

7 November 2023

Daniel Nugawela
ASX Limited
Level 40, 152 – 158 St Georges Terrace
PERTH WA 6000

By email: ListingsCompliancePerth@asx.com.au

Attention: Daniel Nugawela, Adviser, Listings Compliance (Perth)

Dear Daniel,

Heavy Minerals Limited (“HVY”): Response to Appendix 5B Query

We refer to the ASX’s letter dated 3 November 2023 and as requested, we set out below the Company’s response to the ASX’s queries (using the numbering and lettering in your letter) as follows:

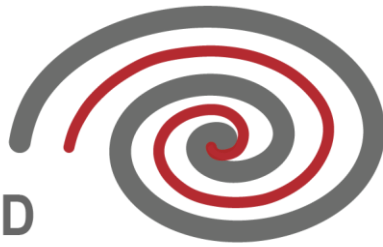
1. HVY expects that it will continue to have negative operating cash flows.
2. The Quarterly Activities Report and Appendix 5B published on the market announcements platform on 31 October 2023 (**September Quarterly**) referred to the royalty funding subscription agreements to raise \$500,000 (**Royalty Funding**).

As at 30 September 2023, being the balance date for the Appendix 5B (**Balance Date**), HVY had received \$200,000 (of the \$500,000 committed) pursuant to the Royalty Funding.

The balance of the Royalty Funding, being \$300,000, was not received by HVY until after the Balance Date as follows:

- a) \$100,000 was received by HVY on 4 October 2023;
- b) a further \$100,000 was received by HVY on 12 October 2023; and
- c) the final \$100,000 is expected to be received by HVY on or around 7 November 2023.

Pursuant to the Royalty Funding, HVY has granted a royalty to certain subscribers in respect of 0.25% of the gross revenue from the Port Gregory Project. HVY is currently in incomplete discussions to raise further funding from several private investors utilising a similar structure as the Royalty Funding (**Additional Funding**). HVY aims to raise this Additional Funding before the end of the current quarter. HVY has already demonstrated the ability to raise capital in a similar manner under the Royalty Funding and has a reasonable basis for believing it will be able to raise the Additional Funding from private investors.



3. HVY does expect to be able to continue its operations and to meet its business objectives based on the fact that HVY received an additional \$300,000 (pursuant to the Royalty Funding) post the Balance Date. \$100,000 was received by HVY on 4 October 2023 and \$100,000 was received by HVY on 12 October 2023. The final \$100,000 is expected to be received on or around 7 November 2023. If the balance of the Royalty Funding had been received prior to the Balance Date:

- 3.1. HVY's closing cash balance of \$253,000 reported in the September Quarterly would have been \$553,000;
- 3.2. the Royalty Funding of \$200,000 reported in the September Quarterly would have instead been \$500,000; and
- 3.3. HVY believes it can raise the Additional Funding.

4. HVY provides the following information in relation to the subscription agreements with unrelated subscribers (**Subscribers**) in consideration for the grant of a gross royalty interest in the Port Gregory Project to the Subscribers (**Subscription Agreements**). The Subscription Agreements are enclosed with this response.

Date Subscription Agreement was entered into	Names of the Subscribers or any other counterparties	Amount Committed (\$)	Amount received prior to the Balance Date	Amount received since Balance Date	Amount expected on or around 7 November 2023
28 September 2023	Parkrange Nominees Pty Ltd	\$100,000	\$Nil	\$100,000	\$Nil
28 September 2023	Nelson Investments Company Pty Ltd	\$50,000	\$Nil	\$50,000	\$Nil
28 September 2023	Hrubos Investments Company Pty Ltd	\$50,000	\$Nil	\$50,000	\$Nil
28 September 2023	Amber Mastrangeli	\$100,000	\$100,000	\$Nil	\$Nil
28 September 2023	George Charles Robert Thompson	\$100,000	\$100,000	\$Nil	\$Nil
28 September 2023	Paul Francis Brady as Trustee for Brady Family Trust	\$100,000	\$Nil	\$Nil	\$100,000
Total	-	\$500,000	\$200,000	\$200,000⁽¹⁾	\$100,000



Notes:

1. \$100,000 was received by HVY on 4 October 2023. A further \$100,000 was received by HVY on 12 October 2023.
5. Please refer to HVY's response to question 2 above, in particular the Additional Funding and Private Equity Funding.
6. HVY confirms that it is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been release to the market.
7. HVY confirms that its responses to the questions above have been authorised and approved by the Board of Directors of HVY.

Should you have any queries regarding the above I look forward to discussing these with you.

Kind Regards,

Adam Schofield
Non-Executive Chairman



3 November 2023

Reference: 83637

Mr Stephen Brockhurst
Company Secretary
Heavy Minerals Limited

By email: Steve@miningcorporate.com.au

Dear Mr Brockhurst

Heavy Minerals Limited ('HVY'): Appendix 5B Query

ASX refers to HVY's Appendix 5B quarterly report for the period ended 30 September 2023 lodged with ASX Market Announcements Platform on 31 October 2023 (the 'Appendix 5B').

ASX notes that HVY has reported:

- negative net operating cash flows for the quarter of \$259,000;
- cash at the end of the quarter of \$253,000; and
- the following responses to the questions in section 8.8 of the Appendix 5B as set out below:
 - Q1 – Does the entity expect that it will continue to have the current level of new operating cash flows for the time being and, if not, why not?
 - A1 – *'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.'*
 - Q2 – 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?
 - A2 – *'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.'*
 - Q3 – Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
 - A3 – *'Yes, based on funding options currently being advanced.'*

(together, the 'Responses')

ASX does not consider the Responses have adequately addressed the questions posed in section 8.8 of the Appendix 5B form. As such, ASX asks HVY to respond separately to each of the following questions and requests for information:

1. Does HVY expect that it will continue to have negative operating cash flows for the time being and, if not, why not? In answering this question, please comment on the September quarter cash flows.
2. Has HVY 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?

3. Does HVY expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? In answering this question, please comment specifically on:
 - 3.1 the closing cash balance of \$253,000;
 - 3.2 the September quarter negative operating cash flows of \$259,000; and
 - 3.3 the September quarter royalty funding of \$200,000.
4. On 29 September 2023, HVY announced 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 to the Subscribers ('Subscription Agreements'). Please provide:
 - 4.1 the date(s) on which the Subscription Agreements were entered;
 - 4.2 the names of the Subscribers and any other counterparties to the Subscription Agreements;
 - 4.3 confirmation of the cash amount HVY received under the Subscription Agreements during the September quarter, if any;
 - 4.4 confirmation of further amounts to be paid to HVY under the Subscription Agreements, if any, and the date(s) on which payment is due; and
 - 4.5 a copy of the Subscription Agreements (not for release to market)
5. Please provide the details of any further and ongoing capital raising arrangements in which HVY is engaged.
6. Please confirm that HVY is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
7. Please confirm that HVY's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of HVY with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **2:00 PM AWST Tuesday, 7 November 2023**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in HVY's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, HVY's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to HVY's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that HVY's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in HVY's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Daniel Nugawela
Adviser, Listings Compliance (Perth)