

1. ASX Corporate Governance Council Principles and Recommendations

Heavy Rare Earths Ltd (“the **Company**”) has adopted systems of control and accountability as the basis for the administration of its corporate governance. The Board is committed to administering the policies and procedures with openness and integrity commensurate with the Company’s needs and as required to comply with legal and regulatory requirements (including the ASX Listing Rules and the Corporations Act).

The Board seeks, where appropriate, to provide accountability levels that meet or exceed *The Corporate Governance Principles and Recommendations (4th Edition)* as published by ASX Corporate Governance Council in February 2019 (“**Recommendations**”).

The Company’s corporate governance policies and procedures will be reviewed and where necessary updated and amended to address the Recommendations as amended from time to time. Copies of the Company’s corporate governance policies and procedures are available in full on the Company website at <https://hreltd.com.au/about-us/corporate-governance/>.

The Company’s main corporate governance policies and practices as at the date of this statement, adopted by the Board on 30 September 2025, are outlined below.

Principle 1: Lay solid foundations for management and oversight

Board of Directors

The Board is responsible for the overall management and corporate governance of the Company. The responsibilities of the Board include but are not limited to:

- the development, implementation and alteration of the strategic direction of the Company, including future expansion of the Company’s business activities;
- risk management, assessment and monitoring. The risk management framework is reviewed at least once during each Reporting Period and the Company will in future disclose that such review has taken place in accordance with the Recommendations;
- ensuring appropriate external reporting to shareholders, the ASX, ASIC and other stakeholders;
- encouraging ethical behaviour, including compliance with the Company’s governing laws and procedures and compliance with corporate governance standards;
- establishing targets and goals for Senior Management (if any) to achieve and monitoring the performance of Senior Management (if any);
- review and oversight of compliance with applicable law including the ASX Listing Rules (whilst the Company is listed on the ASX), financing reporting obligations, including periodic and continuous disclosure, legal compliance and related corporate governance matters;
- monitoring and reviewing the operational performance of the Company including the viability of current and prospective operations and opportunities;
- the appointment of new Directors to fill a casual vacancy or as additional Directors, including the conduct of appropriate checks prior to appointment of such Directors, and the provision of all material information to shareholders in determining whether to elect or re-elect such Director(s);
- the appointment and, where appropriate, the removal of senior executives (Managing Director/CEO, CFO, Executive Directors, Company Secretary, and ratifying the appointment or removal of Senior Management) of the Company, including the conduct of appropriate background checks prior to the appointment of such senior executives;
- reviewing the code of conduct, communication and disclosure policy, securities trading policy, diversity policy, risk management policy and remuneration policy to ensure the policies meet the standard of corporate governance required by the Board and are being complied with;
- approving and monitoring major Company financing matters including approval and monitoring of major capital expenditure, capital management, acquisitions and divestitures, materials contracts and incurring material debt obligations; and

- periodic review of the performance of the Board, individual directors and senior executives by special purpose committees established by the Board.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully informed basis.

Board Charter and Policies

The Board has adopted a Board Charter and Code of Conduct which formally recognises its responsibilities, functions, power, authority, and composition. The Board Charter and Code of Conduct set out matters that are important for the effective corporate governance of the Company, including:

- a definition of "independence" consistent with the Recommendations;
- a framework for the identification of candidates for appointment to the Board and their selection (including undertaking appropriate background checks);
- a framework for individual performance evaluation;
- proper training to be made available to Directors both at the time of their appointment and on an ongoing basis for professional development purposes;
- basic procedures for meetings of the Board and its committees (if any) including frequency, agenda, minutes and discussions of management issues among non-executive directors;
- ethical standards and values (in a detailed code of corporate conduct which is to be reviewed periodically). The Directors are to be informed of any and all breaches of the code of conduct;
- dealings in securities (in a detailed code for securities transactions designed to ensure fair and transparent trading by Directors, senior management and their associates); and
- communication and disclosure to shareholders and the market.

Pursuant to the Board Charter, the Board will set out the terms and conditions of the appointment of a Director or Senior Executive in a formal letter of appointment or a Service Agreement (including an Executive Service Agreement where applicable). Where that Director or Senior Executive proposes providing services via a corporate entity then the Company and that Director or Senior Executive will execute a letter under which that Director or Senior Executive personally acknowledges their personal obligations. The Company will provide shareholders of the Company with all material information in the Company's possession which is relevant to a decision on whether to elect or re-elect a Director.

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

Any breach of the Board Charter and/or the Code of Conduct is communicated to the Company Secretary who must immediately notify the Board of the particulars of any breach.

