



Quarterly Activities Report – September 2023

Heavy Minerals Limited (ASX: HVY) (“Heavy Minerals” or the “Company”) is pleased to present the September 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.

- **Royalty Funding Agreement to raise initial \$500k.**

Notable Points:

- Binding royalty funding subscription agreements to raise \$500,000 (before costs).
- 0.25% royalty to be granted over future production at Port Gregory to subscribers in consideration for funds received.
- Company to utilise funds to advance the pre-feasibility study at the Port Gregory Project and general working capital.

- **Appointment Aaron Williams as Non-Executive Director. Aaron is a renowned international expert in the garnet industry and his extensive experience and expertise will be invaluable as the Company works towards developing its industrial garnet mining operations.**

- **Port Gregory PFS poised for commencement in October 2023.**

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

“The third quarter of 2023 was another significant 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 Port Gregory project. Equally significant was the launch of the Syndicated Royalty Agreement which has successfully secured an initial \$500k with ongoing interest from investors.

The addition to the board of a seasoned garnet specialist with extensive GMA experience has enhanced the board skillset greatly. 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 our Port Gregory project.”



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%.

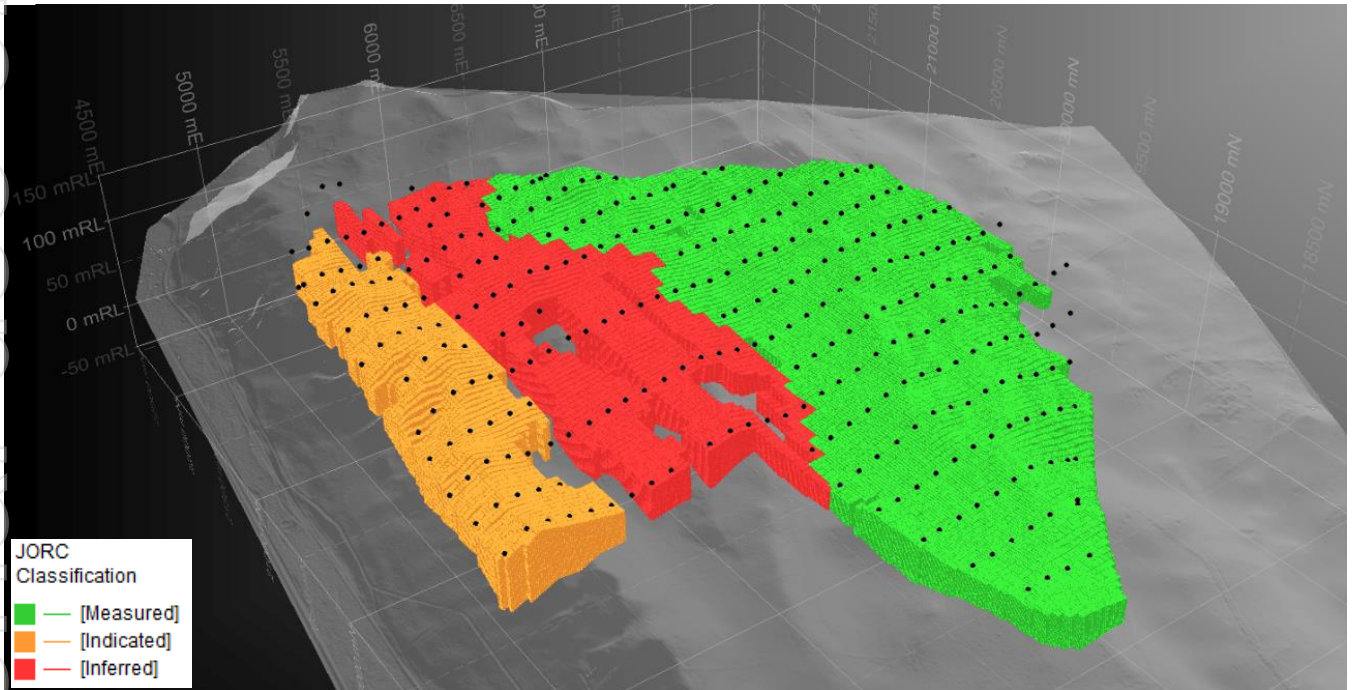


Figure 1: Port Gregory Block Model showing JORC Mineral Resource classification

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	Material (Mt)	In Situ THM (Mt)	In Situ Garnet (Mt)	BD (gcm ⁻³)	THM (%)	SL (%)	OS (%)	Garnet (%)	Ilmenite (%)	Zircon (%)	Rutile (%)	Other (%)
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.

