Heavy Minerals Limited

And Controlled Entities

ABN: 26 647 831 883

ANNUAL REPORT

For the Year Ended 30 June 2022

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DIRECTORS

Adam Schofield	Non-Executive Chairman
Greg Jones	Non-Executive Director
Glenn Simpson	Non-Executive Director

SECRETARY
Stephen Brockhurst

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STOCK EXCHANGE LISTING
Australian Securities Exchange
ASX Code: HVY

The Directors submit the financial report of the Consolidated Entity for the year ended 30 June 2022.

DIRECTORS

The names of Directors who held office during or since the end of the year:

Name	Title
Adam Schofield	Non-Executive Chairman (Non-Independent)
Maurice (Nic) Matich	Executive Director & CEO (resigned 13 September 2022)
Greg Jones	Non-Executive Director (Non-Independent)
Glenn Simpson	Non-Executive Director (Non-Independent)

PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity is the exploration for and the development of industrial mineral projects.

REVIEW OF RESULTS

The loss after tax for the year ended 30 June 2022 was $1,047,924 (2021: $2,410,468).

The earnings of the Consolidated Entity for the past 3 years since are summarised below (note that these figures are those of Mozmin Resources Pty Ltd as the accounting parent):

	30 June 2022 $	30 June 2021 $	30 June 2020 $
Other income	8,802	-	-
EBITDA	1,045,879	(2,393,231)	(345,223)
EBIT	1,047,924	(2,393,324)	(345,223)
Loss after income tax	1,047,924	(2,410,468)	(374,637)

The factors that are considered to affect total shareholders return are summarised below:

	30 June 2022 $	30 June 2021 $	30 June 2020 $
Share price at financial year end	0.187	N/A	N/A

Company Focus and Mission

Heavy Minerals Limited (HVY) is an Australian industrial minerals exploration company committed to increasing Shareholder wealth through the exploration and development of our mineral resource projects in Western Australia and Mozambique. HVY may also look to acquire other projects in the Industrial Minerals space that are value adding and complement our existing projects and focus.

During the year the company focused on the Port Gregory Project, conducting an extensive air core (AC) drilling campaign within tenement E70/5160 with the goal of defining a JORC Mineral Resource and to progress the project to the scoping study phase.

Heavy achieved its resource definition goal by defining a maiden JORC Mineral Resource of 135 Mt @ 4.0% THM (for 4.9MT of contained garnet) at the Port Gregory Project. Heavy also awarded and initiated the Port Gregory Scoping Study and Preliminary Economic Assessment in the final quarter of the year.

Heavy also conducted greenfield exploration (typically via hand auger sampling) within some of the company's other WA tenements to determine their prospectivity to host heavy mineral sands. During the year, "Red Hill" was identified as being prospective for garnet mineralisation and was elevated to a priority target for follow up air core drilling, currently planned for the second half of 2022.

Although access to the Inhambane project (Mozambique) was impacted by COVID, the State of Emergency (ending in September 2020) and the Situation of Public Calamity in Mozambique (lifted during the final quarter of the reporting year) Heavy was able to progress the project via desktop studies and increased the area under application. In increasing the area under application, the Company was able to re-evaluate the drilling data and subsequently increase the JORC Mineral Resource to 90MT @ 3.0% THM.

PROJECTS

Port Gregory Project [Australia]

The Port Gregory Garnet Project consists of six tenements totalling 227.28 km^2 located approximately 50 km North of Geraldton. The Port Gregory Project is the initial focus of the Company and is prospective for industrial minerals, in particular garnet.

The Port Gregory Project consists of the following tenure:

Project	Tenement / Concession Licence	Status	Area (Ha)	Expiry Date
Port Gregory	E66/102	Granted	4,928.39	30-Oct-23
	E70/5130	Granted	7,125.91	18-Nov-23
	E70/5160	Granted	1,403.23	07-Jan-24
	E70/5161	Granted	3,810.91	08-May-24
	E70/5314	Granted	885.21	01-Jan-25
	E70/5934	Granted	4,552.00	13-Dec-26

Port Gregory

The Port Gregory Project contains a JORC Mineral Resource estimate of 135 Mt @ 4.0% (THM) for 4.9 Mt contained garnet.

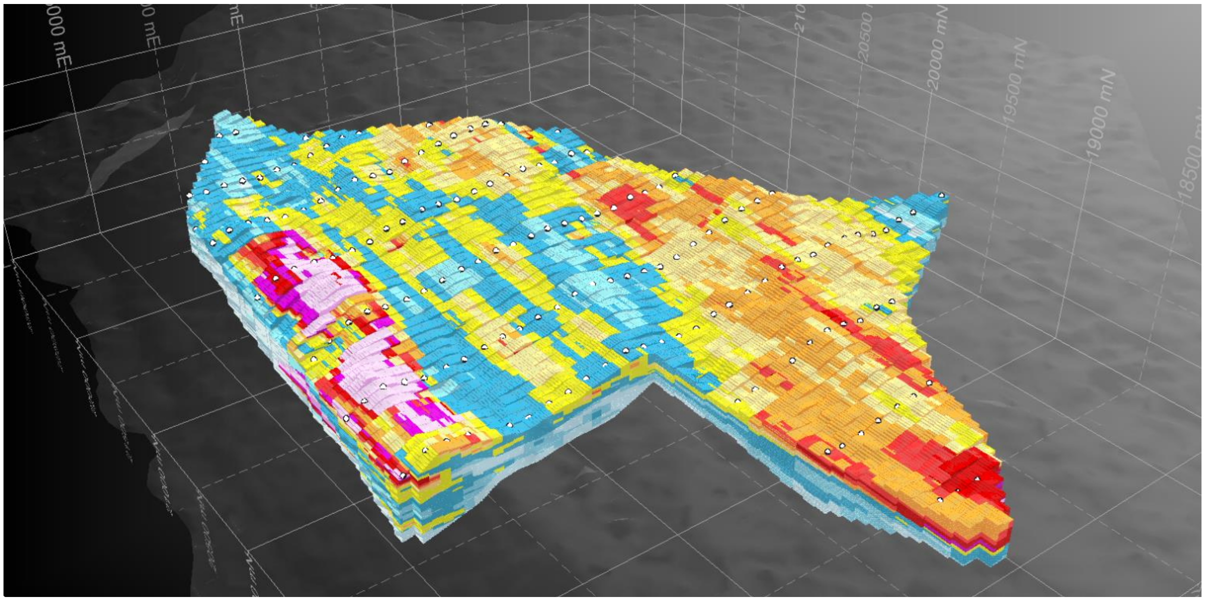

Figure 1: Port Gregory Block Model showing THM grade

The Port Gregory Mineral Resource estimate is reported at a cut-off grade of 2.0% THM and is presented below in

Table 1. This table conforms to guidelines set out in the JORC Code (2012).

At a cut-off grade of 2.0% THM the Port Gregory deposit comprises a total Mineral Resource of 135 Mt @ 4.0% THM, 10% SLIMES and 10% OS (Over Size) containing 5.4 Mt of THM with an assemblage of 90% garnet, 4% ilmenite, 1% rutile and 0.6% zircon. The JORC categories are specifically stated as:

- an Indicated Mineral Resource of 88 Mt @ 3.8% THM, 10% SLIMES and 9% OS containing 3.3 Mt of THM with an assemblage of 89% garnet, 4% ilmenite, 2% rutile and 0.6% zircon; and
- an Inferred Mineral Resource of 47 Mt @ 4.5% THM, 10% SLIMES and 11% OS containing 2.1 Mt of THM with an assemblage of 91% garnet, 4% ilmenite, 1% rutile and 0.5% zircon.

Table 1 Port Gregory – Mineral Resource Estimate

Summary of Mineral Resource estimate (1)							THM Assemblage (2)					
Classification	Material (Mt)	In Situ THM (Mt)	In Situ Garnet (Mt)	THM (%)	SL (%)	OS (%)	Garnet (%)	Ilmenite (%)	Zircon (%)	Rutile (%)	Anatase (%)	Other (%)
Indicated	88	3.3	3.0	3.8	10	9	89	4	0.6	2	0.4	4
Inferred	47	2.1	1.9	4.5	10	11	91	4	0.5	1	0.2	3
Grand Total	**135**	**5.4**	**4.9**	**4.0**	**10**	**10**	**90**	**4**	**0.6**	**1**	**0.3**	**4**

Notes:

(1) Mineral Resource reported at a cut-off-grade of 2.0% THM.

(2) Mineral assemblage is reported as a percentage of in situ THM content.

Port Gregory Drilling Campaign

The Port Gregory drilling campaign spanned the latter part of 2021 and January 2022. The key intercepts (Figure 2) at a cut-off grade of 2% THM include:

2021 Campaign:

- 17.9% THM over 13 m from surface (PGAC0025A)
- 11.3% THM over 22.5 m from 12 m downhole (PGAC0067)
- 13.3% THM over 12 m from surface (PGAC0088)
- 12.9% THM over 14 m from surface (PGAC0089)
- 39.5% THM over 3 m from surface (PGAC0026A)

2022 Campaign:

- 9.3% THM over 12 m from surface (PGAC0165)
- 7.7% THM over 15 m from surface (PGAC0169)
- 5.7% THM over 27 m from 1m downhole (PGAC0154)
- 5.7% THM over 19 m from surface (PGAC0167)

