



Heavy Minerals Limited

ACN 647 831 883

Prospectus

For an initial offer of a minimum of 27,500,000 Shares at a price of \$0.20 per Share to raise \$5,500,000 (before costs)

This Prospectus has been issued to provide information on the offer of a minimum of 27,500,000 Shares to be issued at a price of \$0.20 per Share to raise a minimum of \$5,500,000 (before costs) (**Capital Raising Offer**).

This Prospectus also incorporates the offer of 4,000,000 Options to be issued to the Lead Manager (or its nominees) as part consideration for capital raising services provided to the Company (**Lead Manager Offer**).

It is proposed that the Capital Raising Offer and the Lead Manager Offer (together, the **Offers**) will close at 5.00pm (WST) on 18 August 2021. The Directors reserve the right to close the Offers earlier or to extend this date without notice. Applications must be received before that time.

This is an important document and requires your immediate attention. It should be read in its entirety. Please consult your professional adviser(s) if you have any questions about this Prospectus.

Investment in the Securities offered pursuant to this Prospectus should be regarded as **highly speculative** in nature, and investors should be aware that they may lose some or all of their investment. Refer to Section 4 for a summary of the key risks associated with an investment in the Securities.

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Important Information

The Offers

This Prospectus is issued by Heavy Minerals Limited (ACN 647 831 883) (**Company**) for the purpose of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**). The Capital Raising Offer contained in this Prospectus is an initial offering to acquire fully paid ordinary shares (**Shares**) in the Company.

Prospectus

This Prospectus is dated, and was lodged with ASIC on, 27 July 2021. Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The expiry date of this Prospectus is 5.00pm WST on that date which is 13 months after the date this Prospectus was lodged with ASIC. No Shares will be issued on the basis of this Prospectus after that expiry date.

Application will be made to ASX within seven days of the date of this Prospectus for Official Quotation of the Shares the subject of the Offers.

No person is authorised to give any information or to make any representation in connection with the Offers, other than as is contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offers.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares, the subject of this Prospectus should be considered highly speculative.

Foster Stockbroking have acted as Lead Manager to the Capital Raising Offer. To the maximum extent permitted by law, the Lead Manager and each of its affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus (or omissions from this Prospectus) and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus. The Lead Manager does not make the Offers or make (or purport to make) any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, and has not authorised or caused the issue of the Prospectus or the making of the Offers.

The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

Exposure Period

The Corporations Act prohibits the Company from processing Applications in the seven day period after the date of this Prospectus (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus. In such circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications under this Prospectus will not be processed by the Company until after the Exposure Period. No preference will be conferred upon Applications received during the Exposure Period.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under this Prospectus. This means that, in most

circumstances, you cannot withdraw your Application once it has been accepted.

Conditional Offer

The Offers contained in this Prospectus are conditional on certain events occurring. If these events do not occur, the Offers will not proceed and investors will be refunded their Application Monies without interest. Please refer to Section 1.6 for further details on the conditions attaching to the Offers.

Electronic Prospectus and Application Forms

During the Exposure Period, an electronic version of this Prospectus (without an Application Form) will be available at www.heavyminerals.com only to persons in Australia and eligible institutional investors in New Zealand, the United Kingdom, Singapore, Hong Kong and Germany. Application Forms will not be made available until after the Exposure Period has expired.

The Offers constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and relevant Application Form within Australia, New Zealand, the United Kingdom, Singapore, Hong Kong and Germany.

The Prospectus is not available to persons in other jurisdictions in which it may not be lawful to make such an invitation or offer to apply for Securities. If you access the electronic version of this Prospectus, you should ensure that you download and read the Prospectus in its entirety.

Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the relevant Application Form (free of charge) from the Company's registered office during the Offer Period by contacting the Company as detailed in the Corporate Directory.

Applications will only be accepted on the relevant Application Form attached to, or accompanying, this Prospectus. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to a paper copy of the Prospectus or the complete and unaltered electronic version of this Prospectus.

Prospective investors wishing to subscribe for Shares under the Capital Raising Offer should complete the relevant Application Form. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

No document or information included on the Company's website is incorporated by reference into this Prospectus.

