



Quarterly Activities Report – June 2023

Heavy Minerals Limited (ASX: HVY) (“Heavy Minerals” or the “Company”) is pleased to present the June 2023 Quarterly Activities Report, the highlights for the period are as follows:

- **Port Gregory JORC Mineral Resource Upgrade completed with an estimated resource increase of 23%. The upgraded resource comprises a total JORC (2012) Mineral Resource of 166 million tonnes @ 4.0% THM.**

Notable Points:

- Mineral Resource contains 5.9Mt of contained garnet (1Mt increase)
- Majority of the Mineral Resource (71% of contained garnet) is in the Measured JORC category
- 5.4Mt of the THM is within the Measured and Indicated JORC category
- 95% Valuable Heavy Mineral (VHM) in the THM fraction which is well above industry averages with 89% garnet and minor ilmenite and rutile credits
- Upside potential to the Mineral Resource exists with mineralisation open to the north and the south of the Company’s tenure.

- **Red Hill exceptional drill results deliver a significant Exploration Target.**

Notable Points:

- This new garnet asset has been identified within a developed mineral sands province with established operations and logistics routes to market
- Final assay results from the maiden air core drilling campaign at Red Hill were received with consistent thick intervals of elevated THM grades returned with some greater than 22% THM
- Garnet content in Heavy Mineral Fractions range from 65% to 80%. Ilmenite fraction of THM reporting at between 5% and 15%.

- **Funding Letter of Support secured for the Port Gregory project from Dutch Government-backed export credit agency Atradius.**
- **High resolution LIDAR airborne survey completed at Port Gregory and Red Hill providing an additional tool that has assisted with resource classification and will inform planned technical studies.**

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

“The second quarter of 2023 was another massive quarter for the Company with the impressive Mineral Resource upgrade being announced at the Port Gregory Project which will provide sufficient resource definition to complete our PFS and FS studies as we approach a Final Investment Decision for the project. Equally significant was the Company’s announcement of its new garnet asset at Red Hill following the successful maiden Aircore Drilling program and the subsequent Exploration Target delineation at the project.

The Company believes it added significant value to the Company for shareholders during the last quarter and will strive to continue doing so on an ongoing basis as we potentially head to production at Port Gregory.”



Updated Port Gregory JORC Mineral Resource Estimate

The Company updated the Mineral Resource estimate for the Port Gregory Garnet Project to 166 Mt @ 4.0% THM at a 2.0% THM cut-off grade. The 89% garnet fraction of the THM is in line with previous results resulting in 5.9 Mt of contained garnet. Significant resource upside potential still exists with mineralisation open to the south within HVY tenure (Figure 1). The updated Mineral Resource estimate increases the tonnage of material above the cut-off grade by 23% and results in an increase in contained garnet of 20%.