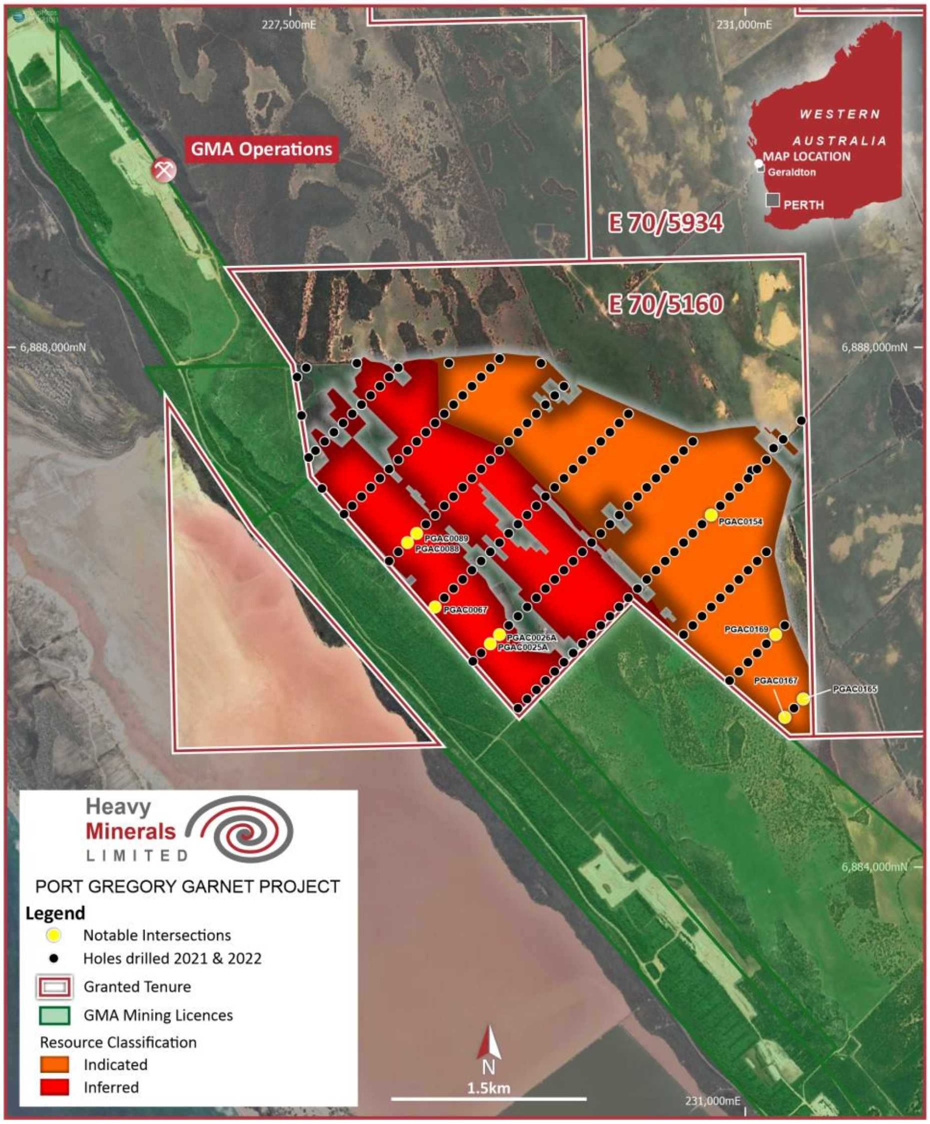

Figure 2: Notable intersections from drilling campaigns

Port Gregory Scoping Study (PGSS) and Preliminary Economic Assessment (PEA)

During the final quarter of the year, IHC Mining was awarded the Port Gregory Scoping Study (PGSS) and Preliminary Economic Assessment (PEA) after a competitive tender which had three industry leading mineral sands engineering firms bid for the work.

IHC Mining are an industry leading Mineral Sands Engineering Consultancy with over 100 years of mineral sands and execution experience. The Study Team selected for the project is led by Engineers that have worked directly on the RDG Lucky Bay mine project within the last 2.5 years. It is anticipated that learnings from this project will be applied to HVY's study, providing HVY with an industry leading outcome.

As at the end of the financial year the study was on budget and on time for release in August / September 2022.

Red Hill Prospect

On the 26th of April 2022, HVY reported that significant garnet mineralisation had been discovered at "Red Hill", 37 km to the South of HVY's flagship Port Gregory Garnet Project. The area has comparable geology and surface grades to the Port Gregory Project.

Wide spaced auger holes identified significant garnet mineralisation over an area of at least 1 km x 1 km with notable intercepts including:

- 6.9% THM over 2 m from surface (HA037)
- 4.8% THM over 1.5 m from surface (HA040)
- 4.1% THM over 2.3 m from surface (HA029)
- 5.7% THM over 1 m from surface (DM001)

The garnet fraction was visually estimated (via microscope scanning) to be typically between 75% - 85%.

The high grade, shallow mineralisation intercepted in the auger campaign resulted in the project being elevated to a priority exploration target. Follow up drilling is currently planned for late 2022 to validate the discovery.

The location of the prospect is presented in Figure 3 which highlights the proximity to Geraldton Port.

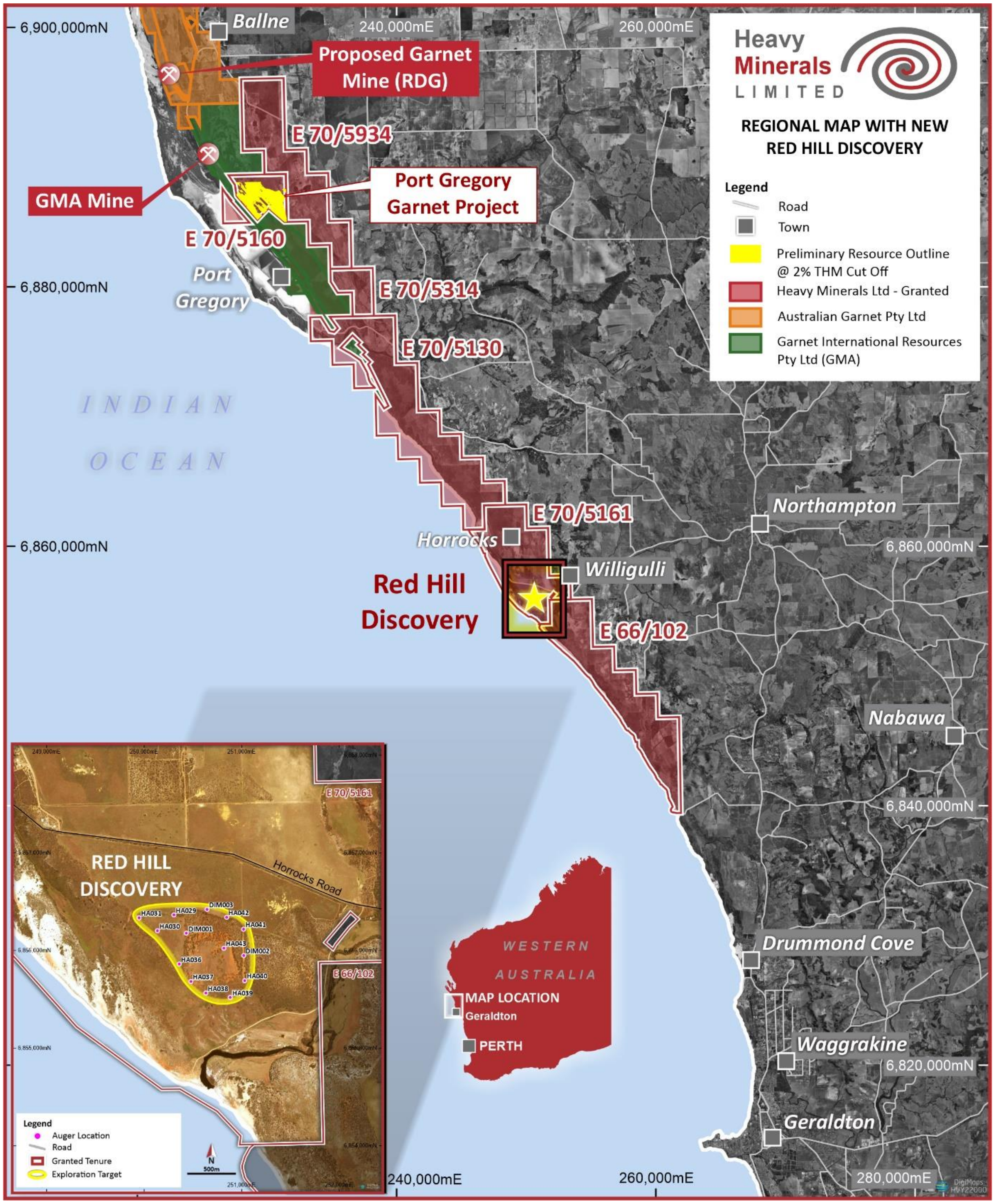

Figure 3: Regional map showing HVY Tenure and projects

Activities Summary (Port Gregory Project)

During the year ending 30 June 2022 the company undertook the following exploration and evaluation activities on the project:

- Completed Maiden drilling program at Port Gregory Garnet Project: 187 AC holes for 5,653.5 metres
- Maiden JORC Mineral Resource released, significantly exceeding the Exploration Target, and delivered:
  - **135 Mt @ 4.0% THM**
  - Indicated Mineral Resource of **88 Mt @ 3.8% THM**; and
  - Inferred Mineral Resource of **47 Mt @ 4.5% THM**.
  - **4.9 Mt contained garnet (equivalent to 5 years of global demand)**
- Port Gregory Scoping Study (PGSS) and Preliminary Economic Assessment (PEA) awarded to IHC Mining
  - Scoping study is on time and on budget for delivery August / September
  - Optionality of the Scoping Study will seek to maximise the project Net Present Value (NPV)
- 77 heavy mineral composites and a 1,500 kg bulk sample sent to Bureau Veritas and IHC mining respectively for mineralogical determination and metallurgical test work
- Significant garnet mineralisation discovered at "Red Hill", 37 km to the South of the Port Gregory Garnet Project area with comparable geology and surface grades to the Port Gregory Project
- Small scale DGPR (Differential Ground Penetrating Radar) surveys undertaken at Port Gregory and Red Hill. Results of this work indicate gross lithology is likely to be similar in nature to that which was encountered at the Port Gregory project. When air core drilling is carried out there will be an opportunity to use this method as a targeting tool for identifying sand packages which could host further mineralisation
- Completed Seismic Survey at Port Gregory Project
- Secured an additional 45.52 km^2 of tenure bordering GMA's mining lease and HVY's tenure (E70/5934)

Inhambane Project [Mozambique]

The Inhambane Heavy Mineral Sands Project in Mozambique consists of a mining concession application (which was lodged on 11 March 2020). The Company has a 70% direct interest in the Inhambane Project (via its wholly owned subsidiary, Mozmin Resources (Mauritius) Limited with the remaining 30% owned by Galilei LDA (which will be free carried until a decision to mine is made by the Company). While the exploration licence preceding the mining concession application has expired, the grant of the Mining Concession supersedes this and is currently pending.

The Mineral Resource at the Inhambane Heavy Mineral Sands Project is 90 Mt @ 3.0% THM with 2.7 Mt of contained THM The Inferred Mineral Resource is highlighted in Table 2 and is ilmenite dominated with credits of zircon, rutile, and leucoxene.

Table 2: Inhambane Mineral Resource Summary

MINERAL RESOURCE SUMMARY FOR INHAMBANE PROJECT AS AT DECEMBER 2021

Summary of Mineral Resources[1]						HM Assemblage[2]					
Mineral Resource Category	Material (Mt)	In Situ THM (Mt)	THM (%)	SL (%)	OS (%)	Altered Ilmenite (%)	Primary Ilmenite (%)	Rutile (%)	Leucoxene (HiTi) (%)	Zircon (%)	Others (%)
Inferred	90	2.7	3.0	5	0	29	31	2	4	5	29
Grand Total[3]	**90**	**2.7**	**3.0**	**5**	**0**	**29**	**31**	**2**	**4**	**5**	**29**

Notes:

(1) Mineral resources reported at a cut-off-grade of 1.7% HM.