Offers outside Australia

No action has been taken to register or qualify the Securities the subject of this Prospectus, or the Offers, or otherwise to permit the public offering of the Securities, in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this Prospectus outside of Australia, New Zealand, the United Kingdom, Singapore, Hong Kong and Germany should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus, except to the extent permitted below.

The Offers constituted by this Prospectus are only available to persons receiving this Prospectus and an Application Form within Australia, or, subject to the

provisions outlined in Section 1.18 certain investors located in New Zealand, the United Kingdom, Singapore, Hong Kong and Germany.

Notice to New Zealand Investors

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (**FMC Act**). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- (i) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Notice to UK Investors

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons:

- (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**);
- (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO; or
- (iii) to whom it may otherwise be lawfully communicated, (together, **relevant persons**).

The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

Notice to Singaporean Investors

This document and any other materials relating to the New Shares have not been, and will not be, lodged or

registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are:

- (i) an "institutional investor" (as defined in the SFA); or
- (ii) an "accredited investor" (as defined in the SFA).

If you are not an investor falling within one of these categories, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Notice to Hong Kong Investors

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Notice to German Investors

This document has not been, and will not be, registered with or approved by any securities regulator in Germany or elsewhere in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in Germany except in

circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (Prospectus Regulation).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in Germany is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Speculative Investment

The Securities offered pursuant to this Prospectus should be considered **highly speculative**. There is no guarantee that the Securities offered pursuant to this Prospectus will make a return on the capital invested, that dividends will be paid on the Securities or that there will be an increase in the value of the Securities in the future.

Prospective investors should carefully consider whether the Securities offered pursuant to this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 4 for details relating to the key risks applicable to an investment in the Securities.

Using this Prospectus

Persons wishing to subscribe for Securities offered by this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses, and prospects of the Company and the rights and liabilities attaching to the Securities offered pursuant to this Prospectus. If persons considering subscribing for Securities offered pursuant to this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser for advice.

Forward-Looking Statements

This Prospectus contains forward-looking statements which are identified by words such as 'believes', 'estimates', 'expects', 'targets', 'intends', 'may', 'will', 'would', 'could', 'should' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risk factors associated with an investment in the Company are detailed in Section 4. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be

interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Competent Persons' Statements and Practitioner Consents

The information in this Prospectus that relates to the Technical Assessment of the exploration results, and mineral resources is based on and fairly reflects information compiled and conclusions derived by Dr Mike Armitage, who is a Competent Person, a Chartered Geologist and a Member of the Institute of Mining and Metallurgy as well as a Fellow of the Geological Society. Dr Armitage has sufficient experience that is relevant to the Technical Assessment of the mineral assets under consideration, the style of mineralisation and the types of deposits under consideration and to the activity being undertaken to qualify as Practitioners, as defined in the 2015 edition of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets, as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Dr Armitage consents to the inclusion in the Prospectus of the matters based on information in the form and context in which it appears.

The information presented in this report that relates to the Inhabane Exploration Results and Mineral Resources is based on activities carried out by Mr Paul Leandri and Mr Greg Jones. Mr Jones takes overall responsibility for the Mineral Resource Estimate, and Mr Leandri takes responsibility for the integrity of the data supplied for the estimation. Mr Jones is a fellow of AusIMM and Mr Leandri is a Member of the AusIMM and AIG. Both have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012). The Competent Persons consent to the inclusion in this Prospectus of the matters based on the information in the form and context in which it appears.

The information in this Prospectus that relates to technical assessment of the mineral assets, exploration targets and exploration results in respect of the Port Gregory Project is based on, and fairly represents, information and supporting documentation prepared by Mr Robert Wason.

Mr Wason is a Competent Person who is a member of the Australian Institute of Mining and Metallurgy. Mr Wason is a Senior Consultant (Geology) of Mining Insights Pty Ltd. Mr Wason has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr Wason consents to the inclusion of the matters based on his information in the form and context in which it appears in this Prospectus and has not withdrawn his consent before lodgement of this Prospectus with ASIC.

Miscellaneous

All financial amounts contained in this Prospectus are expressed as Australian currency unless otherwise stated. Conversions may not reconcile due to rounding. All references to '\$' or '\$' are references to Australian

dollars and all references to 'USD' are references to US dollars.

