

Quarterly Activities Report – December 2022

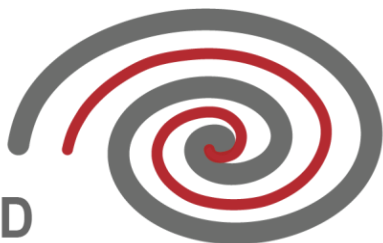
- ✂ 139 hole In-Fill and Extension Air Core drilling program constituting 4455 metres was planned and completed during the quarter at HVY's 100% owned Port Gregory Garnet Project.
- ✂ Air Core Drilling at the Port Gregory Project tested east, north and south extensions to the resource with positive visual results observed (Figure 1).
- ✂ Red Hill Drilling was planned during the quarter with drilling being completed in January 2023.



Figure 1: Visual confirmation of Heavy Mineral (HM) in panning of drill samples during the quarter at Port Gregory³.

Commentary from Non-Executive Chairman, Mr. Adam Schofield:

"The fourth quarter of 2022 was another significant quarter for the Company with the infill and extension drilling program at Port Gregory being completed on time and on budget. Visual results obtained whilst panning and initial assays received post the quarter indicate the drilling program may potentially result in a resource upgrade. Based on these results the Company drilled an additional 23 holes for 726 metres in January 2023. The Company now looks forward to receiving the balance of the Port Gregory assays back from the Laboratory and to releasing the collated results of this drill program in Q1 2023. The Company is pleased to have completed its maiden drilling program at Red Hill in January 2023 and looks forward to receiving assays. The Company will continue to strive to add significant value to the Project via resource expansion and feasibility work over the next 12 months."



Heavy Minerals Limited (ASX: HVY) ("Heavy Minerals" or the "Company") is pleased to present the December 2022 Quarterly Activities Report.

Port Gregory Drilling program

During the quarter the Company planned and drilled its second drilling program at Port Gregory with the planned objective being to infill the existing drilling to improve the resource classification and to potentially extend the current resource by drilling the open extensions to the east, north and south. Figure 2 shows the infill and the extension holes drilled.