(2) Mineral assemblage is reported as a percentage of in situ HM content.

(3) HVY has a 70% interest in the Inhambane heavy mineral sands project

The Inhambane Project consists of the following tenure:

Project	Concession Licence	Status	Area (Ha)	Expiry Date
Inhambane	10255C	Pending	21,388.35	N/A

Inhambane Metallurgy

500 kg of raw material from a selection of drill samples was sent to the IHC Mining laboratory in Queensland for metallurgical testing. The testing aimed to develop a process flowsheet and to determine the expected mineral products from the project. The development of process flow sheets and preliminary mining studies will provide the groundwork for an engineering Scoping Study, pending the addition of further Mineral Resources to the Inhambane project, to develop CAPEX and OPEX outputs and deliver an understanding of potential options for commercial development.

The results of the test work which was near completion at the end of the reporting year highlighted the very marketable nature of the potential product suite from the project which can be produced using a basic process utilising typical mineral sands equipment.

The following key products were produced:

- Primary Ilmenite containing 49.8% TiO_2, 0.6% SiO_2, 0.4% Al_2O_3 and <0.1% Cr_2O_3
- Zircon containing 66% ZrO_2 + HfO2, < 0.1% TiO_2 and < 500ppm U + Th
- High Titanium product containing > 90% TiO_2

In addition to the production of the key products, potential exists to produce a secondary ilmenite product containing >57% TiO_2 and a monazite product.

Follow-up work to process ilmenite concentrate material (middlings) over Rare Earth Drum, Rare Earth Roll Magnetic Separator combination to ascertain if a > 57% TiO_2 product with < 1.0% Cr_2O_3 can be produced is underway with the results expected in August.

Overall recovery of ilmenite into the primary ilmenite product is high at 85.5%, without the need for roasting, whilst the recovery of rutile and zircon into a non-magnetic concentrate (feed to produce zircon and high titanium) is 82% and 91.1% respectively.

Activities Summary (Inhambane Project)

During the year ending 30 June 2022 the company undertook the following exploration and evaluation activities on the project:

- Increased area under mining licence application to 213.88 km^2
- JORC Mineral Resource increased to 90 Mt @ 3.0% THM
- 500 kg of mineral sands bulk sample sent to IHC Mining for metallurgy testing
- Metallurgy results from the project produced the following:
    - Inhambane mineral sands can be processed using typical processing methodologies and equipment
    - Primary Ilmenite containing 49.8% TiO_2, 0.6% SiO_2, 0.4% Al_2O_3 and < 0.1% Cr_2O_3
    - Zircon containing 66% ZrO_2 + HfO_2, < 0.1% TiO_2 and < 500ppm U + Th
    - High Titanium product containing > 90% TiO_2

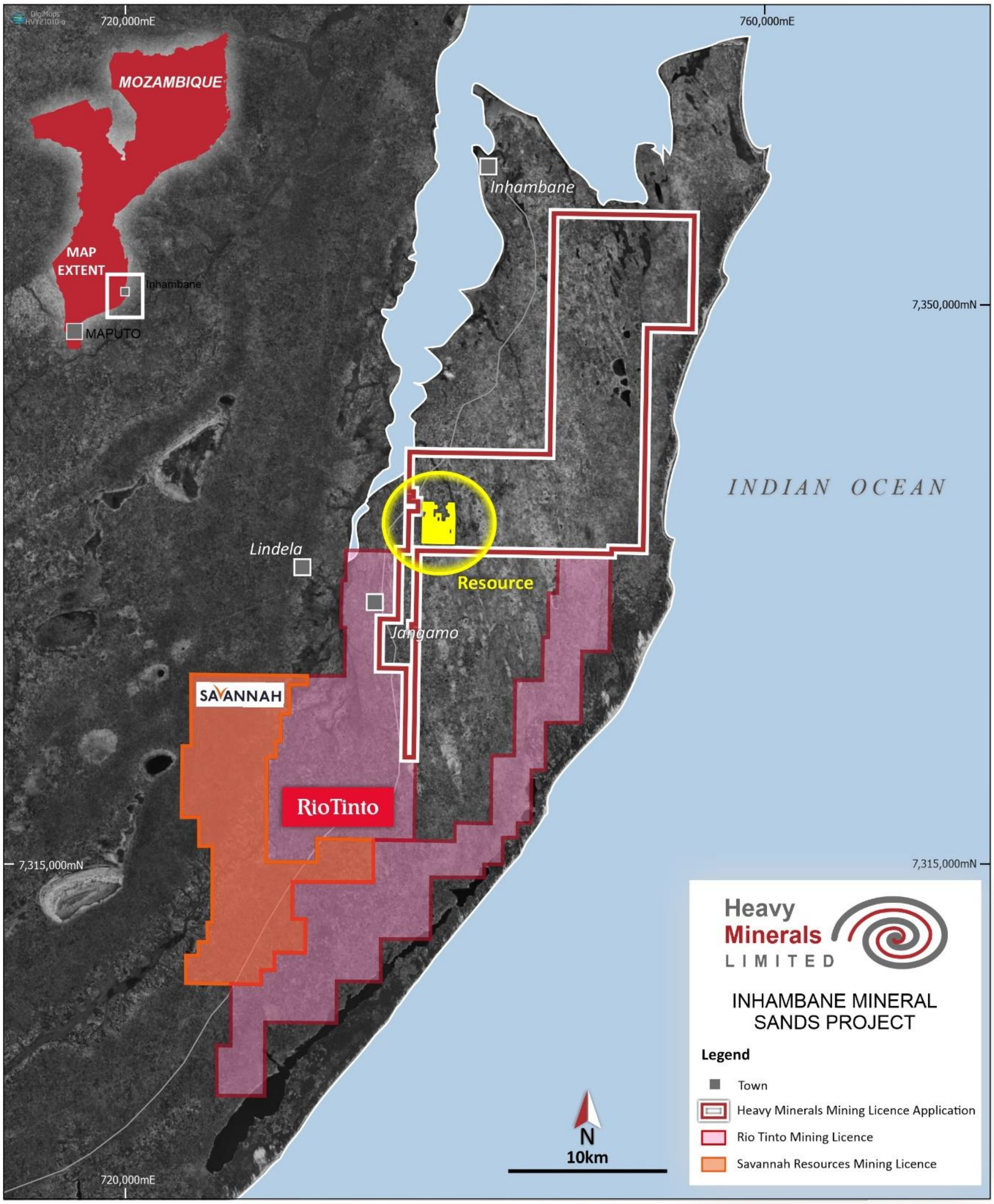

Figure 4: Inhambane MLA and Mineral Resource outline

Competent Persons Statements

Port Gregory and Red Hill

The information in this announcement that relates to Exploration Results and Mineral Resource estimates is based on and fairly represents information and supporting documentation prepared by Mr. Greg Jones (FAusIMM) who is a Non-Executive Director for Heavy Minerals Limited. Mr. Jones is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being reported on to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Jones has reviewed this report and consents to the inclusion in the report of the matters in the form and context with which it appears.

Inhambane:

The Mineral Resource estimates referred to in this announcement were first reported in accordance with ASX Listing Rule 5.7 in the Company's prospectus dated 27 July 2021 and released on the ASX market announcements platform on 10 September 2021 and subsequently revised in Heavy Minerals Limited's ASX release dated 6th December 2021. The JORC Mineral Resource report that supports this original Mineral Resource estimate is hosted on the company website at the following link:
https://www.heavyminerals.com/technical-reports/

The Company has released updated information that confirms an increase in the Mineral Resource estimate that was reported in the prospectus by way of changing the reporting THM cut-off grade and the expansion of tenure that increases the extent of the Inhambane Mineral Resource to the south.

The information in this announcement that relates to Mineral Resource estimates is based on and fairly represents information and supporting documentation prepared by Mr. Greg Jones (FAusIMM) who is a Non-Executive Director for Heavy Minerals Limited. Mr. Jones is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being reported on to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Jones has reviewed this report and consents to the inclusion in the report of the matters in the form and context with which it appears.

The information in this announcement that relates to Metallurgical Test Results was first reported in a release to the ASX on the 30th May 2022.

Environmental Regulation

The Company's projects are not subject to direct physical risk arising from climate factors. Although the Port Gregory Project and the Inhambane Project are both still at an early stage, Global warming may make both sites more inaccessible over time. The Projects are not subject to any direct physical risk from climate factors such as flooding or excessive drought. The Consolidated Entity is subject to and is compliant with all aspects of environmental regulation of its exploration and mining activities. The Directors are not aware of any environmental law that is not being complied with.

CORPORATE

HVY successfully raised $5.5M by way of initial public offering listing on the ASX on 14 September 2021.

Upon ASX admission, the borrowings outstanding at balance date were repaid via an equity conversion.

On 3 May 2021 2,565,407 Class A performance rights were converted into 2,565,407 shares.

COVID-19 Impacts

COVID 19 did not impact operations in Western Australia during the financial year given the relatively limited number of "lock-downs" in the State and limited travel requirements intrastate.

In Mozambique, access to the Inhambane project was impacted by COVID, the State of Emergency (ending in September 2020) and the Situation of Public Calamity in Mozambique (lifted during the final quarter of the year. Access to the project is now possible and a site visit was conducted in May which included meeting the in-country partners to update them about planned exploration activities.

The force majeure position with respect to the expenditure requirements of the Mozambique assets remained in place.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Heavy Minerals Limited raised $5.5M by way of an initial public offering and listing on the ASX on 14 September 2021.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Port Gregory Scoping Study is expected to be released to the market in Q3 2022. The results of the Scoping Study will provide both the company and investors with an improved understanding of the project from both a technical and financial perspective.

There are no other likely developments of which the Directors are aware of which could be expected to significantly affect the results of the Company's operations in subsequent financial periods not otherwise disclosed in the 'Principal activities' and 'Review of operations' or the 'Significant events after the balance sheet date' sections of the Directors' report.

DIRECTORS' QUALIFICATIONS AND EXPERIENCE

The Directors' qualifications and experience are set out below.

Current Directors

Director	Details
Adam Schofield	
Qualifications	Dip (MechEng)
Position	Non-Executive Chairman (Non-Independent)
Appointment Date	10 February 2021
Resignation Date	N/A
Length of Service	1 year 7 months (to date)
Biography	Mr Schofield is an Executive Director with over 22 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.
Committee Memberships	N/A as the Board as a whole performs the role of the Audit and Risk, Nomination and Remuneration Committees
Current ASX Listed Directorships	Kingfisher Mining Limited
Former ASX Listed Directorships within last 3 years	Nelson Resources Limited
Maurice (Nic) Matich	
Qualifications	B Eng (Mech) (Hons), B Sci (Phys, IT), GradDip (Finance)
Position	Executive Director & CEO
Appointment Date	10 February 2021
Resignation Date	13 September 2022
Length of Service	1 year 7 months
Biography	Mr Matich is a mechanical engineer and finance professional with over 16 years of varied experience in the resources sector. His industry experience includes the provision of engineering, risk consulting and insurance services to numerous tier 1 mining companies with operations in mineral sands, kaolin, iron ore, gold and zinc. Mr Matich has a deep understanding of the industrial minerals thematic having covered the sector as an analyst for Patersons Securities. Mr Matich is a director of Strata Tasker Pty Ltd and Mobile Crisis Construction Limited.