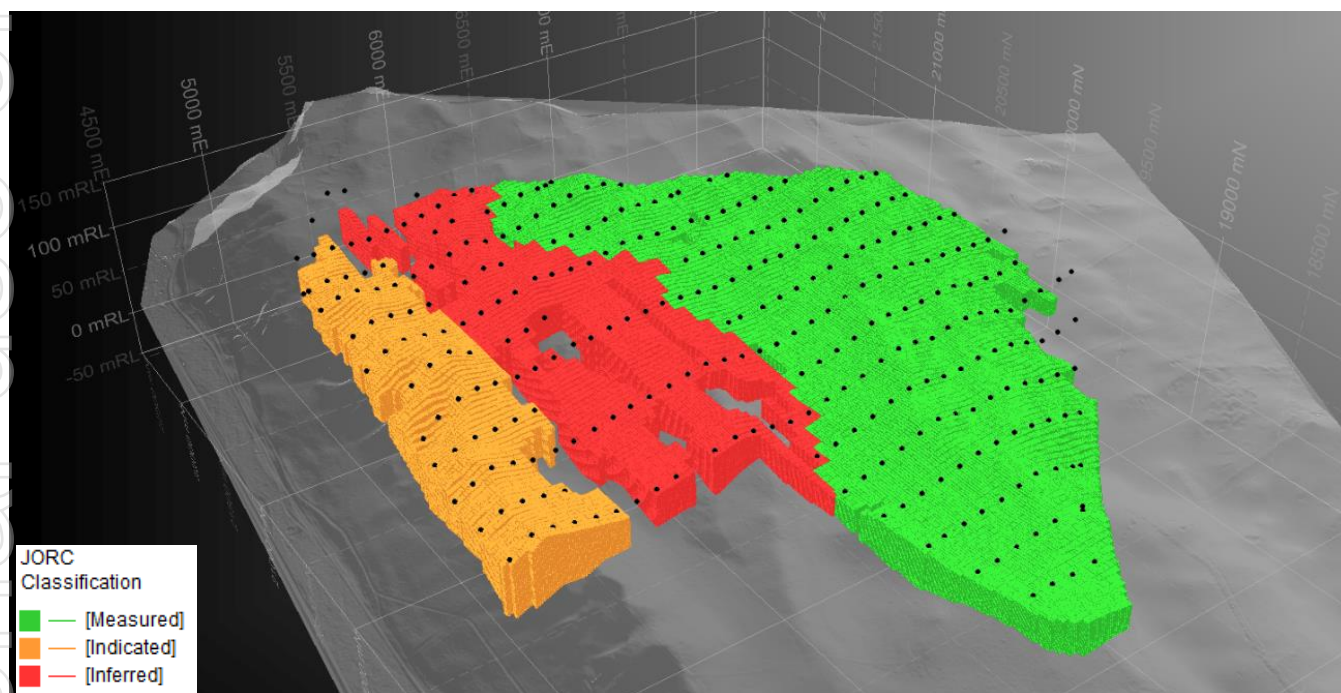


Figure 1: Port Gregory Block Model showing JORC Mineral Resource classification

At a cut-off grade of 2.0% THM the Port Gregory deposit comprises a total Mineral Resource of 166 Mt @ 4.0% THM, 10% SLIMES and 9% OS (oversize) containing 6.6 Mt of THM with an assemblage of 89% garnet, 4% ilmenite, 2% rutile/anatase and 1% zircon. The JORC categories are specifically stated as:

- a Measured Mineral Resource of 126 Mt@ 3.8% THM, 10% SLIMES and 9% OS containing 4.7 Mt of THM with an assemblage of 88% garnet, 4% ilmenite, 2% rutile/anatase and 0.6% zircon;
- an Indicated Mineral Resource of 20 Mt @ 6.5% THM, 8% SLIMES and 9% OS containing 1.3 Mt of THM with an assemblage of 92% garnet, 4% ilmenite, 1% rutile/anatase and 1% zircon; and
- an Inferred Mineral Resource of 20 Mt @ 2.9% THM, 11% SLIMES and 13% OS containing 0.6 Mt of THM with an assemblage of 89% garnet, 4% ilmenite, 2% rutile/anatase and 1% zircon.

The Mineral Resource estimate for Port Gregory has been reported in accordance with the JORC Code (2012 edition).

Table 1: Port Gregory - 2023 Mineral Resource Estimate

Summary of Mineral Resource estimate ⁽¹⁾								THM Assemblage ⁽²⁾					
Classification	In Situ		In Situ		BD	THM	SL	OS	Garnet	Ilmenite	Zircon	Rutile	Other
	Material	THM	Garnet	THM									
	(Mt)	(Mt)	(Mt)	(gcm ⁻³)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Measured	126	4.7	4.1	1.73	3.8	10	9		88	4	1	2	6
Indicated	20	1.3	1.2	1.76	6.5	8	9		92	4	1	1	3
Inferred	20	0.6	0.5	1.72	2.9	11	13		89	4	1	2	5
Grand Total	166	6.6	5.9	1.7	4.0	10	9		89	4	1	2	5

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.

Red Hill Exceptional Drill Results and Exploration Target

Following the announcement in the March Quarter of the maiden Drilling Program and exceptional results the Company received the final batch of assays for the 48 hole, 1815 metre Air Core drilling program during the Quarter. The second batch of results returned additional high grade intersects.