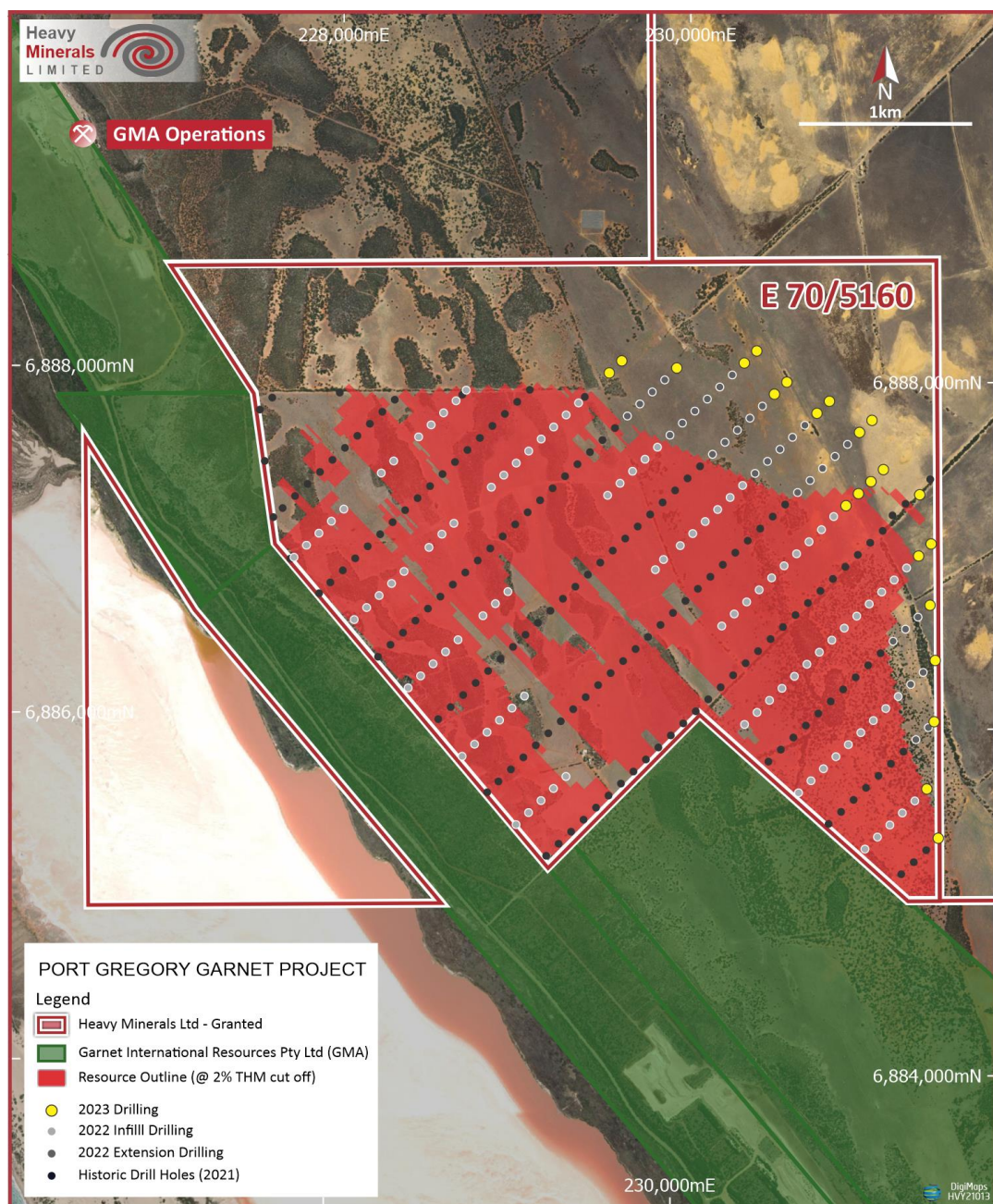


Figure 1: Port Gregory Garnet Project showing planned infill and extension holes drilled.



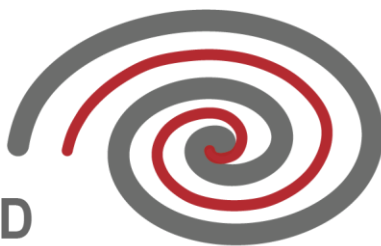
The Company completed a 139 hole - 4455 metre Air Core drill program during the quarter that is intended to improve the classification of the existing JORC Mineral Resource prior to commencing a pre-feasibility study and to also potentially increase the total resource based on extension drilling to the east, north and south. Based on visual results obtained during the quarter the Company decided to drill an additional 23 holes for 726 metres which was completed in January 2023. The Company announced the first batch of assay results⁴ in late January 2023 with the majority of the results expected during February 2023. The Company anticipates delivering a Mineral Resource update in March 2023.

Red Hill Drilling program

The planned maiden Air Core drilling program at Red Hill was conducted post the quarter. The objective of this program was to delineate a potential resource based on exciting results generated by the company during an Auger program conducted early in the 2022. Figure 3 shows the holes drilled during the program.



Figure 3: Red Hill Garnet Project showing holes drilled post the quarter.



Corporate

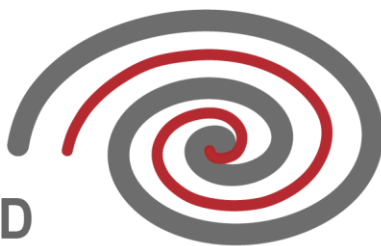
The Company has continued the process of recruiting a CEO suitable for the role and anticipates the position being filled during Q1 2023.

Financial Commentary

The Company closed the quarter with \$1.378M in cash, details are provided in the Appendix 5B report. Payments totalling \$101K were made to Directors during the quarter for salaries, fees (inclusive of GST) and superannuation.

Comparison of Forecast to Actual Use of Funds Statement from Prospectus¹ [as required under ASX LR 5.3.4]:

Expenditure Item	Forecast (2 years) \$'000	Actual (18 months) [inclusive of GST] \$'000	Variance \$'000	Explanation
Exploration expenditure: Port Gregory	2,430	1,728	(702)	Forecast based on 8 quarters whereas actual based on 6 quarters
Exploration expenditure: Inhambane	358	115	(243)	Forecast based on 8 quarters whereas actual based on 6 quarters
Directors' fees	763	892	129	Higher than forecast
Vendor payment	50	15	(35)	Lower than forecast
General administration fees & working capital	756	1,020	264	Higher than forecast
Future acquisition costs	596	33	(563)	Forecast based on 8 quarters whereas actual based on 6 quarters
Estimated expenses of the offer	547	491	(56)	Lower than forecast.
Total	5,500	4,294	(1,206)	



Upcoming News:

- ✂ **January 2023:** Initial results for Port Gregory drilling campaign released ⁴
- ✂ **February 2023:** Assay results for Port Gregory drilling campaign
- ✂ **March 2023:** Assay results for Red Hill drilling campaign
- ✂ **March 2023:** Updated Port Gregory JORC Resource
- ✂ **April 2023:** Maiden Red Hill JORC Resource
- ✂ **April 2023:** Commencement of Port Gregory Pre-Feasibility Study
- ✂ **June 2023:** Red Hill Scoping level Metallurgical Study

This announcement has been authorised by the Board of Directors of the Company.

Ends

For further information, please contact:

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About Heavy Minerals Limited

Heavy Minerals Limited (ASX: HVY) is an Australian listed industrial mineral exploration company.

The Company's projects are prospective for industrial minerals including but not limited to Garnet, Zircon, Rutile and Ilmenite. The Company's initial focus is the Port Gregory Garnet Project which has a JORC (2012) Mineral Resource of 4.9 million tonnes of contained Garnet and 500 thousand tonnes of ilmenite ¹. The Company's other project is the Inhambane Heavy Mineral Project in Mozambique which contains a JORC (2012) Inferred Mineral Resource of 51 million tonnes @ 3.4% total heavy mineral ².

