

ASX ANNOUNCEMENT

Heavy Rare Earths Limited (ASX: HRE)
13 September 2022

DRILLING COMMENCES AT COWALINYA RARE EARTH PROJECT

- **10,000 metres of drilling targeting expansion of existing Cowalinya resource**
- **4,500 metres of drilling to generate new rare earth target zones for subsequent work**
- **Progressive reporting of assays 6 weeks from laboratory receipt of drilling samples**

Heavy Rare Earths Limited (“**HRE**” or “**the Company**”) is pleased to advise that drilling has commenced at its Cowalinya rare earth project in the Norseman-Esperance region of Western Australia.

HRE’s 100%-owned E 63/1972 tenement is located on unallocated crown land and hosts extensive rare earth mineralization in clay-rich saprolite. In 2021 the company completed a program of 3,098 metres of air core drilling in 109 vertical holes in the south-eastern part of the tenement. The mineralized horizon (≥ 300 ppm TREO (total rare earth oxides)) is at depths of between 8 and 43 metres, averages 8-9 metres thick, and remains open in all lateral directions. Rare earth grades exceeding 1000ppm TREO were encountered over significant widths in 17 of the 82 mineralized holes drilled¹ including:

Cowalinya South

- 4 metres @ 2249ppm TREO from 16 metres in hole AC33
- 10 metres @ 1511ppm TREO from 15 metres in hole AC28
- 19 metres @ 1445ppm TREO from 20 metres in hole AC29
- 16 metres @ 1155ppm TREO from 16 metres in hole AC2

Cowalinya North

- 4 metres @ 1864ppm TREO from 32 metres in hole AC90
- 12 metres @ 1580ppm TREO from 24 metres in hole AC81
 - including 4 metres @ 3428ppm TREO from 24 metres
- 17 metres @ 1205ppm TREO from 26 metres in hole AC89.

Inferred Resources at Cowalinya have been estimated at 28 million tonnes at 625ppm TREO using a cut-off grade of 300ppm TREO-CeO₂². This has been achieved by drilling just over 1% of the area of HRE’s tenement. All mineralized samples that support the resource’s grade estimate have been submitted for re-assay by Lithium Borate Fusion/ICP-MS and reporting of initial results from the re-assay program are expected in late-September 2022 (*refer to ASX announcement 30 August 2022*).

¹ Tables 9 and 10 of the Independent Geologist’s Report contained in HRE’s IPO Prospectus.

² Table 5.1 of Appendix 7 (Cowalinya Resource Report) of the Independent Geologist’s Report contained in HRE’s IPO Prospectus.

Current Drilling Program

HRE has now commenced a resource exploration and expansion drilling program at Cowalinya. The main part of the program comprises up to 10,000 metres of air core drilling in 330 holes targeting extensions to known rare earth mineralization, particularly to the immediate west and south-east of the Cowalinya South resource which contains 75% of the project's resource inventory (Figure 1). Holes are planned to be drilled 200 metres apart on 400 metre-spaced lines. Subject to delineating the necessary continuity to rare earth mineralization in saprolite, this drilling density is designed to deliver Inferred Resources on an additional 11.5% of the area of the tenement.

A second phase of the program involves drilling of up to 4,500 metres along existing access tracks to explore the central and western parts of the tenement for rare earth mineralization (Figure 1). These holes will be drilled on 400 metre centres immediately after cultural heritage surveys are completed along these drill traverses in the latter part of October.

Drilling is being undertaken using a single air core rig by Perth-based Terrain Drilling (Figure 2). Based on drilling rates achieved during the 2021 campaign, the current program is expected to be completed during December 2022. Drilling samples from the program are planned to be dispatched on a fortnightly basis from Esperance to LabWest Minerals Analysis ("LabWest") in Perth for sample preparation and assay by Lithium Borate Fusion/ICP-MS. LabWest has indicated that current assay turnaround from sample receipt is approximately 6 weeks.