The drilling program consisted of Air Core drilling to limestone/sandstone basement or where THM mineralisation closed out, on a regular spaced grid of 100 m south-west/north-east by 400 m south-east/north-west. All holes are vertical and targeted the dunal sand package that sits on top of the Tamala Limestone or its lateral sandy equivalent. Notable intersections are summarised below:

- 8.8% THM over 36 m from surface (RHAC0007)
- 7.6% THM over 51 m from surface (RHAC0008)
- 7.1% THM over 41 m from 4 m downhole (RHAC0017)
- 6.8% THM over 60 m from surface (RHAC0020)
- 6.6% THM over 24 m from surface (RHAC0011)
- 6.4% THM over 16 m from surface (RHAC0009)
- 6.1% THM over 13 m from surface (RHAC0031)
- 5.9% THM over 45 m from surface (RHAC0022)
- 5.9% THM over 15 m from surface (RHAC0040)
- 5.7% THM over 44 m from surface (RHAC0019)
- 5.7% THM over 35 m from surface (RHAC0023)

A total of 1815 metres of drilling samples were submitted to Diamantina Laboratories for assay by wet screening and THM float/sink using Tetrabromoethane (TBE). The drill results will be subjected to mineral assemblage assaying which is required to determine the mineral assemblage composition and grades. Mineral estimation of the THM sinks by Diamantina Laboratories for two holes (RHAC0038 and RHAC0039) have returned very encouraging results, indicating a weighted average percentage of around 75% for garnet and 10% for ilmenite.



Figure 2: Red Hill maiden Air Core drilling program collar locations

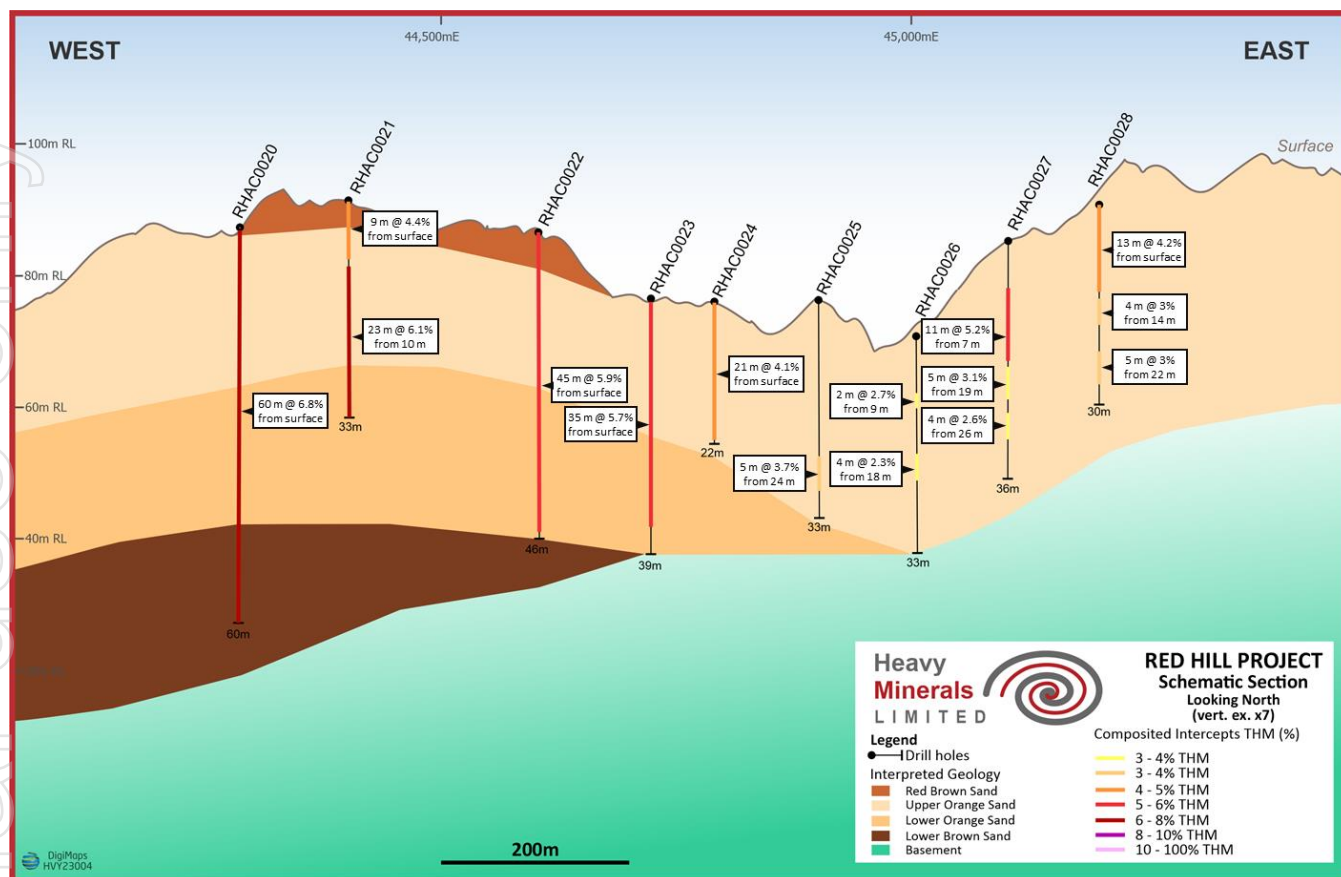


Figure 2: Drill section for Red Hill Maiden exploration campaign (Local grid, looking north, 7x vert. ex.)

