

## **HEAVY MINERALS LIMITED**

**ACN 647 831 883**

### **Notice of Annual General Meeting**

**Annual General Meeting to be held at  
Level 11, 216 St Georges Terrace, Perth on Wednesday 24 November 2021 commencing at 11:00am  
(AWST).**

**THE COMPANY IS TAKING PRECAUTIONS TO FACILITATE AN IN PERSON MEETING IN ACCORDANCE WITH COVID-19 RESTRICTIONS. IF THE SITUATION IN RELATION TO COVID-19 CHANGES IN A WAY AFFECTING THE ABILITY TO FACILITATE AN IN PERSON MEETING AS PROPOSED, THE COMPANY WILL PROVIDE AN UPDATE AHEAD OF THE MEETING BY WAY OF AN ASX ANNOUNCEMENT.**

#### **Important**

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

Shareholders are urged to attend the Meeting or vote by lodging the Proxy Form attached to the Notice.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 9481 0389 or via email at [info@heavyminerals.com](mailto:info@heavyminerals.com).

## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the annual general meeting of the Shareholders of Heavy Minerals Limited ACN 647 831 883 (**Company**) will be held at Level 11, 216 St Georges Terrace, Perth on Wednesday 24 November 2021, commencing at 11:00am (AWST).

The Explanatory Statement that accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered.

The Board is closely monitoring the rapidly changing coronavirus (COVID-19) pandemic. The health of the Company's Shareholders, employees and other stakeholders is of paramount importance.

While the Board would like to host all Shareholders in person, in order to minimise the risk to Shareholders and to the Company and its ongoing operations, the Company suggests that Shareholders do not attend the Meeting in person. Accordingly, the Directors strongly encourage all Shareholders to lodge Proxy Forms prior to the Meeting.

The Board will continue to monitor Government restrictions on public gatherings. If it becomes necessary or appropriate to make alternative arrangements to those set out in this Notice, the Company will notify Shareholders accordingly via the Company's website at <https://www.heavyminerals.com/> and the ASX announcement platform.

### Business

#### Annual Report

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To receive and consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2021, which includes the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report.

**Note:** there is no requirement for Shareholders to approve the Annual Report.

#### Resolution 1: Adoption of Remuneration Report

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To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **non-binding** ordinary resolution:

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the financial year ended 30 June 2021 be adopted by Shareholders, on the terms and conditions in the Explanatory Statement."*

**Note:** a vote on this Resolution is advisory only and does not bind the Directors or the Company.

#### Resolution 2: Re-election of Director – Adam Schofield

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

*"That, for the purposes of Listing Rule 14.5 and clause 7.2(b)(iv) of the Constitution and, for all other purposes, Adam Schofield retires, and being eligible, is re-elected as a Director, on the terms and conditions in the Explanatory Statement."*

#### Resolution 3: Approval of 10% Placement Facility

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

*"That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, approval be given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the*

*time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, on the terms and conditions in the Explanatory Statement."*

#### **Resolution 4: Approval of potential termination benefits under the Plan**

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

*"That, for a period commencing from the date this Resolution is passed and ending upon the expiry of all Securities issued or to be issued under the Heavy Minerals Limited Employee Securities Incentive Plan, approval be given for all purposes including Part 2D.2 of the Corporations Act for the giving of benefits to any current or future person holding a managerial or executive office of the Company or a related body corporate in connection with that person ceasing to hold such office, on the terms and conditions in the Explanatory Statement."*

#### **Resolution 5: Appointment of Criterion Audit Pty Ltd as Auditor**

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

*"That, for the purposes of section 327B of the Corporations Act and for all other purposes, Criterion Audit Pty Ltd, having been nominated by a Shareholder and having consented in writing to act in the capacity of auditor of the Company, be appointed as auditor to the Company, with effect from the close of the Meeting, on the terms and conditions in the Explanatory Statement."*

**By order of the Board**

**Stephen Brockhurst**  
Company Secretary  
Heavy Minerals Limited

19 October 2021

## EXPLANATORY STATEMENT

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### Important information

This Explanatory Statement has been prepared for the information of the Shareholders of Heavy Minerals Limited ACN 647 831 883 (**Company**) in connection with the Resolutions to be considered at the Annual General Meeting to be held at Level 11, 216 St Georges Terrace, Perth on Wednesday 24 November 2021, commencing at 11:00am (AWST).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company, which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Meeting.