All references to time in this Prospectus are references to WST, being the time in Perth, Western Australia, unless otherwise stated.

Defined terms and abbreviations used in this Prospectus are detailed in the glossary in Section 10.

Corporate Directory

Directors

Adam Schofield
Maurice (Nic) Matich
Gregory Jones
Glenn Simpson

Non-Executive Chairman
Executive Director and CEO
Non-Executive Director
Non-Executive Director

Company Secretary

Steve Brockhurst

Registered and Principal Office

Mining Corporate Pty Ltd
Level 11, 216 St Georges Terrace
Perth WA 6000

Phone: (08) 9481 0389
Fax: (08) 9463 6103
Email: info@heavyminerals.com
Website: <https://heavyminerals.com/>

Share Registry*

Automic Group
Level 2, 267 St Georges Terrace
Perth WA 6000

Australian Lawyers

HWL Ebsworth Lawyers
Level 20, 240 St Georges Terrace
Perth WA 6000

Mozambique Lawyers

Sal & Caldeira Advogados, Lda.
Av. da Marginal Nº 4985, 1º andar – Prédio
ZEN, Maputo, Mozambique

Australian Auditor*

Criterion Audit Pty Ltd
Suite 2, 642 Newcastle Street
Leederville WA 6007

Lead Manager

Foster Stockbroking Pty Ltd
Level 25, Martin Place
Sydney NSW 2000

Investigating Accountant

Criterion Audit Pty Ltd
Suite 2, 642 Newcastle Street
Leederville WA 6007

Proposed Stock Exchange Listing

Australian Securities Exchange (**ASX**)
Proposed ASX Code: HVY

Independent Geologist - Australian Assets (Port Gregory Project)

Mining Insights Pty Ltd
109 Delaney Circuit, Carindale
Brisbane QLD 4152

Independent Geologist - Mozambique Assets (Inhambane Project)

SRK Consulting (Australasia) Pty Ltd
Level 1, 10 Richardson Street
West Perth WA 6005

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

Letter from the Chairman

Dear Investor

On behalf of the board of Heavy Minerals Limited (**Company**), I am pleased to present this Prospectus and to invite you to become a Shareholder in the Company.

The Company is an industrial mineral and exploration company committed to increasing Shareholder wealth through the exploration, development and acquisition of mineral resource projects in Western Australia and Mozambique. Our projects are prospective for industrial minerals including but not limited to Garnet, Zircon, Rutile and Ilmenite. Work undertaken at the Port Gregory Project has allowed us to define an Exploration Target, the details of which are set out in Annexure D. Previous exploration undertaken by the Company has defined a JORC (2012) inferred Mineral Resource of 51 million tonnes @ 3.4% Total Heavy Mineral at the Company's Inhambane Mineral Sands Project.

The purpose of the Capital Raising Offer is to issue a minimum of 27,500,000 Shares at a price of \$0.20 per Share to raise \$5,500,000 (before costs). The Lead Manager to the Capital Raising Offer is Foster Stockbroking (see Section 7.2 for further details).

The proceeds from the Capital Raising Offer will be utilised by the Company to:

- (a) continue to systematically explore and develop its Mineral Sands Projects, comprising:
 - (i) the Port Gregory Project in Western Australia; and
 - (ii) the Inhambane Project in Mozambique;
- (b) fund general working capital;
- (c) meet the costs of the Offers; and
- (d) meet the conditions to apply for the Official Quotation of the Shares on the ASX.

This Prospectus contains detailed information about the Offers and the current and proposed operations of the Company, as well as the risks pertaining to an investment in the Company. Potential investors in the Company should carefully consider those risks (detailed in Section 4).

I encourage you to read this Prospectus in its entirety to gain a full understanding of the Company's operations before making an investment decision. We look forward to welcoming you as a Shareholder should you decide to take up Shares pursuant to the Capital Raising Offer.