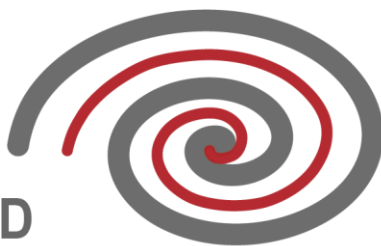
To learn more please visit: www.heavyminerals.com

¹ https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02516855-6A1089842?access_token=83ff96335c2d45a094df02a206a39ff4

² https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02462745-6A1067130?access_token=83ff96335c2d45a094df02a206a39ff4

³ https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02616747-6A1130149?access_token=83ff96335c2d45a094df02a206a39ff4

⁴ https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02625345-6A1133655?access_token=83ff96335c2d45a094df02a206a39ff4



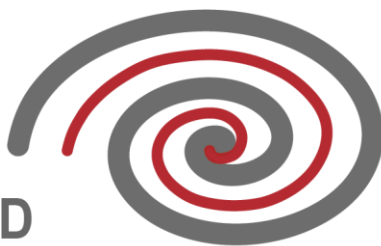
Competent Person Statements

The information in this announcement that relates to Exploration Results, Exploration Targets and Mineral Resource estimates is based on and fairly represents information and supporting documentation prepared by Mr. Greg Jones 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 announcement and consents to the inclusion in the announcement of the matters in the form and context with which it appears.

Forward Looking Statement(s)

Statements relating to the estimated or expected future production, operating results, cash flows and costs and financial condition of Heavy's planned work at the Company's project and the expected results of such work are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by words such as the following: expects, plans, anticipates, forecasts, believes, intends, estimates, projects, assumes, potential and similar expressions. Forward-looking statements also include reference to events or conditions that will, would, may, could or should occur. Information concerning exploration results, metallurgical results and Mineral Resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is developed.

These forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable at the time they are made, are inherently subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements, including, without limitation: uncertainties related to raising sufficient financing to fund the planned work in a timely manner and on acceptable terms; changes in planned work resulting from logistical, technical or other factors; the possibility that results of work will not fulfil projections/expectations and realise the perceived potential of the Company's projects; uncertainties involved in the interpretation of drilling results and other tests and the estimation of heavy mineral sand resources; risk of accidents, equipment breakdowns and labour disputes or other unanticipated difficulties or interruptions; the possibility of environmental issues at the Company's projects; the possibility of cost overruns or unanticipated expenses in work programs; the need to obtain permits and comply with environmental laws and regulations and other government requirements; fluctuations in the price of heavy mineral sands and other risks and uncertainties.



Schedule of Tenements

Project	Tenement / Concession Licence	Registered Holder	Status	Area (Ha)	Expiry Date	Interest Held @ 31-Mar-22	Interest Held @ 30-Jun-22
Port Gregory	E66/102	Mozmin Resources Pty Ltd	Granted	4,928.39	30-Oct-23	100%	100%
	E70/5130	Mozmin Resources Pty Ltd	Granted	7,125.91	18-Nov-23	100%	100%
	E70/5160	Mozmin Resources Pty Ltd	Granted	1,403.23	07-Jan-24	100%	100%
	E70/5161	Mozmin Resources Pty Ltd	Granted	3,810.91	08-May-24	100%	100%
	E70/5314	Mozmin Resources Pty Ltd	Granted	885.21	01-Jan-25	100%	100%
	E70/5934	Mozmin Resources Pty Ltd	Granted	4,552.00	13-Dec-26	100%	100%
Inhambane	10255C	+258 Limitada	Pending	21,388.35	N/A	70%	70%

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Heavy Minerals Limited

ABN

26 647 831 883

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers	-	-	-
1.2 Payments for			
(a) exploration & evaluation	-	-	-
(b) development	-	-	-
(c) production	-	-	-
(d) staff costs	(85)	(222)	
(e) administration and corporate costs	(162)	(296)	
1.3 Dividends received (see note 3)	-	-	-
1.4 Interest received	14	15	
1.5 Interest and other costs of finance paid	-	-	-
1.6 Income taxes paid	-	-	-
1.7 Government grants and tax incentives	-	-	-
1.8 Other (deposits returned / (paid))	3	-	-
1.9 Net cash from / (used in) operating activities	(230)	(503)	
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities	-	-	-
(b) tenements	-	-	-
(c) property, plant and equipment	(22)	(34)	
(d) exploration & evaluation	(305)	(493)	
(e) investments	-	-	-
(f) other non-current assets	-	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	(1)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(327)	(528)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(1)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(1)	(2)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(1)	(3)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,936	2,412
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(230)	(503)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(327)	(528)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1)	(3)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,378	1,378

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	378	436
5.2	Call deposits	1,000	1,500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,378	1,936

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	85
6.2	Aggregate amount of payments to related parties and their associates included in item 2	16
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Includes Directors' salaries, fees (inclusive of GST) and superannuation.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
N/A		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(230)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(305)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(535)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,378
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,378
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.6
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2023

Authorised by: By the Board of Heavy Minerals Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.