This Notice and Explanatory Statement should be read in their entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

### Interpretation

Capitalised terms which are not otherwise defined in this Notice and Explanatory Statement have the meanings given to those terms under the Definitions section. References to “\$” and “A\$” in this Notice and Explanatory Statement are references to Australian currency unless otherwise stated. References to time in this Notice and Explanatory Statement relate to the time in Perth, Western Australia.

### Voting exclusions

Pursuant to the Listing Rules, the Company will disregard any votes cast in favour of:

**Resolution 3:** if at the time of the Meeting, the Company is proposing to make an issue of Equity Securities under Listing Rule 7.1A.2, by or on behalf of any persons who are expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

The above voting exclusion does not apply to a vote cast in favour of the Resolution by:

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

### Voting prohibitions

**Resolution 1:** In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

**Resolution 4:** In accordance with sections 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this 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:

- (a) the proxy is the Chair; and
- (b) 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.

Further, in accordance with section 200E(2A) of the Corporations Act, a vote on this Resolution must not be cast by any participants or potential participants in the Plan and their associates, otherwise the benefit of this Resolution will be lost by such a person in relation to that person's future retirement.

However, a vote may be cast by such a person if:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of the person or an associate of the person.

#### **Voting in person**

To vote in person, Shareholders are able to attend the Meeting at the time, date and place set out above.

Based on the best information available to the Board at the date of this Notice, the Board considers it will be in a position to hold an 'in-person' meeting to provide Shareholders with a reasonable opportunity to participate in and vote at the Meeting, while complying with the COVID-19 restrictions regarding public gatherings. The Company, however, strongly encourages Shareholders to submit proxies prior to the Meeting. If the situation in relation to COVID-19 were to change in a way that affected the position above, the Company will provide a further update ahead of the Meeting via the ASX announcements platform.

#### **Voting by proxy**

A Proxy Form is attached to the 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, sign and return the Proxy Form to the Company in accordance with the instructions thereon and in this Notice. 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 enclosed 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 only vote on a poll;
- (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 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.

**Chair's voting intentions**

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 1 and Resolution 4, even though these Resolutions are connected directly or indirectly with the remuneration of the Company's Key Management Personnel.

Subject to the following paragraph, the Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention. In exceptional circumstances, the Chair of the Meeting may change his/her voting intention on any Resolution, in which case an ASX announcement will be made.

If the Chair is a person referred to in the voting prohibition statement applicable to a Resolution under section 224 of the Corporations Act, the Chair will only be able to cast a vote as proxy for you on the relevant Resolution if you are entitled to vote and have specified your voting intention in the Proxy Form for that Resolution.

To vote by proxy, please complete and sign the Proxy Form enclosed and either:

- (a) send the Proxy Form by post to Automic Group, GPO Box 5193, SYDNEY NSW 2001;
- (b) submit the Proxy Form in person at Automic Group, Level 5, 126 Phillip Street, SYDNEY NSW 2000; or
- (c) vote online at: <https://investor.automic.com.au/#/loginsah>,

so that it is received not less than 48 hours prior to commencement of the Meeting.

### **Voting entitlements**

In accordance with Regulations 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that the persons eligible to vote at the Meeting are those who are registered Shareholders as at 5:00pm (AWST) on 22 November 2021.

For personal use only

## REGULATORY INFORMATION

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### 1. Annual Report

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2021.

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (i) ask questions about, or make comments on, the Annual Report and the management of the Company; and
- (ii) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (i) the preparation and content of the Auditor's Report;
- (ii) the conduct of the audit;
- (iii) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (iv) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than five business days before the Meeting to the Company Secretary at the Company's registered office.

A representative of the Company's auditor, Criterion Audit Pty Ltd, will be in attendance at the Meeting to respond to any questions raised of the auditor or on the Auditor's Report.

The Company will not provide a hard copy of the Company's Annual Report to Shareholders unless specifically requested to do so.