Table 2: E70/5161 Tenement - Exploration Target

Summary of Exploration Target ⁽¹⁾				HM Assemblage ⁽²⁾					
	Material (Mt)	In Situ HM (Mt)	In Situ Garnet (Mt)	HM (%)	SL (%)	OS (%)	Garnet (%)	Ilmenite (%)	Trash (%)
Exploration Target	90 - 150	5 - 6	3.8 - 4.5	5.4 - 4.1	8	8	75	10	15
Total	90 - 150	5 - 6	3.8 - 4.5	5.4 - 4.1	8	8	75	10	15

Notes:

- (1) Exploration Target reported at an upper cut-off-grade of 3% HM and a lower cut-off grade of 1%.
- (2) Mineral assemblage is reported as a percentage of in situ HM content and is based on visual estimates from Diamantina Laboratories.

The potential quality and grade of the Exploration Target is conceptual in nature and there has been insufficient exploration activity to determine a Mineral Resource estimate and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Port Gregory Project PFS

In addition to the impressive MRE the Company has sought proposals from credible mineral sands consultants to undertake a Pre-Feasibility Study (PFS) of the Port Gregory Project. This is the next study phase following the Port Gregory Scoping Study announced in September 2022. It is anticipated that the PFS will commence in August 2023 and will take approximately 6 months to completed.

The Company engaged IHC Mining as the Company's project study consultant to undertake the Port Gregory scoping study¹ which was successfully completed in 2022. IHC Mining, a subsidiary of Royal IHC (IHC), IHC have sought investment finance support from the Dutch State via Atradius the Government of the Netherlands official Export Credit Agency (ECA), a government sponsored credit guarantee scheme. A Letter of Support (LoS) has been received by the Company and this confirms due diligence to assess insuring export financing for the Port Gregory Project will commence.

The Dutch ECA scheme was identified as applicable to the Company's Port Gregory Project based on the potential provision of mining hardware, the process plant and supporting infrastructure from Dutch owned Royal IHC who have supported the Company with technical, engineering and project study work for the Port Gregory Project since the Company listed in September 2021.

Further due diligence will be undertaken by Atradius as the Port Gregory studies (Pre-Feasibility Study and Bankable Feasibility Study) progress. The Company will assist Atradius with their due diligence with a view of securing ECA Cover funding to assist in building a mine at the Port Gregory Project. The company will liaise with additional Project funding institutions in parallel with Atradius to ensure the Port Gregory Project is ultimately fully funded.

To inform the PFS the Company completed a LiDAR survey of Port Gregory project area. The LiDAR survey has been incorporated into the Company's data set and has been used to create very detailed digital terrain models of the project. The data will also be used to assess sand volumes within the resource area, detail the potential mine area, show the location of calcrete outcrops, show exact slope information and locations of fence lines and structures. A LiDAR survey was also conducted at the Red Hill project and the data will be used to aid the development of Red Hill project.

During the Quarter three site trips were undertaken with significant stakeholder engagement and work done to support the MRE and PFS.

¹https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02566850-6A1109092?access_token=83ff96335c2d45a094df02a206a39ff4

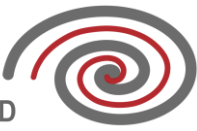


Figure 4: Port Gregory Project site visit working with surveyors to log drilling holes.

Investor Relations

The Company participated in the Gold Coast Investor Conference from 19 to 20 June 2023. The Company had a booth and presented the Corporate Presentation². There was significant interest in the Company and its project portfolio by participants. The Company communicated the presentation by the CEO at the Conference via the Company's social media channels.

S3 Consortium (S3) have been retained to support the organisation over the next 36 months with investors relation engagement and coverage.

Financial Commentary

The Company closed the quarter with \$0.320M in cash, details are provided in the Appendix 5B report. Payments totalling \$61K were made to Directors during the quarter for salaries, fees and superannuation.