Independent professional advice

Under the Board Charter, subject to approval from the Chair, each Director has the right to seek independent legal or other professional advice at the Company's expense on all matters necessary for that Director to make fully informed and independent decisions to discharge his or her responsibilities.

Diversity Policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises contributions of employees with diverse backgrounds, experiences and perspectives.

The Board will endeavour where practicable to set measurable objectives for achieving gender diversity and will report on the progress of the Company in achieving such objectives within each reporting period. The Board,

having regard to the size and scale of the operations of the Company, has decided not to set measurable objectives for achieving gender diversity in the current reporting period.

The participation of women in the Company at the date of this report is as follows:

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| • Women employees in the Company | None |
| • Women in senior management positions | None |
| • Women on the Board | None |

The Company's Diversity Policy is contained within the Corporate Governance Plan available on the Company's website.

Board & Management Performance Review

On an annual basis, the Board conducts a review of its structure, composition and performance.

The annual review includes consideration of the following measures:

- comparison of the performance of the Board against the requirements of the Board charter;
- assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget;
- review the Board's interaction with management -when applicable;
- identification of any particular goals and objectives of the Board for the next year;
- review the type and timing of information provided to the directors; and
- identification of any necessary or desirable improvements to Board or committee charters.

The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment checklist to be completed by each Director. The Board may also use an independent adviser to assist in the review.

The Chairman has primary responsibility for conducting performance appraisals of Non-Executive Directors, in conjunction with them, having particular regard to:

- contribution to Board discussion and function;
- degree of independence including relevance of any conflicts of interest;
- availability for and attendance at Board meetings and other relevant events;
- contribution to Company strategy;
- membership of and contribution to any Board committees; and
- suitability to Board structure and composition.

Due to the size of the Board and the Company at this stage, no formal appraisal of the Board was conducted during the FY25 period.

Independent Advice

Directors have a right of access to all Company information and executives. Directors are entitled, in fulfilling their duties and responsibilities, to seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

Remuneration arrangements

The total maximum remuneration of non-executive Directors is determined by ordinary resolution of shareholders in a general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules (as applicable). The determination of non-executive Directors' remuneration within that maximum will be

made by the Board having regard to the input and value to the Company of the respective contributions of each non-executive Director. The aggregate remuneration for non-executive Directors is currently set at \$350,000.

Principle 2: Structure the board to add value

Composition of the Board

Election of Board members is substantially the province of the shareholders in a general meeting. Although the Board may appoint Directors to fill casual vacancies or as additions to the Board, the ongoing appointment of Directors is subject to receipt of requisite shareholder approval(s).

The Directors (other than the Managing Director) are subject to retirement by rotation and re-election requirements under the constitution that are consistent with the ASX Listing Rules.

It is the objective of the Company to establish and maintain a Board with a broad representation of skills, experience and expertise. The Board has adopted a skills matrix against which the skills and experience of the Board are measured and reported upon.

During the financial year and as at the date of this report the Board was comprised of the following members:

Mr John Byrne	Non-executive Chairman (appointed 2 February 2022)
Mr Richard Brescianini	Executive Technical Director (appointed 2 February 2022)
Mr Ryan Skeen	Non-executive Director (appointed 16 May 2022, resigned 31 January 2025)
Mr Gabriel Chiappini	Non-executive Director (appointed 31 January 2025)

The Board comprises of the majority of Non-executive Directors.

The Company has adopted a definition of 'independence' for Directors that is consistent with the Recommendations. The Board considers Mr Byrne and Mr Chiappini to be independent.

Mr Byrne and Mr Chiappini are considered to be independent as they do not have any day-to-day management of the Company or a substantial shareholding. Further these directors do not have an interest, position, affiliation or relationship of the type described in Box 2.3 of the Recommendations.

Board Selection Process

The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern the Company. The Board believes that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review.

The Board is responsible for the nomination and selection of directors. The Board reviews the size and composition of the Board regularly and at least once a year as part of the Board evaluation process.

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

Due to the size of the Board, the Company has not measured the board against its skills matrix in the period. The Board is satisfied that the necessary industry experience and skills for the proper functioning of the Board of the Company are well represented currently. The Board will consider measuring against and updating the skills matrix in the future.

Induction of New Directors and Ongoing Development

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

An induction program is in place and new Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

The Company has adopted core business values which are documented in the Company's Corporate Governance Plan.

The Company has implemented a Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment. It underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders.