Committee Memberships	N/A as the Board as a whole performs the role of the Audit and Risk, Nomination and Remuneration Committees
Current ASX Listed Directorships	None
Former ASX Listed Directorships within last 3 years	None
Greg Jones	
Qualifications	B App Sc (Geol) (Hons), FAusIMM
Position	Non-Executive Director (Non-Independent)
Appointment Date	10 February 2021
Resignation Date	N/A
Length of Service	1 year 7 months (to date)
Biography	Mr Jones has over 26 years' experience primarily as a mineral sands Geologist. Most of his career has been with Iluka Resources in senior resource estimation/management roles and in the capacity of Competent Person for the reporting and management of Mineral Resources and Ore Reserves. Mr Jones has helped develop a number of new discoveries into reportable Mineral Resources including Jacinth-Ambrosia. He is a 20 year member of the AusIMM, holding the grade of Fellow, sitting on review committees and has published multiple technical and resource estimation mineral sands papers. For the past seven years, Mr Jones has held various consulting roles, firstly establishing GNJ Consulting Pty Ltd specialising in geological, geometallurgical and resource estimation consulting services to the mineral sands sector, then joining IHC Robbins where he is currently the Commercial and Business Development Manager.
Committee Memberships	N/A as the Board as a whole performs the role of the Audit and Risk, Nomination and Remuneration Committees
Current ASX Listed Directorships	None
Former ASX Listed Directorships within last 3 years	None
Glenn Simpson	
Qualifications	BCom
Position	Non-Executive Director (Non-Independent)
Appointment Date	10 February 2021
Resignation Date	N/A
Length of Service	1 year 7 months (to date)
Biography	Mr Simpson has been a Chartered Accountant for over 33 years, with global experience in accounting with a strong mining focus. His experience includes managing the Touché Ross & Co (Deloitte) practice in Bougainville, Papua New Guinea for 3 years and establishing his own large commercial accounting practice in West Perth and Kalgoorlie. Over the last decade, he established a large insurance broking and underwriting business from Perth that

	operated nationally. These businesses were sold to a "national brand" underwriting and broking company. Mr Simpson is a sophisticated investor and has been involved in many commercial ventures including capital raising and business start-ups. He has also mentored many small cap companies.
Committee Memberships	N/A as the Board as a whole performs the role of the Audit and Risk, Nomination and Remuneration Committees
Current ASX Listed Directorships	None
Former ASX Listed Directorships within last 3 years	None

COMPANY SECRETARY

Company Secretary	Details
Stephen Brockhurst	
Qualifications	BCom
Position	Company Secretary
Appointment Date	10 February 2021
Resignation Date	N/A
Biography	Mr Brockhurst has over 20 years' experience in the finance and corporate advisory industry and has been responsible for the due diligence process and preparation of prospectuses on a number of initial public offers. His experience includes corporate and capital structuring, corporate advisory and company secretarial services, capital raising, ASX and ASIC compliance requirements. Mr Brockhurst has served on the board and acted as Company Secretary for numerous ASX listed companies.

MEETINGS OF DIRECTORS

The number of meetings held during the year and the number of meetings attended by each Director was as follows:

	Board	Board in the Capacity of Audit & Risk Committee	Board in the Capacity of Remuneration & Nomination Committee
Number of Meetings Held	**7**	**3**	**-**
Number of Meetings Attended:			
Adam Schofield	7	2	-
Nic Matich[1]	7	3	-
Greg Jones	6	2	-
Glenn Simpson	7	3	-

All Directors were eligible to attend all Board Meetings held when they were in office.

SHARE OPTIONS

As at the date of this report:

No. Options	Exercise Price	Expiry Date	Listed / Unlisted
3,782,226	$0.25	14 September 2023	Unlisted
10,000,000	$0.25	14 September 2024	Unlisted

PERFORMANCE RIGHTS

As at the date of this report:

No. Performance Rights	Class	Expiry Date	Listed / Unlisted
2,565,408	B	14 September 2026	Unlisted

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS AND PERFORMANCE RIGHTS

No shares as a result of the exercise of the options were issued as at the date of this report.

2,565,407 shares were issued as a result of the conversion of performance rights as at the date of this report.

[1] Resigned 13 September 2022.

DIRECTORS' INTERESTS AND BENEFITS

The movement during the reporting period in the number of options over ordinary shares of the Company held directly, indirectly or beneficially, by each Director or key management personnel, including their personally-related entities is as follows:

Director	No. Options Held at 30 June 2021	Share Based Payments	Exercise of Options	Other Changes	No. Options Held at 30 June 2022	No. Options Held at Date of this Report
Adam Schofield						
Directly	1,000,000	-	-	-	1,000,000	1,000,000
Indirectly	-	-	-	-	-	-
Nic Matich[2]						
Directly	1,250,000	-	-	-	1,250,000	N/A
Indirectly	-	-	-	-	-	N/A
Greg Jones						
Directly	1,000,000	-	-	-	1,000,000	1,000,000
Indirectly	-	-	-	-	-	-
Glenn Simpson						
Directly	1,000,000	-	-	-	1,000,000	1,000,000
Indirectly	-	-	-	-	-	-
Total	**4,250,000**	**-**	**-**	**-**	**4,250,000**	**3,000,000**

[2] Resigned 13 September 2022.

The movement during the reporting period in the number of performance rights of the Company held directly, indirectly or beneficially, by each Director or key management personnel, including their personally-related entities is as follows:

Director	No. Performance Rights Held at 30 June 2021	Security Based Payments	Conversion of Performance Rights	No. Performance Rights Held at 30 June 2022	No. Performance Rights Held at Date of this Report
Adam Schofield					
Directly	1,000,000	-	(500,000)	500,000	500,000
Indirectly	-	-	-	-	-
Nic Match[3]					
Directly	1,250,000	-	(625,000)	625,000	N/A
Indirectly	-	-	-	-	N/A
Greg Jones					
Directly	1,000,000	-	(500,000)	500,000	500,000
Indirectly	-	-	-	-	-
Glenn Simpson					
Directly	1,000,000	-	(500,000)	500,000	500,000
Indirectly	-	-	-	-	-
Total	**4,250,000**	**-**	**(2,125,000)**	**2,125,000**	**1,500,000**

The following terms and conditions apply to each of the Performance Rights:

- (**Vesting Conditions**): The Performance Rights will vest subject to the satisfaction of the following performance milestones within that timeframe (each a **Milestone**):

Class	Performance Milestone	**Milestone Date**	**Number of Performance Rights**
Class B	Delineation of a 250MT Inferred Mineral Resource at 3.0% THM (with a minimum cut-off grade of 2%) at the Inhambane Project	5 years from the date of Admission	2,565,408
Total			**2,565,408**

  - For the avoidance of doubt, both the retention condition and the relevant Milestone (together, the **Vesting Conditions**) must be satisfied before a Performance Right will vest.

[3] Resigned 13 September 2022.

- (**Vesting Process**): Provided the Vesting Conditions are met or otherwise waived by the Board, a Vesting Notification will be sent to the holder from the Board, informing them that some or all of the Performance Rights have vested. Unless and until the Vesting Notification is issued by the Company, the Performance Rights will not be considered to have vested.

Transactions with related parties

During the reporting year, there were the following related party transactions:

- During the year, Matich Law (a company of which is owned by Nic Matich's mother) provided legal services to the Consolidated Entity to the value of $500.
- During the year GNJ Consulting Pty Ltd (a company of which Greg Jones is a director) provided exploration services to the Consolidated Entity to the value of $28,000. The amount payable to GNJ Consulting Pty Ltd at 30 June 2022 was $Nil (2021: $Nil).
- During the year, IHC Robbins Pty Ltd (a company of which Greg Jones is an employee) provided exploration services to the Consolidated Entity to the value of $184,044. The amount payable to IHC Robbins Pty Ltd at 30 June 2022 was $53,731 (2021: $Nil).
- During the year, Heavy Minerals Ltd (a company incorporated in England & Wales, related by way of a mutual director, Adam Schofield) was loaned $2,202 to cover corporate costs.
- Nelson Resources Limited (a company of which Adam Schofield was a director) provided Drone Survey services to Mozmin Resources Pty Ltd (subsidiary of Heavy Minerals Limited). The transactions were on commercial terms and arm's length basis and have since concluded.

REMUNERATION REPORT

Introduction

The Directors present the Remuneration Report for the Consolidated Entity for the year ended 30 June 2022. This Remuneration Report forms part of the Directors' Report in accordance with the requirements of the Corporations Act 2001 and its regulations. For the purposes of this report, Key Management Personnel ("KMP") of the Consolidated Entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, including any Director (whether executive or otherwise) of the Consolidated Entity.

Remuneration Policy

The remuneration policy of the Consolidated Entity has been designed to align KMP objectives with Shareholders' interests and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Consolidated Entity's financial results. The Board believes that the remuneration policy is appropriate and effective in its ability to attract and retain the best KMP to run and manage the Consolidated Entity, as well as create goal congruence between Directors, Executives and Shareholders.

Executive Directors and Key Management Personnel

The Board's policy for determining the nature and amount of remuneration for Executive Directors and Key Management Personnel of the Consolidated Entity was in place for the year ended 30 June 2022.

There was no performance evaluation performed during the year due to the Consolidated Entity's infancy. The Board has agreed to conduct its first performance review in the next financial year.

Non-Executive Directors

The Board's policy is to remunerate Non-Executive Directors based on market practices, duties and accountability. Independent external advice is sought when required. The fees paid to Non-Executive Directors will be reviewed annually. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by Shareholders at the Annual General Meeting ("AGM"). The maximum aggregate amount of fees payable has been set at $500,000pa for all Directors.

Use of Remuneration Consultants

To ensure the Remuneration Committee (of which the function is performed by the Board as a whole at this stage) is fully informed when making remuneration decisions, it may seek external remuneration advice. The Board did not engage external remuneration advice in 2022.

Remuneration Report Approval at FY2022 AGM

The remuneration report for the year ended 30 June 2022 will be put to shareholders for approval at the Consolidated Entity's AGM which will be held during November 2022.