Comparison of Forecast to Actual Use of Funds Statement from Prospectus³ [as required under ASX LR 5.3.4]:

Expenditure Item	Forecast (2 years) \$'000	Actual (2 years) [inclusive of GST] \$'000	Variance \$'000	Explanation
Exploration expenditure: Port Gregory	2,430	2,450	20	Higher than forecast.
Exploration expenditure: Inhambane	358	152	(206)	Lower than forecast.
Directors' fees	763	975	212	Lower executive director fees capitalised than forecast
Vendor payment	50	15	(35)	Lower than forecast
General administration fees & working capital	756	1,237	481	Higher than forecast
Future acquisition costs	596	33	(563)	Lower than forecast.
Estimated expenses of the offer	547	491	(56)	Lower than forecast.
Total	5,500	5,353	(147)	

²https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02678197-6A1154925?access_token=83ff96335c2d45a094df02a206a39ff4 ³: Dated 26 July 2021.

Upcoming News Events:

- **August 2023:** Port Gregory Pre-Feasibility Study commencement
- **September 2023:** Mining Lease submission
- **September 2023:** Mid-West Port Authority Co Operation Agreement
- **January 2024:** Port Gregory Pre-Feasibility Study Release

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

Ends

For further information, please contact:

Heavy Minerals Limited

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Competent Persons Statement

The information in this announcement that relates to Exploration Results, Exploration Targets and Mineral Resource estimates has been prepared, compiled and reviewed by Mr. Greg Jones (FAusIMM) who is a Non-Executive Director of the Company and a full time employee of IHC Mining.

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.

Cautionary Statement

Estimates by experienced, competent geoscientists are considered to be reliable and reproducible semi-quantitative estimates of the abundance of minerals present in a sample. Visual estimates of heavy mineral and mineral assemblage abundance should, however, never be considered a proxy or substitute for laboratory analyses where mineral concentrations or grades are the factor of principal economic interest. Visual estimates also potentially provide no information regarding potential impurities or deleterious physical properties relevant to valuations of industrial minerals.

Schedule of Tenements

Project	Tenement Number	Registered Holder	Status	Area (Ha)	Expiry Date	Interest Held @ 31 Mar 2023	Interest Held @ 30 Jun 2023
Port Gregory Red Hill	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%

About Heavy Minerals Limited

Heavy Minerals Limited (ASX: HVY) is an Australian ASX 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 and Red Hill Garnet Projects in Western Australia. Port Gregory comprises a total JORC (2012) Measured, Indicated and Inferred Mineral Resource of 166 million tonnes @ 4.0% THM. This includes 5.9 million tonnes of contained garnet and 260 thousand tonnes of ilmenite⁴.

An Exploration Target has been defined for Red Hill using cut-off grades for reporting of 3% THM and 1% THM and ranging from 90 to 150 Mt of material @ 5.4% to 4.1% THM. The Exploration Target also contains between 5 and 6 Mt of THM and 3.8 and 4.5 Mt of garnet⁵. The potential quality and grade of the Exploration Target is conceptual in nature and there has been insufficient exploration activity to determine a Mineral Resource estimate and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The Company's other project is the Inhambane Heavy Mineral Project in Mozambique which contains a ilmenite dominated JORC (2012) Inferred Mineral Resource of 90 million tonnes @ 3.0% Total Heavy Mineral⁶.

To learn more please visit: www.heavyminerals.com

⁴ https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02685080-6A1157738?access_token=83ff96335c2d45a094df02a206a39ff4

⁵ https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02661758-6A1148442?access_token=83ff96335c2d45a094df02a206a39ff4