### 2. Resolution 1: Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with section 250R(3) of the Corporations Act, Shareholders should note that Resolution 1 is an "advisory only" Resolution which does not bind the Directors or the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

If the Company's Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings, Shareholders will have the opportunity to remove the whole Board, except the managing director (if any).

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director, if any) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2022 annual general meeting, this may result in the re-election of the Board.



The Chair will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

### 3. Resolution 2: Re-election of Director – Adam Schofield

ASX Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting.

Clause 7.2(b)(iv) of the Constitution provides that the person who has been a director the longest without re-election must retire and stand for re-election, however, if 2 or more directors have been a director the longest and an equal time without re-election, then in default of agreement, the director to retire will be determined by ballot. All of the Directors were appointed on registration of the Company on 10 February 2021 and, accordingly, have all held office for an equal time. The Directors have determined by agreement that Adam Schofield will stand for re-election at this Meeting.

Clause 7.3 of the Constitution provides that a director who retires holds office until the conclusion of the meeting at which that director retires but is eligible for re-election.

Adam Schofield retires at this Meeting and, being eligible, seeks re-election pursuant to this Resolution 2.

#### Qualifications and other material directorships

Mr Schofield has over 21 years' experience in the resources sector in Africa and Australia. He is a Mechanical Engineer with significant experience in conducting feasibility studies and taking projects from feasibility stage into operations. Mr Schofield has an extensive experience in gold, mineral sands, iron ore and copper. Mr Schofield is currently a director of Nelson Resources Limited (ASX: NES) and Kingfisher Mining Ltd (ASX: KFM).

#### Independence

If elected, the Board considers Adam Schofield to not be an independent director because he is a significant shareholder.

#### Board recommendation

The Board (other than Adam Schofield who has a personal interest in the outcome of this Resolution) supports the re-election of Adam Schofield for the following reasons:

- (i) On the basis of Adam Schofield's skills, qualifications and experience and his contributions to the Board's activities, the Board (other than Adam Schofield) recommends Shareholders vote in favour of the re-election of Adam Schofield.

### 4. Resolution 3: Approval of 10% Placement Facility

The Company seeks Shareholder approval to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period (**Relevant Period**) after the Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below).

Resolution 3 is a **special resolution** and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

If Resolution 3 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval in Listing Rule 7.1.

## Listing Rule 7.1A

### (a) Eligible entity

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation of approximately \$9 million, based on the closing price of Shares (\$0.19) on 18 October 2021.

### (b) Equity Securities that can be issued

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the eligible entity.

As at the date of the Notice, the Company has on issue one quoted class of Equity Securities; Shares.

### (c) Maximum number of Equity Securities which may be issued

The number of Equity Securities which may be issued, or agreed to be issued, under the 10% Placement Facility is prescribed in Listing Rule 7.1A.2 and is calculated as follows:

$\text{Number of Equity Securities} = (A \times D) - E$
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“A” = the number of fully paid ordinary shares on issue at the commencement of the Relevant Period:

- (A) plus the number of fully paid shares issued in the Relevant Period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
- (B) plus the number of fully paid ordinary shares issued in the Relevant Period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
  - the convertible securities were issued or agreed to be issued before the commencement of the Relevant Period; or
  - the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- (C) plus the number of fully paid ordinary shares issued in the Relevant Period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
  - the agreement was entered into before the commencement of the Relevant Period; or
  - the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- (D) plus the number of any other fully paid ordinary shares issued in the Relevant Period with approval under Listing Rule 7.1 or Listing Rule 7.4;
- (E) plus the number of partly paid shares that became fully paid Shares in the Relevant Period; and
- (F) less the number of fully paid ordinary shares cancelled in the Relevant Period.

“D” = is 10%.

“E” = is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the Relevant Period where the issue or agreement has not been subsequently approved by Shareholders under Listing Rules 7.1 and 7.4.

The actual number of Equity Securities that may be issued under Listing Rule 7.1A is calculated at the date of issue of the Equity Securities in accordance with the above formula.