Details of Remuneration

Details of remuneration of the Directors and KMP of the Consolidated Entity (as defined by AASB 124 Related Party Disclosures) and specified executives are set out below:

		Fixed				STI	LTI	Total	Proportion of Remuneration		
	Year	Salary fees and leave $	Other Fees $	Super-annuation $	Security Based Payments $	Incentive Payments $	Fair value of Share Options (equity settled) $	$	Fixed %	STI %	LTI %
Non-Executive Directors											
Adam Schofield	2022	58,783	-	-	-	-	-	58,783	100%	-	-
	2021	26,967	-	-	-	-	155,000	181,967	15%	-	85%
Greg Jones	2022	48,182	28,000	4,818	-	-	-	81,000	100%	-	-
	2021	33,569	-	1,857	-	-	155,000	190,426	19%	-	81%
Glenn Simpson	2022	51,566	-	-	-	-	-	51,566	100%	-	-
	2021	25,426	-	-	-	-	155,000	180,426	14%	-	86%
Steven Flynn[4]	2022	-	-	-	-	-	-	-	100%	-	-
	2021	6,552	-	-	-	-	-	6,552	100%	-	-
Jeet Foolessur[4]	2022	-	-	-	-	-	-	-	100%	-	-
	2021	-	-	-	-	-	-	-	-	-	-
Total Non-Executive Directors	2022	158,531	28,000	4,818	-	-	-	191,349	100%	-	-
	2021	92,514	-	1,857	-	-	465,000	559,361	17%	-	83%
Executive Directors											
Nic Matich[5]	2022	162,500	-	22,250	-	-	-	184,750	100%	-	-
	2021	117,808	-	5,781	-	-	193,750	317,339	36%	-	64%
Total Executive Directors	2022	162,500	-	22,250	-	-	-	184,750	100%	-	-
	2021	117,808	-	5,781	-	-	193,750	317,339	36%	-	64%

[4] Director of (Mozmin Resources Mauritius Ltd).
[5] Resigned 13 September 2022.

Service Agreements

The Company entered into an executive services agreement with Maurice Matich on 10 February 2021, pursuant to which Mr Matich serves as Executive Director & CEO responsible for the overall management and supervision of the activities, operations and affairs of the Company, subject to overall control and direction of the Board. Pursuant to the agreement, Mr Matich was entitled to receive $180,000 per annum (including statutory superannuation) which represents an increase from the original agreement of $165,000 per annum (including statutory superannuation). In addition, the Company agreed to a $60,000 sign on bonus paid upon Admission (**Sign-on Bonus**) and issued Mr Matich (or his nominee) 1,250,000 Options and 1,250,000 Performance Rights. The Board may have, in its absolute discretion invited Mr Matich to participate in bonus and/or other incentive schemes in the Company that it may implement from time to time, subject to compliance with the Corporations Act and Listing Rules. The agreement was for an indefinite term, continuing until terminated by either the Company or Mr Matich giving not less than one month's written notice of termination to the other party (or shorter period in limited circumstances). Subsequent to year end, on 13 September 2022 Maurice Matich resigned as Executive Director & CEO.

The Company has entered into agreements with its Non-Executive Directors.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share Based Compensation

Performance based compensation during the year ended 30 June 2022 has been detailed for the Directors within the Remuneration and Service Agreements sections of the Remuneration Report.

The movement during the reporting period in the number of ordinary shares of the Company held directly, indirectly or beneficially, by each Director or key management personnel, including their personally-related entities is as follows:

Director	No. Shares Held at 30 June 2021	Share Based Payments	Exercise of Options / Performance Rights	On-market Purchases	No. Shares Held at 30 June 2022	No. Shares Held at Date of this Report
Adam Schofield						
Directly	3,029,183	-	500,000	156,212	3,685,395	3,685,395
Indirectly	-	-	-	-	-	-
Nic Matich[6]						
Directly	800,000	-	625,000	-	1,425,000	N/A
Indirectly	-	-	-	-	-	N/A
Greg Jones						
Directly	-	-	500,000	-	500,000	500,000
Indirectly	1,579,078	-	-	-	1,579,078	1,579,078
Glenn Simpson						
Directly	-	-	500,000	-	500,000	500,000
Indirectly	2,963,445	-	-	-	2,963,445	2,963,445
Total	**8,371,706**	**-**	**2,125,000**	**156,212**	**10,652,918**	**9,227,918**

There were no securities granted as remuneration during the year ended 30 June 2022.

There were no other Director and KMP transactions.

End of Audited Remuneration Report.

DIVIDENDS

No dividends were paid during the year and no recommendation is made as to payment of dividends.

[6] Resigned 13 September 2022.

EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances have arisen since the end of the year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial years other than the following:

- On 12 September 2022 the Company released the results of the Company's Port Gregory Scoping Study (PGSS) and Preliminary Economic Assessment (PEA).
- On 13 September 2022 Maurice Matich resigned as Executive Director & CEO.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the Directors and officers of the Company for costs incurred, in their capacity as a Director or officer, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the Company paid a premium in respect of a contract to insure the Directors and officers of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Consolidated Entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Consolidated Entity or any related entity against a liability incurred by the auditor. During the financial year, the Consolidated Entity has not paid a premium in respect of a contract to insure the auditor of the Consolidated Entity or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 5 to the financial statements. The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are of the opinion that the services as disclosed in Note 5 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Consolidated Entity, acting as advocates for the Consolidated Entity or jointly sharing economic risks and rewards.

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the year ended 30 June 2022 has been received and is included within the financial statements.

AUDITOR

Criterion Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporation Act 2001.

Signed in accordance on behalf of the Directors.

Adam Schofield
Non-Executive Chairman

27 September 2022

The Board of Directors is responsible for the corporate governance of Heavy Minerals Limited (the Consolidated Entity). The Board of Directors have established a corporate governance framework which follows the recommendations as set out in the ASX Corporate Governance Council's Principles and Recommendations 4th edition ("Principles and Recommendations"). The Consolidated Entity has followed each recommendation where the Board has considered the recommendation to be appropriate benchmark for the Consolidated Entity's corporate governance practices. Where the Consolidated Entity's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where the Consolidated Entity's corporate governance practices do not follow a recommendation, the Board explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Consolidated Entity has adopted instead of those in the recommendation. The Consolidated Entity's corporate governance framework can be viewed on the Consolidated Entity's website: www.heavyminerals.com/corporate-governance/

Recommendation 1.5
The respective proportions of men and women on the Board, in senior executive positions (including key management personnel) and across the whole organisation:

Details: 2022	Percentage	Number
Board		
Men	100%	4
Women	-%	-
Senior Executive Positions		
Men	-%	-
Women	-%	-
Entire Organisation		
Men	75%	6
Women	25%	2

The Consolidated Entity recognises and respects the value of diversity at all levels of the organisation. The Consolidated Entity recognises that the mining and exploration industry is intrinsically male dominated in many of the operational sectors and the pool of women with appropriate skills will be limited in some instances. The Consolidated Entity recognises that diversity extends to matters of age, disability, ethnicity, marital/family status, religious/cultural background and sexual orientation. Where possible, the Consolidated Entity will seek to identify suitable candidates for positions from a diverse pool.

Recommendation 2.2
The Consolidated Entity has reviewed the skill set of its Board to determine where the skills lie and any relevant gaps in skills shortages. The Consolidated Entity is working towards filling these gaps through engagement of professional advisors where it is deemed necessary.

Recommendation 7.4
The Consolidated Entity has assessed its exposure to economic, environmental and social sustainability risks and has addressed them in its Corporate Governance Statement and can be viewed its website: www.heavyminerals.com/corporate-governance/.

CRITERION AUDIT

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 233 LEEDERVILLE WA 6902

Suite 2, 642 Newcastle Street
LEEDERVILLE WA 6007

Phone: 9466 9009

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Heavy Minerals Limited and its controlled entities for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

CHRIS WATTS CA
Director

CRITERION AUDIT PTY LTD

DATED at PERTH this 27th day of September 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	Consolidated Entity 30 June 2022 $	Consolidated Entity 30 June 2021 $
Other income	3	**8,802**	-
Accounting fees		**(74,530)**	(28,863)
Compliance fees		**(108,192)**	(50,447)
Consultancy fees		**(11,689)**	(30,942)
Corporate restructure costs	17	**-**	(1,223,924)
Depreciation	10	**(2,045)**	(93)
Directors' remuneration		**(387,659)**	(205,766)
Exploration expenditure expensed		**-**	(6,562)
Foreign exchange loss		**(29,109)**	(24,435)
Insurance expense		**(31,721)**	(8,103)
Interest expense		**-**	(17,144)
IT expenses		**(16,144)**	(2,738)
Legal fees		**(189,680)**	(40,774)
Marketing		**(86,939)**	(2,565)
Occupancy expenses		**(48,000)**	-
Other expenses		**(49,595)**	(1,865)
Share based payments expense	16	**-**	(788,082)
Travel expenses		**(21,423)**	(4,607)
Loss before tax		**(1,047,924)**	(2,436,910)
Income tax benefit/(expense)	4	**-**	-
Net loss for the year from operations		**(1,047,924)**	(2,436,910)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(889)**	26,442
Total comprehensive loss for the year		**(1,048,813)**	(2,410,468)
Attributable to owners of the Consolidated Entity		**(1,047,924)**	(2,408,698)
Attributable to non-controlling interest		**-**	(1,770)
		(1,047,924)	(2,410,468)
Basic and diluted loss per share (cents)	6	**(2.28)c**	(3.89)c

The accompanying notes form part of these financial statements.

