

9 February 2024

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

By email: [ListingsCompliancePerth@asx.com.au](mailto: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 7 February 2024 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:

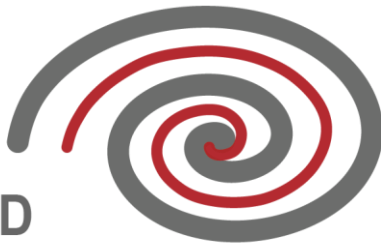
1. HVY expects that it will receive further amounts under the Royalty Raising, however, at present no binding agreements have been entered into and accordingly, HVY is unable to advise the market with sufficient certainty as to the timing and quantum of further funding tranches under the Royalty Raising.
2. HVY expects to be able to continue its operations and to meet its business objectives and it intends to fund its operations through the Royalty Raising, as set out in question 1 above, and in accordance with the below.

HVY’s closing cash balance as at 31 December 2023 was \$159,000. In addition to the Royalty Raising, the Company is actively considering alternative capital raising methods to raise funds to support its ongoing operations. The board has not yet resolved the funding quantum, pricing and method of its proposed raising, but expects it will be conducted by way of an equity raising.

Until funding is received from its proposed capital raising initiatives above, HVY will continue to manage its expenditure to preserve its cash position. By managing its expenditure, it is likely that the negative operating cash flows will be smaller than the \$512,000 expended in the previous quarter.

HVY considers that it is in compliance with Listing Rule 12.2 and expects to continue to comply with Listing Rule 12.2 following its proposed capital raising.

3. See question 2 above.



4. HVY is relying on the carve-out in Listing Rule 3.1A to not disclose information about HVY's proposed capital raising. HVY has resolved to call a trading halt, effective immediately with regards to its proposed capital raising.
5. 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



7 February 2024

Reference: 88196

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 31 December 2023 lodged with ASX Market Announcements Platform on 31 January 2024 (the 'Appendix 5B').

ASX notes that HVY has reported:

- A. negative net operating cash flows for the quarter of \$512,000;
- B. cash at the end of the quarter of \$159,000; and
- C. the following responses to the questions in section 8.8 of the Appendix 5B:
  - Q1 – 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?
  - A1 – *'HVY expects that it will continue to have negative operating cash flows. While the Company is progressing and intends to continue to progress its pre-feasibility study at its Port Gregory project, it expects its development expenditure and net operating cash flows to be curtailed in line with available funding over the coming quarter. The Company is currently considering other cost saving measures while it secures its funding position.'*
  - 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 level royalty raising as first disclosed on 29 September 2023 ('Royalty Raising'). The Company has a significant number of interested parties in the Royalty Raising, with new agreements planned to be executed during the quarter. Funds will be received once executed. The Company has raised \$750K (with \$100K yet to be received) to date via the Royalty Raising, including \$250K received in December 2023. The Board is confident it will be able to raise further funding via the Royalty Raising, however, in the event it is not able to obtain funds from the Royalty Raising in a timely manner it will assess other forms of funding over the quarter to supplement funds from the Royalty Raising, including further equity raises.'*
  - 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, while the Company may curtail its spending over the quarter to ensure that it is sufficiently capitalised, it expects that based on funding options currently being advanced it will have sufficient funds to continue to progress its pre-feasibility study at Port Gregory.'*

(together, the 'Responses').

## Request for Information

ASX does not consider the Responses have adequately addressed the questions posed in section 8.8 of the Appendix 5B. In view of that, ASX asks HVY to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does HVY expect to receive any further amounts under the Royalty Raising and, if so, what amount(s) and when?
2. 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:
  - 2.1 HVY's answer to question 1 above;
  - 2.2 the closing cash balance of \$159,000; and
  - 2.3 the December quarter negative operating cash flows of \$512,000.
3. Has HVY taken any steps to ensure that it remains sufficiently funded to carry on its operations and meet its business objectives further to the Royalty Raising? If so, please provide the details.
4. 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.
5. 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.

Please also provide any other information that HVY considers may be relevant to ASX forming an opinion on whether HVY is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

## 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 Friday, 9 February 2024**. 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 and may require HVY to request a trading halt immediately.

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.

## 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 a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;

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- 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 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*.

### **Suspension**

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in HVY's securities under Listing Rule 17.3.

### **Listing Rules 3.1 and 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.

### **Release of correspondence between ASX and entity**

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Yours sincerely

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ASX Compliance