(d) **Interaction with Listing Rule 7.1**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

(e) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be for a cash consideration per security which is not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued,

**(Minimum Issue Price).**

**Specific information required by Listing Rule 7.3A**

For the purposes of Listing Rule 7.3A, the following information is provided in relation to the 10% Placement Facility:

- (a) The approval will be valid for the period commencing on the date of the Meeting and expires on the first to occur of the following:
  - (i) the date that is 12 months after the date of the Meeting;
  - (ii) the time and date of the Company's next annual general meeting; and
  - (iii) the time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 or Listing Rule 11.2,

**(10% Placement Period).**

- (b) Where the Company issues Equity Securities under the 10% Placement Facility, it will only do so for cash consideration and the issue price will be not less than the Minimum Issue Price.
- (c) The Company intends to use any funds raised towards continued exploration and expenditure on the Company's current assets, acquisition of new assets or investments (including expenses associated with such acquisitions) and/or general working capital.
- (d) There is a risk of economic and voting dilution to existing Shareholders in approving the 10% Placement Facility, including the risks that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than when Shareholders approve the 10% Placement Facility; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date.

If this Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' economic and voting power in the Company may be diluted as shown in the below table.

The table below shows the potential dilution of existing Shareholders based on the current market price of Shares and the current number of Shares for Variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice (**Variable A**), with:

- (i) two examples where Variable A has increased by 50% and 100%; and
- (ii) two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price.

		Dilution		
Variable 'A' in Listing Rule 7.1A.2	Issue price per Share	\$0.095 (50% decrease)	\$0.19 (Current)	\$0.38 (100% increase)
(Shares on issue)				
51,308,158 (Current)	10% voting dilution	5,130,816	5,130,816	5,130,816
	Funds raised	\$487,428	\$974,855	\$1,949,710
76,962,237 (50% increase)	10% voting dilution	7,696,224	7,696,224	7,696,224
	Funds raised	\$731,141	\$1,462,283	\$2,924,565
102,616,316 (100% increase)	10% voting dilution	10,261,632	10,261,632	10,261,632
	Funds raised	\$974,855	\$1,949,710	\$3,899,420

**Notes:**

- (i) The table has been prepared on the following assumptions:
  - (A) The Company issues, or agrees to issue, the maximum number of Equity Securities available under the 10% Placement Facility.
  - (B) No convertible securities have been exercised before the date of the issue of the Equity Securities.
  - (C) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  - (D) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
  - (E) The issue price is the current market price (\$0.19), being the closing price of the Shares on ASX on 18 October 2021, being the last day that the Company's Shares were traded on the ASX before this Notice was printed.
  - (F) Variable A comprises of 51,308,158 existing Shares on issue as at the date of this Notice, assuming the Company has not issued any Shares in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with Shareholder approval under Listing Rule 7.1 and 7.4.

- (ii) The number of Shares on issue (i.e. Variable A) may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue, scrip issued under a takeover offer or upon exercise of convertible securities) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (e) The Company's policy for allocating Equity Securities issued under the 10% Placement Facility will be determined on a case-by-case basis depending upon the purpose, and prevailing market conditions at the time, of any issue and having regard to factors including but not limited to the following:
- (i) The fundraising methods available to the Company, including but not limited to, rights issues or other issues in which existing Shareholders can participate.
- (ii) The effect of the issue of the Equity Securities on the control of the Company.
- (iii) The financial situation and solvency of the Company.
- (iv) Advice from corporate, financial and broking advisers (if applicable).
- The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.
- (f) The Company has not issued any Equity Securities under Listing Rule 7.1A.2 in the 12 months preceding the date of this Notice.
- (g) At the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2 and has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holders to participate in any such issue. However, in the event that between the date of this Notice and the date of the Meeting, the Company proposes to make an issue of Equity Securities under Listing Rule 7.1A to one or more existing Shareholders, those Shareholders' votes will be excluded under the voting exclusion statement in the Notice.

#### **Directors' recommendations**

The Board recommends that Shareholders vote in favour of Resolution 3.

5.

### **Resolution 4: Approval of potential termination benefits under the Plan**

#### **General**

The Corporations Act contains certain limitations concerning the payment of 'termination benefits' to persons who hold a 'managerial or executive office'. The Listing Rules also provides certain limitations on the payment of 'termination benefits' to officers of listed entities.