	Note	Consolidated Entity 30 June 2022 $	Consolidated Entity 30 June 2021 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	**2,411,626**	34,872
Trade and other receivables	8	**47,763**	1,151
Other assets	9	**39,690**	186,593
Total Current Assets		**2,499,079**	222,616
Non-Current Assets			
Plant and equipment	10	**64,103**	1,912
Exploration and evaluation assets	11	**1,911,483**	90,350
Total Non-Current Assets		**1,975,586**	92,262
Total Assets		**4,474,665**	314,878
LIABILITIES			
Current Liabilities			
Trade and other payables	12	**110,797**	333,635
Borrowings	13	**-**	215,785
Provisions	14	**18,270**	4,469
Total Current Liabilities		**129,067**	553,889
Total Liabilities		**129,067**	553,889
Net Assets / (Deficiency)		**4,345,598**	(239,011)
EQUITY			
Contributed equity	15	**8,322,811**	2,707,849
Reserves	16	**995,087**	977,516
Accumulated losses		**(4,928,805)**	(3,880,881)
Attributable to owners of the Consolidated Entity		**4,389,093**	(195,516)
Attributable to non-controlling interest		**(43,495)**	(43,495)
Total Equity / (Deficiency)		**4,345,598**	(239,011)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

Consolidated Entity	Contributed Equity $	Foreign Currency Translation Reserve $	Share Based Payments Reserve $	Accumulated Losses $	Attributable to Owners of the Consolidated Entity $	Attributable to Non-Controlling Interest $	Total $
Balance at 1 July 2021	**2,707,849**	**30,581**	**946,935**	**(3,880,881)**	**(195,516)**	**(43,495)**	**(239,011)**
Equity issues	6,488,864	-	-	-	6,488,864	-	6,488,864
Cost of equity issues	(715,049)	-	-	-	(715,049)	-	(715,049)
Share based payments	(158,853)	-	18,460	-	(140,393)	-	(140,393)
Foreign exchange on translation of operations	-	(889)	-	-	(889)	-	(889)
Loss for the year	-	-	-	(1,047,924)	(1,047,924)	-	(1,047,924)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(1,047,924)	(1,047,924)	-	(1,047,924)
Balance at 30 June 2022	**8,322,811**	**29,692**	**965,395**	**(4,928,805)**	**4,389,093**	**(43,495)**	**4,345,598**
Balance at 1 July 2020	**919,270**	**2,815**	**-**	**(1,444,417)**	**(522,332)**	**(41,725)**	**(564,057)**
Equity issues	564,655	-	-	-	564,655	-	564,655
Deemed consideration of acquisition	1,223,924	-	-	-	1,223,924	-	1,223,924
Share based payments	-	-	946,935	-	946,935	-	946,935
Foreign exchange on translation of operations	-	27,766	-	-	27,766	(1,324)	26,442
Loss for the year	-	-	-	(2,436,464)	(2,436,464)	(446)	(2,436,910)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(2,436,464)	(2,408,698)	(1,770)	(2,410,468)
Balance at 30 June 2021	**2,707,849**	**30,581**	**946,935**	**(3,880,881)**	**(195,516)**	**(43,495)**	**(239,011)**

The accompanying notes form part of these financial statements.

	Note	Consolidated Entity 30 June 2022 $	Consolidated Entity 30 June 2021 $
Cash flows from operating activities			
Payments to suppliers and employees		**(1,370,059)**	(186,698)
Interest received		**5,113**	-
Interest paid		**-**	-
Net cash used in operating activities	19	**(1,364,946)**	(186,698)
Cash flows from investing activities			
Payment for exploration and evaluation		**(1,334,514)**	(23,488)
Payment for plant and equipment		**(64,237)**	(2,005)
Payment for term deposits		**(1,500,000)**	-
Net cash used in investing activities		**(2,898,751)**	(25,493)
Cash flows from financing activities			
Proceeds from equity issues		**5,650,000**	-
Payment for costs of equity issues		**(489,549)**	(42,286)
Proceeds from borrowings		**-**	287,000
Repayment of borrowings		**(20,000)**	-
Net cash provided/(used in) from financing activities		**5,140,451**	244,714
Net increase / (decrease) in cash held		**876,754**	32,523
Cash and cash equivalents at beginning of the year		**34,872**	2,301
Foreign exchange effect on cash and cash equivalents		**-**	48
Cash and cash equivalents at year end	7	**911,626**	34,872

The accompanying notes form part of these financial statements.

1. *Corporate information*

This annual report covers Heavy Minerals Limited (parent entity) and subsidiaries (the "Consolidated Entity"), a company incorporated in Australia for the year ended 30 June 2022. The presentation currency of the Consolidated Entity is Australian Dollars ("$"). A description of the Consolidated Entity's operations is included in the review and results of operations in the Directors' Report. The Directors' Report is not part of the financial statements. The Consolidated Entity is a for-profit entity and limited by shares incorporated in Australia whose shares are traded under the ASX code "HVY". The financial statements were authorised for issue on 27 September 2022 by the Directors. The Directors have the power to amend and reissue the financial statements. The principal accounting policies adopted in the preparation of the financial statements are set out below.

2. *Accounting policies*

a. Basis of preparation

The general purpose financial statements of the Consolidated Entity have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of financial assets and financial liabilities.

b. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Heavy Minerals Limited (Company or parent entity) as at 30 June 2022 and the results of all subsidiaries for the year then ended. Heavy Minerals Limited and its subsidiaries together are referred to in these financial statements as the Consolidated Entity. Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

2. *Accounting policies (continued)*

A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent. Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance. Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

c. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current. A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

d. Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

e. Significant management judgement in applying accounting policies and estimate uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expense is provided below.

2. *Accounting policies (continued)*

i. Exploration and evaluation expenditure

Exploration and evaluation costs have been capitalised and are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Key judgements are applied in considering the costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

ii. Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the options issued are determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

iii. Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

f. Accounting Standards that are mandatorily effective for the current reporting year

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2021. The Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Company accounting policies.

g. Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Company has not applied the new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective. Based on a preliminary review of the standards and amendments, the Directors do not anticipate a material change to the Company's accounting policies, however further analysis will be performed when the relevant standards are effective.

	Consolidated Entity 30 June 2022 $	Consolidated Entity 30 June 2021 $

3. *Other income*

Interest revenue	**8,802**	-
	8,802	-

Accounting policy

Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

4. *Income tax benefit/(expense)*

A reconciliation between the income tax expense and the product of accounting profit before income tax multiplied by the Consolidated Entity's applicable income tax rate is as follows:

Loss before tax	**(1,047,807)**	(2,436,910)
Statutory income tax rate for the Consolidated Entity at 30% (2021: 30%)	**(314,342)**	(731,073)
Tax effect of amounts which are not deductible /(taxable) in calculating taxable income:		
Other non-deductible expenses	**12,144**	615,738
Unrecognised tax losses and timing differences	**299,566**	112,740
Differences in tax rate of subsidiaries operating in other jurisdictions	**2,632**	2,595
Income tax expense	**-**	-
Deferred tax balances not recognised		
Tax losses	**1,328,626**	495,972
Other	**(362,565)**	2,699
	966,061	498,671

4. *Income tax benefit/(expense) (continued)*

Accounting policy

Income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction. Income tax on profit or loss for the year comprises current and deferred tax. Current and deferred tax is recognised in statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Goods and services and sales tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other assets or liabilities in the consolidated statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

	Consolidated Entity 30 June 2022 $	Consolidated Entity 30 June 2021 $
5. *Auditor's remuneration*		
Audit of the financial statements	**27,500**	20,500
Investigating accountants report	**-**	2,500
	27,500	23,000

	Consolidated Entity 30 June 2022	Consolidated Entity 30 June 2021
6. *Loss per share*		
The following reflects the loss and number of shares used in the calculation of the basic and diluted loss per share.		
Basic and diluted loss per share (cents per share)	**(2.28)c**	(3.89)c
Net loss attributable to ordinary shareholders ($)	**$(1,047,807)**	$(2,408,698)
	Shares	**Shares**
Weighted average number of ordinary shares used in the calculation of basic loss per share	**46,050,123**	62,672,263

Accounting policy

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), dividend by the weighted average number of ordinary shares, adjusted for any bonus element. The diluted earnings per share is calculated as net profit or loss attributable to members of the parent dividend by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element. The weighted average number of shares was based on the consolidated weighted average number of shares in the reporting year. The net profit or loss attributable to members of the parent is adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after-tax effect if dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenue or expenses during the year that would result from the dilution of potential ordinary shares.

	Consolidated Entity 30 June 2022 $	Consolidated Entity 30 June 2021 $
7. *Cash and cash equivalents*		
Cash at bank	**910,730**	34,860
Cash on hand	**896**	12
Term deposits	**1,500,000**	-
	2,411,626	34,872
Cash and cash equivalents	**2,411,626**	34,872
Less: term deposits	**(1,500,000)**	-
Cash per consolidated statement of cashflows	**911,626**	34,872

Accounting policy

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. *Trade and other receivables (current)*

Accrued interest revenue	**3,689**	-
GST refunds	**44,074**	1,151
	47,763	1,151

Accounting policy

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. This category generally applies to trade and other receivables. Trade and other receivables are generally due for settlement within no more than 30 days from the date of recognition. Due to their current nature, the carrying amount of trade and other receivables approximates fair value. There is no allowance for expected credit losses recognised for the year ended 30 June 2022 (2021: Nil).

	Consolidated Entity 30 June 2022 $	Consolidated Entity 30 June 2021 $

9. *Other assets*

Deferred costs (capital raising costs)	**-**	164,353
Other assets	**2,202**	-
Prepaid expenses	**37,488**	22,239
	39,690	186,593

Accounting policy
Deferred costs relate to deferred capital raising expenses associated with the IPO, measured at cost.

10. *Plant and equipment*

Opening written down value at beginning of year	**1,912**	-
Additions	**64,236**	2,005
Depreciation	**(2,045)**	(93)
Closing written down value at beginning of year	**64,103**	1,912

Accounting policy
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives, being 5 years. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

	Consolidated Entity 30 June 2022 $	Consolidated Entity 30 June 2021 $
11. *Exploration and evaluation assets*		
Balance at beginning of year	**90,350**	54,712
Exploration and evaluation expenditure incurred during the year	**1,821,133**	35,638
Balance at end of year	**1,911,483**	90,350

Accounting policy

Exploration and evaluation expenditure in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
  - the exploration and evaluation expenditure are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest. Indirect costs that are included in the cost of an exploration and evaluation asset include, among other things, charges for depreciation of equipment used in exploration and evaluation activities. If an area of interest is abandoned or is considered to be of no further commercial interest, the accumulated exploration costs relating to the area are written off against income in the year of abandonment. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

	Consolidated Entity 30 June 2022 $	Consolidated Entity 30 June 2021 $
12. *Trade and other payables*		
Accrued expenses	**16,950**	329,136
Trade creditors	**93,847**	4,499
	110,797	333,635

Accounting policy

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting date. They are recognised initially at fair value and subsequently measured at amortised cost.

13. *Borrowings*

Current		
Balance at beginning of year	**215,785**	512,785
Proceeds from borrowings	**-**	287,000
Capitalised interest	**-**	17,144
Conversion to equity[7]	**(195,785)**	(601,144)
Repayment of borrowings	**(20,000)**	-
	-	215,785

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

[7] During the prior year, the convertible loans and associated interest were converted to equity. During the current year, upon ASX admission, borrowings of $195,785 were repaid via an equity conversion.

	Consolidated Entity 30 June 2022 $	Consolidated Entity 30 June 2021 $
14. *Provisions*		
Current		
Provision for annual leave	**18,270**	4,469
	18,270	4,469

Accounting policy
Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits.