Royalty Funding

The Company announced that it had entered into subscription agreements with unrelated subscribers (**Subscribers**) in consideration for the grant of a gross royalty interest in the Port Gregory Project. The Company successfully raised a total of \$500,000 (before costs), selling an aggregate 0.25% Royalty to Subscribers.

The funds raised from the Royalty Funding will be used to fund the development of the Company's pre-feasibility study (**PFS**) at its Port Gregory Project over the coming quarters and for general working capital.

In addition to the grant of the Royalty, Subscribers will be issued one attaching unquoted option for every dollar paid to the Company under the Subscription Agreements, with an exercise price of \$0.25 and expiring 2 years from the date of their issue. The issue of the Subscriber Options is anticipated to occur on or around 20 October 2023, with 500,000 Subscriber Options to be issued under the Company's Listing Rule 7.1 capacity.

In accordance with the terms of the Royalty, the Company retains the right to buy-back 60% of the Royalty held by the Subscribers within 24 months at a 125% premium to the amount paid by Subscribers.

Foster Stockbroking Pty Ltd (**FSB**) acted as lead arranger for the Royalty Funding on the terms set out in Company's announcement of 2 August 2023.

Non-Executive Director Appointment

The Company announced the appointment of Mr. Aaron Williams in the role of Non-Executive Director effective 29 August 2023, and the resignation of Mr. Wayne Richards from the Board.

Aaron is a renowned international expert in the garnet industry and his extensive experience and expertise will be invaluable as the Company works towards developing its industrial garnet mining operations.

Aarons' distinguished career spans over three decades. From 2002 until 2011, he oversaw mining operations, head office functions, and international sales & marketing and distribution operations for GMA, the world's largest garnet producing group based in Western Australia. He also established the group's American business unit in Houston, Texas.

From 2012 to 2020, Aaron co-founded and managed a Malaysian and later Saudi Arabian based manufacturer and distributor of abrasive blasting equipment, blast media abrasives, and related surface preparation consumables. More recently, he founded and manages a blast media distribution business in Malaysia, looking after Southeast Asian maintenance and fabrication yards.

Aaron is presently CEO of Abrasive Blasting Service and Supplies Pty Ltd, an Australian manufacturer of surface preparation equipment.

Aaron is Board Director (Global Centre) for the Association for Material Protection and Performance (AMPP), 2022-2025 and is an AMPP Certified Coatings Inspector. He holds a Bachelor's degree in Accounting and Finance and a Master of Business Administration from the University of Western Australia, and until recently was an Australian CPA.



Port Gregory Project PFS

Further to the update last quarter regarding the Port Gregory project PFS has assessed 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. The PFS will commence in October 2023 and it is anticipated to take approximately 6 months to completed.



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

Investor Relations

The Company participated in the Asia Connect Investor Conference on 5 October 2023. The Company presented the Corporate Presentation. 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.

Financial Commentary

The Company closed the quarter with \$0.253M in cash, details are provided in the Appendix 5B report. Payments totalling \$24K were made to Directors during the quarter for salaries and fees.

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

Ends

For further information, please contact:

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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 @ 30 Jun 2023	Interest Held @ 30 Sep 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 with the Port Gregory project having a JORC (2012) Mineral Resource of 166 million tonnes @ 4.0% Total Heavy Minerals. This comprises a Measured Mineral Resource of 126 Mt @ 3.8% THM; an Indicated Mineral Resource of 20 Mt @ 6.5% THM; and an Inferred Mineral Resource of 20 Mt @ 2.9% 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 an 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

