150		6,684,119
Issue of Trance 1 Placement shares	1 November 2024	16,000,000	\$0.03	480,000
Issue of Rights Issue - Entitlement shares	23 December 2024	42,137,633	\$0.03	1,264,129
Issue of Trance 2 Placement shares	23 December 2024	24,000,000	\$0.03	720,000
Issue of shares for settlement of Director and Issue of shares to settle outstanding Directors and consultant Fees	23 December 2024	9,621,099	\$0.03	288,633
Capital raising costs		-	-	(163,373)
Balance	31 December 2024	<u>160,033,882</u>		<u>9,273,508</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 6. Contingent liabilities

There are no contingent liabilities at 31 December 2024 (2023: nil).

Note 7. Events after the reporting period

On 7 January 2025 the Company announced that it had completed the acquisition of its interest in the Uranium rights for the Acquisition following satisfaction of the conditions precedent and issued the 38,000,000 Consideration Shares and 17,500,000 Consideration Options. The Company also issued 10,000,000 Shares to brokers pursuant to Introductory fee for the Acquisition.

On 31 January 2025, Mr Gabriel Chiappini was appointed Non-executive Director and Mr Ryan Skeen resigned.

No other matter or circumstance has arisen since 31 December 2024 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 2024 \$	31 December 2023 \$
Loss after income tax attributable to the owners of Heavy Rare Earths Limited	<u>(797,599)</u>	<u>(861,729)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>77,043,410</u>	<u>68,275,150</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>77,043,410</u>	<u>68,275,150</u>
	Cents	Cents
Basic earnings per share	(1.04)	(1.26)
Diluted earnings per share	(1.04)	(1.26)

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 2024 or 2023).

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 Group has generated a loss for the Half-year.

Heavy Rare Earths Limited
Directors' declaration
31 December 2024

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 2024 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 John Byrne
Non-executive Chairman

13 March 2025

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 2024 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 2024,
- 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.

Responsibilities of the directors for the half-year 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 half-year 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 2024 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



J. C. Luckins
Director
Melbourne, 13 March 2025