All employees and Directors are expected to:

- respect the law and act in accordance with it;
- maintain high levels of professional conduct;
- respect confidentiality and not misuse Company information, assets or facilities;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Conduct may face disciplinary action including, in the cases of serious breaches, dismissal. If an employee suspects that a breach of the Code of Conduct has occurred or will occur, he or she must report that breach to the Company Secretary, or in their absence, the Chairman (who will report material breaches to the Board). No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

The Company has a Whistleblower Policy which encourages employees and others involved with the Company to report suspected or known instances of eligible or unethical conduct. The Whistleblower Policy establishes the mechanisms and procedures for the reporting of illegal or unethical conduct in a manner which protects the whistleblower and identifies the necessary information to investigate such reports and act appropriately to investigate such reports in accordance with whistleblower regulations. The Board is informed of any material incidents reported under the Whistleblower Policy whilst maintaining confidentiality of the discloser where applicable.

The Company has an Anti-Bribery and Corruption Policy for Directors, employees and contractors of the Company. It provides a summary of the law on bribery and corruption, outlines the circumstances in which it is unacceptable to receive and give gifts, entertainment and hospitality and provides a reporting mechanism for allegations of bribery and corruption. The policy prohibits facilitation payments, secret commissions, money laundering. The policy also prohibits political and charitable donations without the authorisation of the Board. The Board is informed of any breaches of the Anti-Bribery and Corruption Policy.

Principle 4: Safeguard integrity in corporate reporting

Having regard to its current and proposed business structure, financial capacity and objectives, the Company does not currently have, and does not propose appointing, an Audit and Risk Committee.

Until such time as the Audit and Risk Committee is established, the Board will undertake the functions of the Audit and Risk Committee in accordance with the terms of the Audit and Risk Committee Charter with adaptations as necessary and appropriate.

Where possible, the Audit and Risk Committee will consist of at least three non-executive Directors, a majority of whom are independent Directors and such other members so that the overall Audit and Risk Committee comprises:

- at least one member who understands the industry in which the Company operates; and
- members who can read and understand financial statements and are otherwise financially literate.

The Board may appoint one member of senior executive management to be a member of the Audit and Risk Committee if it is deemed their expertise is crucial in adding value to the Audit and Risk Committee.

The responsibilities of the Audit and Risk Committee (or, in their absence, the Board) include, amongst other matters:

- to review the audited annual, half year and periodic financial statements and any reports which accompany published financial statements to ensure compliance with applicable standards;
- to review the evaluation by management of factors related to the independence of the Company's public accountant and to assist them in the preservation of such independence;
- to oversee management's appointment of the company's public accountant;
- advising the Board in relation to risk oversight and management policies;
- advising and providing recommendations to the Board regarding establishment, implementation and review of risk management systems, Company policies and the Company risk profile to ensure the risk management framework of the Company continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board;
- ensuring Senior Management have in place effective systems which identify, assess, monitor and manage risk in the Company in all areas and assessing the effectiveness of such systems;
- reviewing the performance and effectiveness of external auditors and, of any, internal auditors;
- monitoring and reviewing the propriety of related party transactions;
- recommending to the Board the appointment and removal where necessary of external auditors and approving their remuneration and terms of engagement; and
- ensuring the integrity and quality of the financial information of the Company, including the financial information provided to ASIC, ASX and shareholders.

Meetings will be held as often as required to enable to Audit and Risk Committee to undertake its role effectively. The Audit and Risk Committee may conduct investigations where appropriate to fulfil its functions and if considered necessary, including engaging independent experts or advisors.

CEO and CFO Certifications

Before the Company approves financial statements for a financial period (being a period within which the Company must report on its financial performance in accordance with its disclosure obligations), the Executive Director and CFO (or, if none, the person(s) fulfilling those functions) must provide a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion of the Executive Director and the CFO (or, if none, the

person(s) fulfilling those functions) has been formed on the basis of a sound system of governance, risk management and internal controls (the formulation of which are provided for in this Charter) which is operating effectively.

Principle 5: Make timely and balanced disclosure

The Company has a Continuous Disclosure Policy which outlines the disclosure obligations of the Company as required under the ASX Listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.

The Board considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual Directors are required to make such a consideration when they become aware of any information in the course of their duties as a Director of the Company.

The Board has designated the Company Secretary as the person responsible for communicating with the ASX. All key announcements are reviewed by all members of the Board.

The Board and the Company Secretary are responsible for ensuring that:

- company announcements are made in a timely manner, that announcements are factual and do not omit any material information required to be disclosed under the ASX Listing Rules and Corporations Act; and
- company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

The Board receives copies of all material market announcements promptly after they have been made.

New and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

Principle 6: Respect the rights of security holders

The Company recognises the value of providing current and relevant information to its shareholders. The Board aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the company website, information posted or emailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to clear and understandable information about the Company; and
- making it easy for shareholders to participate in general meetings of the Company.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. These contact details are available at <https://hreltd.com.au/contact/>.