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

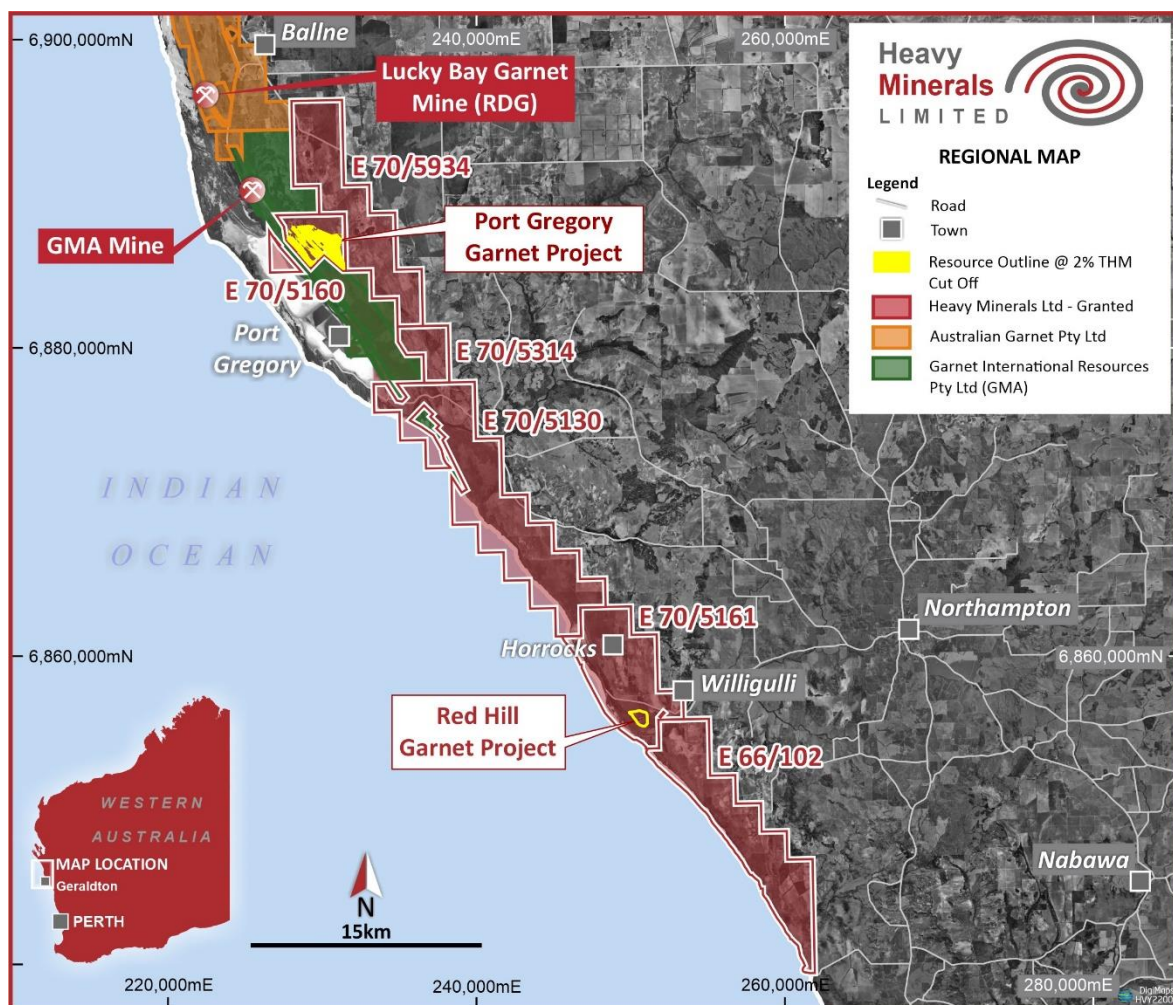


Figure 4: Project Locations - Port Gregory and Red Hill

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")

30 June 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(62)	(324)	
(e) administration and corporate costs	(187)	(575)	
1.3 Dividends received (see note 3)	-	-	-
1.4 Interest received	12	32	
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))	-	-	-
1.9 Net cash from / (used in) operating activities	(237)	(867)	
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities	-	-	-
(b) tenements	-	-	-
(c) property, plant and equipment	-	(33)	
(d) exploration & evaluation	(335)	(1,188)	
(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 (12 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	(335)	(1,222)

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	-	(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	-	(3)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	892	2,412
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(237)	(867)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(335)	(1,222)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	320	320

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	320	142
5.2	Call deposits	-	750
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)	320	892

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	43
6.2	Aggregate amount of payments to related parties and their associates included in item 2	18
<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 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)	(237)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(335)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(572)
8.4	Cash and cash equivalents at quarter end (item 4.6)	320
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	320
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.6
	<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: The Company expects an increase in expenditure compared with the Quarter being reported due to the commencement of a PFS, contingent on a funding solution. This expenditure is consistent with the business plan.	
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: Yes. The Company is reviewing a number of suitable funding options. The board is confident that they will update the market on the funding plan shortly.	

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: Yes, based on funding options currently being advanced.

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 July 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.