As is common with employee incentive schemes, the Plan provides the Board with the discretion to, amongst other things, determine that some or all of the Securities granted to a participant under the Plan (**Plan Securities**) will not lapse in the event of that participant ceasing their engagement with the Company before such Plan Securities have vested. This 'accelerated vesting' of Plan Securities may constitute a 'termination benefit' prohibited under the Corporations Act, regardless of the value of such benefit, unless Shareholder approval is obtained. Accordingly, the Board has resolved to seek Shareholder approval for the granting of such termination benefits in accordance with Resolution 4.

If Resolution 4 is not passed, the Company will not be able to offer 'termination benefits' to persons who hold a 'managerial or executive office' pursuant to the terms of the Plan.

#### **Part 2D.2 of the Corporations Act**

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a 'managerial or executive office' (as defined in the Corporations Act) if an exemption applies or if the benefit is approved by Shareholders in accordance with section 200E of the Corporations Act.

Shareholder approval is sought for the purposes of Part 2D.2 of the Corporations Act to approve the giving of benefits under the Plan to a person by the Company in connection with that person ceasing to be an officer of, or ceasing to hold a managerial or executive office in, the Company (or subsidiary of the Company) on the terms and conditions in this Explanatory Statement.

As noted above, under the terms of the Plan and subject to the Listing Rules, the Board possesses the discretion to vary the terms or conditions of the Plan Securities. Notwithstanding the foregoing, without the consent of the participant in the Plan, no amendment may be made to the terms of any granted Plan Security which reduces the rights of the participant in respect of that Plan Security, other than an amendment introduced primarily to comply with legislation, to correct any manifest error or mistake or to take into consideration possible adverse tax implications.

As a result of the above discretion, the Board has the power to determine that some or all of a participant's Plan Securities will not lapse in the event of the participant ceasing employment or office before the vesting of their Plan Securities.

The exercise of this discretion by the Board may constitute a 'benefit' for the purposes of section 200B of the Corporations Act. The Company is therefore seeking Shareholder approval for the exercise of the Board's discretion in respect of any current or future participant in the Plan who holds:

- (a) a managerial or executive office in, or is an officer of, the Company (or subsidiary of the Company) at the time of their leaving or at any time in the three years prior to their leaving; and
- (b) Plan Securities at the time of their leaving.

#### **Valuation of the termination benefits**

Provided Shareholder approval is given, the value of the termination benefits may be disregarded when applying section 200F(2)(b) or section 200G(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation).

The value of the termination benefits that the Board may give under the Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company's Share price at the time of vesting and the number of Plan Securities that will vest or otherwise be affected. The following additional factors may also affect the benefit's value:

- (a) the participant's length of service and the status of the vesting conditions attaching to the relevant Plan Securities at the time the participant's employment or office ceases; and
- (b) the number of unvested Plan Securities that the participant holds at the time they cease employment or office.

#### **Listing Rule 10.19**

In accordance with Listing Rule 10.19, the Company will ensure that no officer of the Company or any of its child entities will, or may be, entitled to termination benefits if the value of those benefits and the terminations benefits that are or may be payable to all officers together exceed 5% of the equity interests of the Company as set out in the latest accounts given to ASX under the Listing Rules.

#### **Board recommendation**

Resolution 4 is an ordinary resolution.

The Board declines to make a recommendation in relation to Resolution 4 due to their potential personal interests in the outcome of the Resolution.

## **6. Resolution 5: Appointment of Criterion Audit Pty Ltd as Auditor**

Resolution 5 seeks Shareholder approval for the appointment of Criterion Audit Pty Ltd as the Company's auditor.

Section 327A(2) of the Corporations Act provides that the initial appointment of an auditor of a public company holds office until the first annual general meeting of a company.

Section 327B(1) of the Corporations Act provides that a Company must appoint an auditor at its first annual general meeting. This is the first annual general meeting of the Company.

The Directors appointed Criterion Audit Pty Ltd as the Company's auditor following registration of the Company.

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a Shareholder for Criterion Audit Pty Ltd to be appointed as the Company's auditor. A copy of this nomination is attached to this Notice at Schedule 1.

If Resolution 5 is passed, the appointment of Criterion Audit Pty Ltd as the Company's auditor will take effect at the close of this Meeting.