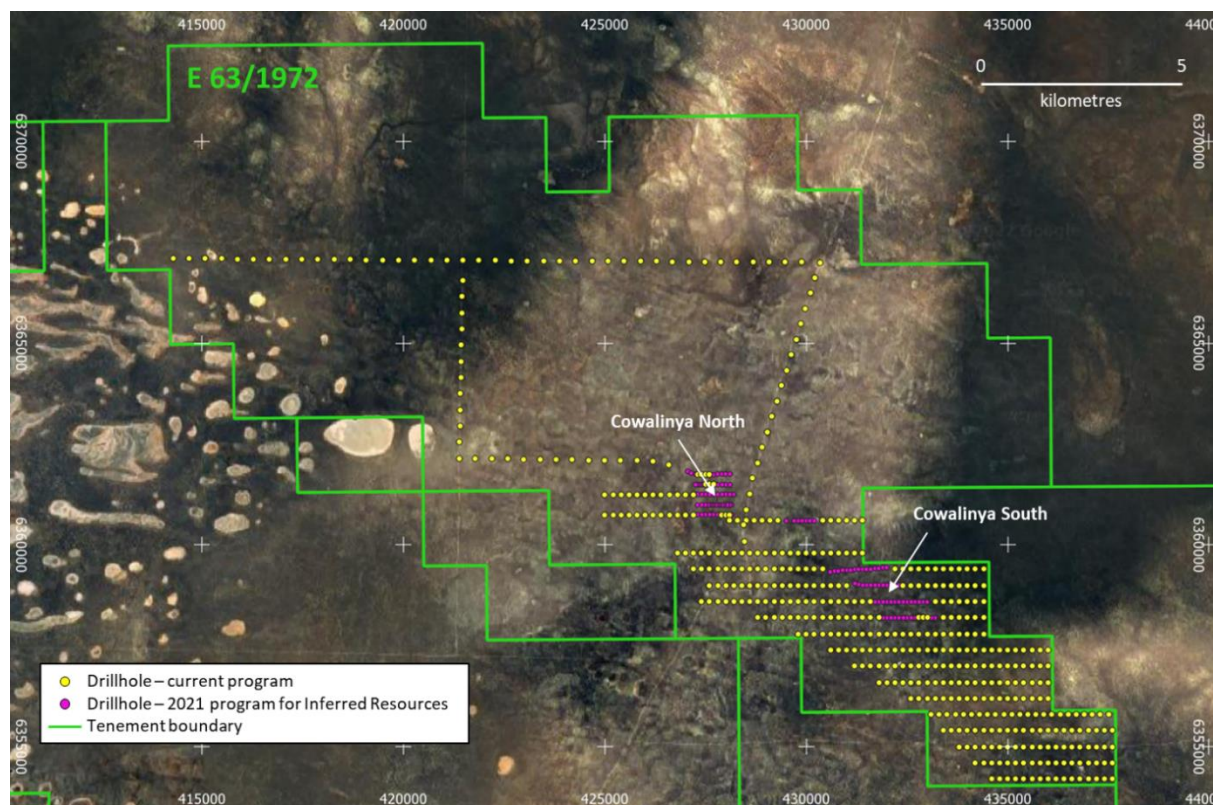


Figure 1: Cowalinya planned drilling program.
Background Google Earth image.



Figure 2: Drilling of hole AC110 by Terrain Drilling at Cowalinya, immediately south of the Cowalinya South resource. Collar location is 432600E 6358000N.

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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 Norseman in Western Australia. This is a clay-hosted rare earth project with a JORC Inferred Resource of 28Mt @ 625ppm TREO and a desirable rare earth composition where 25% are the valuable magnet rare earths and 23% the strategic heavy rare earths.

Competent Persons Statement

The Exploration Results and Mineral Resources contained in this announcement have been extracted from the Independent Geologist's Report included in the Company's Initial Public Offering (IPO) Prospectus, a copy of which was lodged with ASIC on 5 July 2022. The Company confirms that it is not aware of any new information or data that materially affects the Exploration Results or Mineral Resources as contained in the Company's IPO Prospectus. All material assumptions and technical parameters underpinning the Mineral Resources in the Company's IPO Prospectus continue to apply and have not materially changed.