Shareholders may elect to, and are encouraged to, receive communications from the Company and the Company's securities registry electronically. The contact details for the registry are available at <https://hreltd.com.au/contact/>.

The Company maintains information in relation to its Constitution, governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company's website.

General Meetings

The Company is committed to upholding shareholder rights and facilitating shareholder participation in general meetings. Shareholders will be invited to attend and ask questions at each general meeting of the shareholders of the Company. In addition, the auditor of the Company is to be invited to attend and answer questions from shareholders at each annual general meeting of the Company.

If a resolution is proposed to be put at a general meeting for the election or re-election of Director(s) of the Company, the notice of meeting convening such general meeting will contain all material information for shareholders to determine whether to elect or re-election the Director(s).

All substantive resolutions at a general meeting of the Company will be determined by way of poll in accordance with the corporate governance policies and procedures of the Company.

Principle 7: Recognise and manage risk

The Board is committed to the identification, assessment and management of risk throughout the Company's business activities.

The Board is responsible for the oversight of the Company's risk management and internal compliance and control framework. The Company does not have an internal audit function. Responsibility for control and risk management is delegated to the appropriate level of management within the Company. The Company has established policies for the oversight and management of material business risks.

The Company's Risk Management and Internal Compliance and Control Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

The Board regularly assesses specific business areas where there may exist significant business risk or exposure. The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks. The Board

does not consider that the Company currently has any material exposure to any environmental or social sustainability risks.

The Company's process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect those risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

The Board will undertake to review the Company's risk management framework at least annually to ensure that it continues to effectively manage risk. A review of the risk management framework is expected to be undertaken in the 2026 financial year.

Management reports to the Board as to the effectiveness of the Company's management of its material business risks at each Board meeting.

Principle 8: Remunerate fairly and responsibly

The Board as a whole fulfills to the functions normally delegated to the Remuneration Committee as detailed in the Remuneration Committee Charter.

The Company has implemented a Remuneration Policy which was designed to recognise the competitive environment within which the Company operates and also emphasise the requirement to attract and retain high calibre talent in order to achieve sustained improvement in the Company's performance. The overriding objective of the Remuneration Policy is to ensure that an individual's remuneration package accurately reflects their experience, level of responsibility, individual performance and the performance of the Company.

The key principles are to:

- review and approve the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- ensure that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- fairly and responsibly reward executives having regard to the performance of the Company, the performance of the executive and the prevailing remuneration expectations in the market;
- remunerate fairly and competitively in order to attract and retain top talent;
- recognise capabilities and promote opportunities for career and professional development;
- review and approve equity-based plans and other incentive schemes to foster a partnership between employees and other security holders;
- oversight of the performance of individual senior management and non-executive Directors, committees of the Board and the Board generally; and
- identifying and recommending new appointees to the Board based on their skills, competencies and experience and assessing how candidates for the Board may contribute to the strategic direction of the Company;

The Board determines the Company's remuneration policies and practices and assesses the necessary and desirable competencies of Board members. The Board is responsible for evaluating Board performance,

reviewing Board and management succession plans and determines remuneration packages for the Chief Executive Officer, Non-Executive Directors and senior management based on an annual review.

The Company's executive remuneration policies and structures and details of remuneration paid to directors and key management personnel (where applicable) are set out in the Remuneration Report.

Non-Executive Directors receive fees (including statutory superannuation where applicable) for their services, the reimbursement of reasonable expenses and, in certain circumstances options.

Executive Directors and other senior executives (where appointed) are remunerated using combinations of fixed and performance-based remuneration. Fees and salaries are set at levels reflecting market rates and performance-based remuneration is linked directly to specific performance targets that are aligned to both short- and long-term objectives.

The Company prohibits Directors and employees from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

Further details in relation to the Company's remuneration policies are contained in the Directors' report of the Company's Annual Report.

Trading policy and equity incentive plan

The Board has adopted a securities trading policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel. The policy generally provides that written approval must be obtained from the Chair to trade in the securities of the Company or, if the Chair is the person seeking such approval to trade, the other Director(s) of the Company.

The policy also includes various "closed periods" where trading in the securities of the Company is restricted. The Board may determine additional closed periods at its discretion. The trading policy is available on the website of the Company at <https://hreltd.com.au/about-us/corporate-governance/>.

The Company has adopted its Employee Security Ownership Plan pursuant to which the Company may offer shares, options or other securities to Directors and employees.

The Company has a policy that participants are not permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Employee Security Ownership Plan.