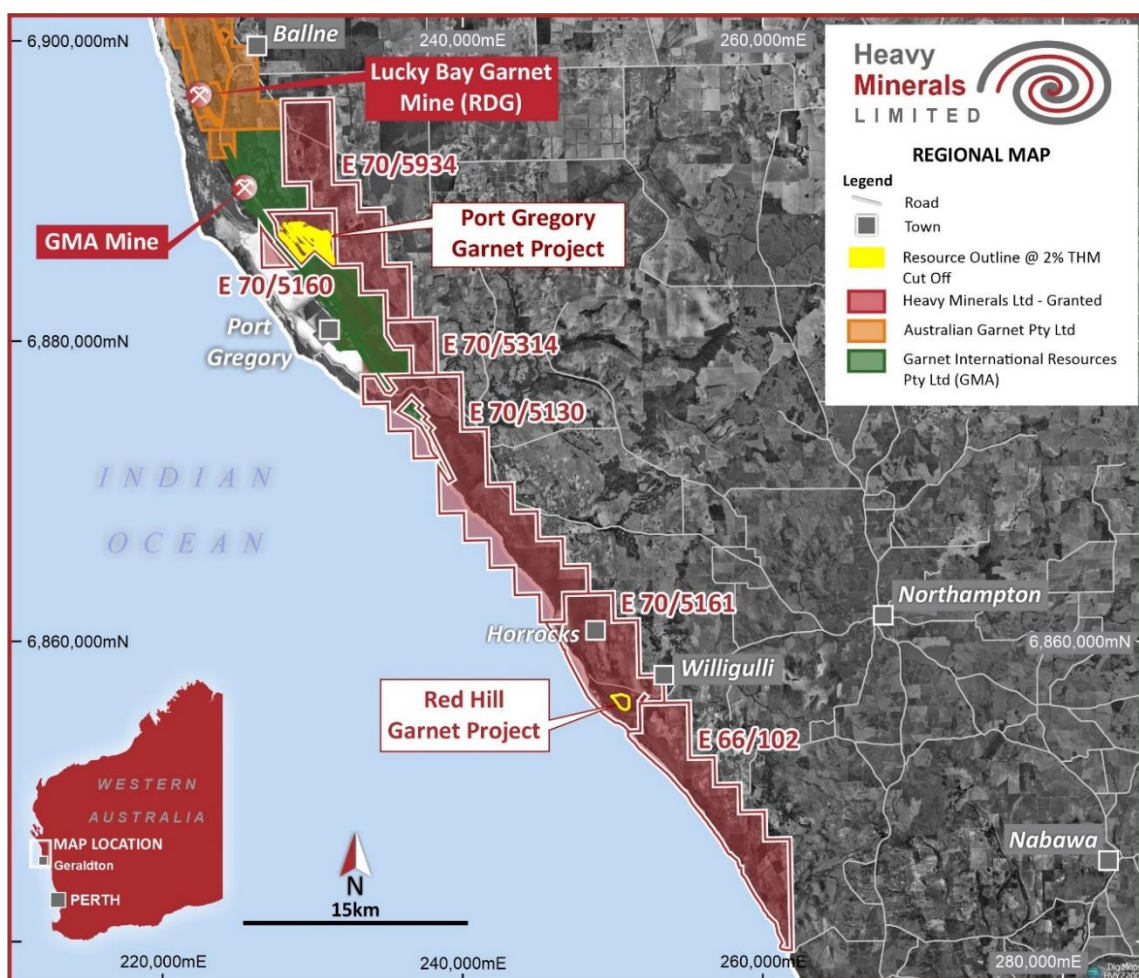


Figure 4: Project Locations - Port Gregory and Red Hill

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 September 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(26)	(26)	(26)
(e) administration and corporate costs	(112)	(112)	(112)
1.3 Dividends received (see note 3)	-	-	-
1.4 Interest received	-	-	-
1.5 Interest and other costs of finance paid	(2)	(2)	(2)
1.6 Income taxes paid	-	-	-
1.7 Government grants and tax incentives	-	-	-
1.8 Other (provide details if material)	-	-	-
1.9 Net cash from / (used in) operating activities		(140)	(140)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities	-	-	-
(b) tenements	-	-	-
(c) property, plant and equipment	-	-	-
(d) exploration & evaluation	(119)	(119)	(119)
(e) investments	-	-	-
(f) other non-current assets	-	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(119)	(119)

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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(8)	(8)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (royalty funding)	200	200
3.10	Net cash from / (used in) financing activities	192	192

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	320	320
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(140)	(140)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(119)	(119)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	192	192

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	253	253

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	253	320
5.2	Call deposits	-	-
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)	253	320

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	19
6.2	Aggregate amount of payments to related parties and their associates included in item 2	5
<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 and fees.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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)	(140)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(119)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(259)
8.4 Cash and cash equivalents at quarter end (item 4.6)	253
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	253
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.0
<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 raising capital on an ongoing basis via a project Royalty raising. The Company will continue to review all suitable funding options. The Board is confident in its funding options that are available.	

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 October 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.