	Consolidated Entity 30 June 2022		Consolidated Entity 30 June 2021	
	No.	$	No.	$
15. *Contributed equity*				
Balance at beginning of year	**19,396,641**	**2,707,849**	65,000,000	919,270
Share issue: 10 February 2021	**-**	**-**	100	1
Share issue upon loan conversions: 26 April 2021	**-**	**-**	14,401,829	304,654
Share consolidation: 1 June 2021[8]	**-**	**-**	(62,605,288)	-
Share issue & loan conversions: 1 June 2021	**-**	**-**	2,600,000	260,000
Deemed consideration of acquisition	**-**	**-**	-	1,223,924
Seed share issue: 23-Jul-21	**1,500,000**	**150,000**	-	-
Share issue upon loan conversions: 06-Sep-21	**978,925**	**195,785**	-	-
Vendor share issue: 06-Sep-21	**1,932,692**	**386,538**	-	-
IPO share issue: 06-Sep-21	**27,500,000**	**5,500,000**	-	-
Performance rights conversion: 03-May-22	**2,565,407**	**256,541**		
Capital raising costs	**-**	**(873,902)**	-	-
Balance at end of year	**53,873,665**	**8,322,811**	19,396,641	2,707,849

[8] Refer to Note 17.

15. *Contributed equity (continued)*

Ordinary shares

Ordinary shares have no par value and have the right to receive dividends as declared and, in the event of the winding up of the Consolidated Entity, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on the shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Consolidated Entity. Share capital represents the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Capital management

Management controlled the capital of the Consolidated Entity in order to maintain a capital structure that ensured the lowest cost of capital available to the Consolidated Entity. Management's objective 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. The Consolidated Entity 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.

	Consolidated Entity 30 June 2022 $	Consolidated Entity 30 June 2021 $
16. *Reserves*		
Foreign currency translation reserve		
Balance at beginning of year	**30,581**	2,815
Foreign exchange on translation of operations	**(889)**	27,766
Balance at end of year	**26,692**	30,581
Share based payments reserve		
Balance at beginning of year	**946,935**	-
Options granted[12]	**18,460**	433,853
Performance rights granted[9]	**-**	513,082
Balance at end of year	**965,395**	946,935

[9] On 7 May 2021 Mozmin Resources Pty Ltd granted 4,250,000 Director Performance Rights expiring 14 September 2026 to Directors and 880,815 Consultant Performance Rights expiring 14 September 2026 to a consultant. Refer to the Directors' Report for the terms and conditions. The performance rights expense of $513,082 along with $275,000 of the $433,853 results in the share based payment expense of $788,082.

16. *Reserves (continued)*

[12]Variables used to calculate the option valuations are as follows:

Inputs	Director and Consultant Options	Shareholder Options	Broker & Vendor Options
Number of options	5,000,000	3,782,226	5,000,000
Exercise price	$0.25	$0.25	$0.25
Expiry date	14-Sep-24	14-Sep-23	14-Sep-24
Grant date	07-May-21	01-Jun-21	06-Sep-21
Share price at grant date	$0.20	$0.20	$0.20
Risk free interest rate	0.11%	0.09%	0.11%
Volatility	50%	50%	50%
Option value	$0.055	$0.042[10]	$0.055

	Consolidated Entity 30 June 2022 No.	Consolidated Entity 30 June 2021 No.
Unlisted options		
Balance at beginning of year	**8,782,226**	-
Options granted[12]	**5,000,000**	27,418,726
Option consolidation[11]	**-**	(18,636,500)
Balance at end of year	**13,782,226**	8,782,226

Accounting policy

Each entity within the Consolidated Entity determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates, being Australian dollars. In translating the financial statements of such an entity for incorporation in the combined financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

[10] The valuation of $158,853 has been included within capital raising costs.

[11] On 1 June 2021 the acquisition of Mozmin Resources Pty Ltd by Heavy Minerals Limited and the roll-up (effective consolidation) of securities into Heavy Minerals Limited occurred.

17. *Reverse acquisition*

Heavy Minerals Limited (the Company) acquired Mozmin Resources Pty Ltd on 1 June 2021. From a legal and taxation perspective, the Company is considered the acquiring entity. However, the acquisition has the features of a reverse acquisition as described in the Australia Accounting Standard AASB 3 Business Combinations (AASB 3) because the acquisition resulted in Mozmin Resources Pty Ltd shareholders holding a controlling interest in the Company after the transaction, notwithstanding the Company being the legal parent of the Consolidated Entity. It is therefore considered that the Company does not meet the definition of a business for the purposes of AASB 3 as it did not have any processes or outputs. The transaction has therefore been accounted for as a reverse acquisition from a consolidated perspective, where Mozmin Resources Pty Ltd is the accounting acquirer and the Company is the legal acquirer. The 2021 annual report includes the consolidated financial statements of Mozmin Resources Pty Ltd for the year and the Company for the period 10 February 2021 to 30 June 2021. The annual report represents a continuation of Mozmin Resources Pty Ltd's financial statements with the exception of the capital structure. The amount recognised as equity instruments in these consolidated financial statements represents the issued equity of the Company adjusted to re-elect the equity issued by the Company on acquisition. Under the reverse acquisition principles, the consideration provided by Mozmin Resources Pty Ltd was determined to be $1,223,924 which is the deemed fair value of the 79,401,829 shares owned by the former Mozmin Resources Pty Ltd shareholders at completion of the acquisition. The excess of the deemed fair value of the shares owned by the Company shareholders and the fair value of the identifiable net assets of the Company immediately prior to the completion of the merger has resulted in the recognition of $1,223,924 being recorded in the profit and loss. The net assets of the Company were recorded at fair value at acquisition date. As the carrying value of all assets and liabilities held by the Company at acquisition date approximated their fair value, no adjustments were required. The fair value of the assets and liabilities of the Company (being the accounting acquire) as at the date of the acquisition and the deemed consideration is an equity amount of $1.

	At 1 February 2021 $
Accumulated losses adjustment for acquisition	
Fair value of the shares deemed to have been issued by Mozmin Resources Pty Ltd	**1,223,924**
Less: fair value of identifiable net assets acquired	**(1)**
	1,223,923

18. *Operating segments*

The Consolidated Entity has determined operating segments based on the information provided to the Board of Directors. The Consolidated Entity operates predominantly in one business segment being the exploration for minerals with entities based in three geographic segments, being Australia, Mauritius and Mozambique.

	Australia Exploration & Corporate	Mauritius Exploration & Corporate	Mozambique Exploration & Corporate	Total
2022				
Segment other revenue	8,802	-	-	**8,802**
Segment loss	(1,026,444)	(19,503)	(2,866)	**(1,048,813)**
Segment assets	4,313,001	3,594	158,070	**4,474,665**
Segment liabilities	(128,118)	(949)	-	**(129,067)**
2021				
Segment other revenue	-	-	-	**-**
Segment loss	(2,385,369)	(24,059)	(1,040)	**(2,410,468)**
Segment assets	220,910	93,529	439	**314,878**
Segment liabilities	(553,020)	(869)	-	**(553,889)**

Accounting policy
Operating segments are identified based on the internal reports that are regularly reviewed by the Board of Director’s, the Chief Operation Decision Maker, for the purpose of allocating resources and assessing performance. The adoption of this “management approach” has resulted in the identification of reportable segments.

	Consolidated Entity 30 June 2022 $	Consolidated Entity 30 June 2021 $
19. *Reconciliation of cashflows from operating activities*		
Loss before tax	**(1,047,924)**	(2,436,910)
Corporate restructure costs	**-**	1,223,924
Depreciation	**2,045**	93
Share based payments	**-**	788,082
Foreign exchange	**29,693**	30,580
Change in trade & other receivables	**(45,125)**	(1,101)
Change in other assets	**(15,249)**	(22,239)
Change in trade & other payables	**(302,187)**	226,404
Change in provisions	**13,801**	4,469
Net cash used in operating activities	**(1,364,946)**	(186,698)

20. *Events after the end of the reporting year*

There are no matters or circumstances have arisen since the end of the year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial years other than the following:

- On 12 September 2022 the Company released the results of the Company's Port Gregory Scoping Study (PGSS) and Preliminary Economic Assessment (PEA).
- On 13 September 2022 Maurice Matich resigned as Executive Director & CEO.

	Consolidated Entity 30 June 2022 $	Consolidated Entity 30 June 2021 $
21. *Related party transactions*		
a. KMP compensation		
Short-term employee benefits	**376,099**	217,950
Long-term employee benefits	**-**	658,750
Total	**376,099**	876,700

Detailed remuneration disclosures are provided in the remuneration report included in the Directors' Report.

21. *Related party transactions (continued)*

- Transactions with related parties
  During the reporting year, there were the following related party transactions:

- On 3 May 2022 2,565,407 Class A performance rights were converted into shares for the Directors and an employee.
- During the year, Matich Law (a company of which is owned by Nic Matich's mother) provided legal services to the Consolidated Entity to the value of $500.
- During the year GNJ Consulting Pty Ltd (a company of which Greg Jones is a director) provided exploration services to the Consolidated Entity to the value of $28,000. The amount payable to GNJ Consulting Pty Ltd at 30 June 2022 was $Nil (2021: $Nil).
- During the year, IHC Robbins Pty Ltd (a company of which Greg Jones is an employee) provided exploration services to the Consolidated Entity to the value of $184,044. The amount payable to IHC Robbins Pty Ltd at 30 June 2022 was $53,731 (2021: $Nil).
- During the year, Heavy Minerals Ltd (a company incorporated in England & Wales, related by way of a mutual director, Adam Schofield) was loaned $2,202 to cover corporate costs.
- Nelson Resources Limited (a company of which Adam Schofield was a director) provided Drone Survey services to Mozmin Resources Pty Ltd (subsidiary of Heavy Minerals Limited). The transactions were on commercial terms and arm's length basis and have since concluded.

- Outstanding balances arising from sales/purchases of goods and services
  There are no outstanding balances arising from sales/purchases of goods and services at the end of the reporting year.

- Loan to Directors and their related parties
  No loans have been made to any Director or any of their related parties, during the reporting year.

22. *Financial risk management*

The Consolidated Entity's overall financial risk management strategy is to ensure that the Consolidated Entity is able to fund its business operations and expansion plans. Exposure to credit risk, liquidity risk, foreign currency risk, interest rate risk and commodity price risk arises in the normal course of the Consolidated Entity's business. The Consolidated Entity's risk management strategy is set by and performed in the close co-operation with the Board and focuses on actively securing the Consolidated Entity's short to medium-term cash flows by regular review of its working capital and minimising the exposure to financial markets. The Consolidated Entity does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Consolidated Entity is exposed are described below.

22. *Financial risk management (continued)*

Financial assets and liabilities
The financial assets and liabilities as at 30 June 2022 are reflected at cost, fair valued through the statement of comprehensive income. The Directors consider that the carrying amounts of the financial assets and liabilities approximate their fair values.