### **Board recommendation**

Resolution 5 is an ordinary resolution.

The Board recommends Shareholders vote in favour of this Resolution 5.

## DEFINITIONS

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In this Notice of Meeting and Explanatory Statement, the following terms have the following meanings:

**10% Placement Facility** has the meaning in Section 4.

**10% Placement Period** has the meaning in Section 4.

**Annual Report** means the annual report of the Company for the financial year ended 30 June 2021.

**ASIC** means the Australian Securities and Investments Commission.

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of ASX.

**Auditor's Report** means the auditor's report contained in the Annual Report.

**AWST** means Western Standard Time, being the time in Perth, Western Australia.

**Board** means the board of Directors.

**Chair** means the chairperson of the Meeting.

**Closely Related Party** means a spouse or child of the member; or has the meaning given in section 9 of the Corporations Act.

**Company** means Heavy Minerals Limited ACN 647 831 883.

**Constitution** means the constitution of the Company as at the date of the Meeting.

**Corporations Act** means the *Corporations Act 2001* (Cth), as amended from time to time.

**Director** means a director of the Company.

**Directors' Report** means the directors' report contained in the Annual Report.

**Equity Securities** has the meaning as in the Listing Rules.

**Explanatory Statement** means this explanatory statement incorporated in this Notice.

**Financial Report** means the financial report contained in the Annual Report.

**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.

**Meeting, General Meeting** or **Annual General Meeting** means the Annual General Meeting of Shareholders to be held at Level 11, 216 St Georges Terrace, Perth on Wednesday 24 November 2021, commencing at 11:00am (AWST).

**Minimum Issue Price** has the meaning in Section 4.

**Notice of Meeting** or **Notice** means the notice of annual general meeting incorporating this Explanatory Statement.

**Plan** means the Company's Employee Securities Incentive Plan.

**Plan Securities** has the meaning in Section 5.

**Proxy Form** means the proxy form attached to this Notice.

**Relevant Period** means the 12 month period immediately preceding the date of the issue or agreement.

**Remuneration Report** means the remuneration report contained in the Annual Report.

**Resolution** means a resolution contained in the Notice.



**Section** means a section of the Explanatory Statement.

**Securities** means any Equity Securities of the Company (including Shares, Options and/or Performance Rights).

**Share** means an ordinary fully paid share in the Company.

**Shareholder** means a holder of a Share.

**Strike** has the meaning in Section 2.

For personal use only

## Schedule 1: Nomination of Auditor

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20 October 2021

The Board of Directors  
Heavy Minerals Limited  
Level 11, London House  
216 St Georges Terrace  
Perth WA 6000

Dear Board of Heavy Minerals Limited,

### Nomination of Auditor

In accordance with the provision of Section 328B(1) of the *Corporations Act 2001* (Cth) (**Act**), I, Adam Schofield, being a Shareholder of Heavy Minerals Limited (**Company**), hereby nominate Criterion Audit Pty Ltd for appointment as auditor of the Company.

Please distribute copies of this notice of this nomination as required by section 328B(3) of the Act.

Yours sincerely



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**Adam Schofield**  
Shareholder

# Proxy Voting Form

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **11.00am (AWST) on Monday 22 November 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

## SUBMIT YOUR PROXY VOTE ONLINE

**Vote online at <https://investor.automic.com.au/#/loginsah>**

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



## SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

### STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

### DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### STEP 2 - VOTES ON ITEMS OF BUSINESS

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

### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

### SIGNING INSTRUCTIONS

**Individual** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications dispatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

<b>SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED</b>		
Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary
Contact Name:		
Email Address:		
Contact Daytime Telephone		
		Date (DD/MM/YY)
		<div style="display: inline-block; width: 30px; height: 30px; border: 1px solid black; margin-right: 5px;"></div> <div style="font-size: 2em; vertical-align: middle;">/</div> <div style="display: inline-block; width: 30px; height: 30px; border: 1px solid black; margin-right: 5px;"></div> <div style="font-size: 2em; vertical-align: middle;">/</div> <div style="display: inline-block; width: 30px; height: 30px; border: 1px solid black;"></div>
By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).		