Specific financial risk exposures and management
The main risks the Consolidated Entity is exposed to through its financial instruments are credit risk, liquidity risk and market risk, including in interest rates, foreign currency, commodity and equity prices.

a) Credit risk
Credit risk arises from the financial assets of the Consolidated Entity, which comprise cash and cash equivalents. Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contractual obligations that could lead to a financial loss to the Consolidated Entity. Credit risk is managed through the maintenance of credit assessment and monitoring procedures.

b) Liquidity risk
Liquidity risk is the risk that there will be inadequate funds available to meet financial commitments as they fall due. The Consolidated Entity recognises the on-going requirements to have committed funds in place to cover both existing business cash flows and provide reasonable headroom for capital expenditure programs. The key funding objective is to ensure the availability of flexible and competitively priced funding from alternative sources to meet the Consolidated Entity's current and future requirements. The Consolidated Entity utilises a detailed cash flow model to manage its liquidity risk. This analysis shows that available sources of funds are expected to be sufficient over the lookout period. The Consolidated Entity attempts to accurately project the sources and uses of funds which provide an effective framework for decision making and budgeting. The table below summarises the maturity profile of the Consolidated Entity's contractual cash flow financial liabilities based on contractual undiscounted repayment obligations. Repayments, which are subject to notice, are treated as if notice were to be given immediately.

c) Foreign currency risk
Foreign currency risk is considered to be immaterial.

d) Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Consolidated Entity is not exposed to interest rate movement through borrowings as there are no borrowings. The following table sets out the variable interest bearing and fixed interest bearing financial instruments of the Consolidated Entity:

22. *Financial risk management (continued)*

	Variable interest $	Fixed interest $
30 June 2022		
Financial assets		
Cash and cash equivalents	911,626	1,500,000
Total	**911,626**	**1,500,000**
30 June 2021		
Financial assets		
Cash and cash equivalents	34,872	-
Total	**34,875**	**-**

Interest rate risk is considered to be immaterial.

Accounting policy

Recognition and derecognition of financial instruments:
A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:
Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date. Financial asset that is an equity investment classified as measured at fair value through other comprehensive income (FVTOCI): There was one financial asset classified in this category at reporting year end date.

22. *Financial risk management (continued)*

Financial asset classified as measured at fair value through profit or loss (FVTPL): There were no financial assets classified in this category at reporting year end date.

Classification and measurement of financial liabilities:
Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

	Consolidated Entity 30 June 2022 $	**Consolidated Entity 30 June 2021 $**
23. *Commitments and contingencies*		
a. Commitments relating to operating and exploration expenditures		
Not longer than 1 year	**658,480**	1,424,787
More than 1 year but not longer than 5 years	**709,386**	596,727
More than 5 years	**-**	-
	1,367,866	2,021,514

There are no other material commitments as at 30 June 2022.

b. Contingent assets

There are no contingent assets as at 30 June 2022.

23. *Commitments and contingencies (continued)*

c. Contingent liabilities

Contingent liabilities as at 30 June 2022 consist of the following contingent liability in Mozambique:

Transfers of interest that have occurred under the +258 Agreement (being Mozmin Mauritius' acquisition of 70% of the equity in +258 Limitada set out in Section 7.1(b)) and the Share Swap (being the Company's acquisition of 100% of the share capital of MRPL) have not received Government Approval. The Company has retrospectively commenced the process to obtain these approvals and is not aware of any reason why these approvals would not be granted, however, until such time as the approvals are received, the Company has allocated minimal funds to the Inhambane Project. There is no guarantee that the Government Approvals will be received and further, there is a likelihood that the approvals will require the payment of stamp duty. The Company understands that stamp duty rates vary between 0.1% to 10% of the face value of relevant documents. As at the date of the Prospectus, the Company anticipates that the stamp duty will be approximately USD 750.

24. *Interests in controlled entities*

Company Name	Place of Incorporation	30 June 2022 % Ownership	30 June 2021 % Ownership
Mozmin Resources Pty Ltd	Australia	100%	100%
Mozmin Resources (Mauritius) Ltd	Mauritius	100%	100%
+258 Limitada	Mozambique	70%	70%
ATM Limitada	Mozambique	70%	70%

The Directors of the Consolidated Entity declare that:

The financial statements and notes are in accordance with the *Corporations Act 2001* and:

- comply with Australian Accounting Standards;
- are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 2 to the financial statements; and
- give a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of the performance for the year ended 30 June 2022;

In the Directors' opinion there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is signed in accordance with a resolution of the Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Adam Schofield
Non-Executive Chairman

27 September 2022

CRITERION AUDIT

Criterion Audit Pty Ltd

ABN 85 165 181 822

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LEEDERVILLE WA 6007

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Independent Auditor's Report

To the Members of Heavy Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Heavy Minerals Limited ("the Company") and its controlled entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of Heavy Minerals Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter

Exploration and Evaluation Expenditure – $1,911,483
(Refer to Note 11)
 	
Exploration and evaluation is a key audit matter due to:
• The significance of the balance to the Consolidated Entity's financial position.
• The level of judgement required in evaluating management's application of the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources*. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset.
• The assessment of impairment of exploration and evaluation expenditure being inherently difficult.
	Our procedures included, amongst others:
	
	• Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the Consolidated Entity holds an interest and the exploration programmes planned for those tenements.
	• For each area of interest, we assessed the Consolidated Entity's rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable;
	• We tested the additions to capitalised expenditure for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Consolidated Entity's accounting policy and the requirements of AASB 6;
	• We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets for each area of interest.
	• We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure:
	    ◦ the licenses for the right to explore expiring in the near future or are not expected to be renewed;
	    ◦ substantive expenditure for further exploration in the specific area is neither budgeted or planned

	• decision or intent by the Consolidated Entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and • data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale. • We assessed the appropriateness of the related disclosures in the financial statements.
Share-based payments (Refer to Note 16) Share-based payments is a key audit matter due to: • The significance of the balance to the Consolidated Entity's financial performance and position. • The level of judgement required in evaluating management's application of the requirements of AASB 2 *Share-based Payment* which requires the application of significant judgements and estimates.	Our procedures included, amongst others: • Verifying the key terms of the share based payments in respect of the granting of option over the shares for rendering of services by directors, employees and contractors. • Assessing the fair value calculation of options granted by checking the accuracy of the inputs to the Black Scholes option pricing model adopted for that purpose. • Testing the accuracy of the amortisation of share-based payments over the vesting period and the recording of an expense in the statement of profit or loss and an increment to the share based payment reserve. • We assessed the appropriateness of the related disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Heavy Minerals Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Criterion Audit

CRITERION AUDIT PTY LTD

CHRIS WATTS CA
Director

DATED at PERTH this 27th day of September 2022

As at 22 September 2022

Issued Securities

	Listed on ASX	Unlisted	Total
Fully paid ordinary shares	38,585,354	15,288,311	53,873,665
$0.25 unlisted options expiring 14 September 2023	-	3,782,226	3,782,226
$0.25 unlisted options expiring 14 September 2024	-	10,000,000	10,000,000
Class B performance rights expiring 14 September 2026	-	2,565,407	2,565,407
Total	**38,585,354**	**31,635,944**	**70,221,299**

Distribution of Listed Ordinary Fully Paid Shares

Spread of Holdings	Number of Holders	Number of Units	% of Total Issued Capital
1 - 1,000	15	2,067	0.00%
1,001 - 5,000	121	412,054	0.76%
5,001 - 10,000	74	550,490	1.02%
10,001 - 100,000	205	8,153,014	15.13%
100,001 - and over	69	44,756,040	83.08%
Total	**483**	**53,873,665**	**100.00%**

Top 20 Listed Ordinary Fully Paid Shareholders

Rank	Shareholder	Shares Held	% Issued Capital
1.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,775,000	7.01%
2.	CHRISTOPHER ADAM SCHOFIELD	3,604,283	6.69%
3.	VALENS INTERNATIONAL PTY LIMITED	3,430,000	6.37%
4.	MR KENNETH JOSEPH HALL <HALL PARK A/C>	2,830,000	5.25%
5.	BT PORTFOLIO SERVICES LIMITED <MR MATHEW JASON HILL A/C>	2,137,611	3.97%
6.	GLENN SIMPSON & KERRY SIMPSON <SIMPSON FAMILY S/F A/C>	1,984,367	3.68%
7.	GNJ CONSULTING PTY LTD <GNJ CONSULTING A/C>	1,579,078	2.93%
8.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,491,060	2.77%
9.	MAURICE DOMINIC MATICH	1,425,000	2.65%
10.	MRS AMBER LESLEY MASTRANGELI	1,407,420	2.61%
11.	ROBERT ANDREW JEWSON	1,403,870	2.61%
12.	MR KENNETH JOSEPH HALL <HALL PARK A/C>	1,400,000	2.60%
13.	PETER ROMEO GIANNI	1,125,000	2.09%
14.	FOSTER STOCKBROKING NOMINEES PTY LTD <NO 1 ACCOUNT>	1,000,000	1.86%
15.	COMERTOSE PTY LTD <SIMPSON FAMILY A/C>	979,078	1.82%
16.	NEIL GAWTHORPE	978,925	1.82%
17.	APOLINARIO JOSE PATEGUANA	937,736	1.74%
18.	LEAP INVESTMENT HOLDINGS PTY LTD	872,148	1.62%
19.	PETER COOK <FAMILY A/C>	867,670	1.61%
20.	GEOANALYTICA PROPRIETARY LIMITED	800,000	1.49%
Total		**34,082,246**	**63.16%**

The number of shareholdings held in less than marketable parcels is 80.

The Company has the following substantial shareholders listed in its register as at 22 September 2022:

Rank	Shareholder	Shares Held	% Issued Capital
1.	MR KENNETH JOSEPH HALL <HALL PARK A/C>	4,230,000	7.85%
2.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,775,000	7.01%
3.	CHRISTOPHER ADAM SCHOFIELD	3,685,495	6.84%
4.	GLENN SIMPSON	3,463,444	6.43%
5.	VALENS INTERNATIONAL PTY LIMITED	3,430,000	6.37%

Ordinary Shares Voting Rights - Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

The Company has the following restricted securities on issue as at the date of this report:

Security Type	Number of Escrowed Securities	Escrow Duration	Escrow Date
Fully paid ordinary shares	15,288,311	24 months from date of quotation	14-Sep-23
$0.25 unlisted options expiring 14 September 2024	10,000,000	24 months from date of quotation	14-Sep-23
Class B performance rights expiring 14 September 2026	2,565,407	24 months from date of quotation	14-Sep-23

Use of Funds

Between the date of listing on ASX and the date of this report the Consolidated Entity has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives and as set out in the Second Replacement Prospectus dated 26 July 2021.

Schedule of Exploration Tenements

Project	Tenement Number	Interest Held
Port Gregory	E66/102	100%
Port Gregory	E70/5130	100%
Port Gregory	E70/5160	100%
Port Gregory	E70/5161	100%
Port Gregory	E70/5314	100%
Port Gregory	E70/5934	100%

Project	Licence Number	Interest Held
Inhambane	10255C	70%