Yours faithfully



Adam Schofield
Non-Executive Chairman

Key Offer Details

Key details of the Offers ⁽¹⁾	Shares	Options	Performance Rights
Existing Securities ⁽²⁾	20,896,541	8,782,226	5,130,815
Shares offered under the Capital Raising Offer	27,500,000	-	-
Options to be issued to the Lead Manager under the Lead Manager Offer	-	4,000,000	-
Securities to be issued to Vendors	1,932,692	1,000,000	-
Convertible Loan Agreement Shares	978,925 ⁽⁴⁾	-	-
Total Securities on issue on completion of the Offers⁽³⁾	51,308,158	13,782,226	5,130,815

Notes:

1. Please refer to Section 1.9 for further details relating to the proposed capital structure of the Company.
2. See Section 1.9 for further details of the current capital structure of the Company. See Section 8.2 for the terms and conditions of the Options and Section 8.3 for the terms and conditions of the Performance Rights.
3. Assuming no further Shares are issued and none of the above Options or Performance Rights are exercised.
4. Shares to be issued by the Company in lieu of monies owed pursuant to a Convertible Loan Agreement at a deemed issue price of \$0.20 per Share.
5. Performance Rights issued to the In-country Manager (or his nominees) for nil consideration.

Indicative Timetable

Event	Date
Lodgement of this Prospectus with ASIC	27 July 2021
Opening Date for the Offers	4 August 2021
Closing Date for the Offers	18 August 2021
Issue Date	2 September 2021
Despatch of holding statements	6 September 2021
Expected date for Official Quotation on ASX	14 September 2021

Note:

The dates shown in the table above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, the Company reserves the right to vary the Opening Date and the Closing Dates without prior notice, which may have a consequential effect on the other dates. Applicants are therefore encouraged to lodge their Application Form and deposit the Application Monies as soon as possible after the Opening Date if they wish to invest in the Company.

Investment Overview

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Shares offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

Topic	Summary	More information
Introduction		
Who is the Company and what does it do?	Heavy Minerals Limited ACN 647 831 883 (Company) is an Australian company incorporated on 10 February 2021 in the State of Western Australia with a focus on industrial mineral exploration. The Company: (a) holds the right to acquire the Port Gregory Tenements, comprising five granted exploration licences; and (b) has, via +258 Limitada, applied for a mining concession at the Inhambane Project, comprising one mining concession licence application, (together, the Tenements). The Tenements are considered by the Company to be prospective for heavy minerals, principally for industrial garnet, zircon, rutile, leucoxene and Ilmenite. The Company's corporate strategy is to develop an industrial mineral sands exploration, development and mining business through organic growth and corporate action.	Section 2.1
What are the Company's projects?	The Port Gregory Project is located approximately 45-60km north of Geraldton, 45-65km south of Kalbarri, and 40km north-west from Northampton in the mid-west coastal region of Western Australia (approximately within 5km of GMA Garnet Group's active Port Gregory garnet mine). Limited exploration has been carried out on the Port Gregory Project. The historical exploration at the Port Gregory Project has been highly encouraging with moderate to high garnet grades and its close proximity to an operating garnet mine. The Inhambane Project consists of one mining concession licence application (10255C), which the Company has a 70% indirect interest in. The Inhambane Project is located approximately 5km South East of the Port of Inhambane in Mozambique.	Section 2.4, the Solicitor's Report in Annexure B and Annexure C and the Independent Geologists' Reports in Annexure D and Annexure E

Topic	Summary	More information
What is the Company's financial position?	The Company was incorporated in February 2021 and has not traded. Therefore, it has not earned any revenue or incurred expenses from its activities, other than the expenses of the Offers. An Independent Limited Assurance Report is included in Annexure A, which contains financial information about the Company. The Board is satisfied that upon completion of the Offers, the Company will have adequate working capital to meet its stated objectives.	Section 5 and Annexure A
What is the proposed capital structure of the Company?	Following completion of the Offers under this Prospectus, the proposed capital structure of the Company will be as set out in Section 1.9.	Section 1.9
What is the proposed use of funds raised under the Capital Raising Offer?	The Company proposes to use the funds raised from the Capital Raising Offer towards: (a) exploration on the Tenements; (b) expenses of the Offers; and (c) general administration fees and working capital.	Section 1.8
What is the Company's strategy?	Following Admission, the Company's primary focus will be to drill the Port Gregory Project to define a JORC mineral resource estimate. The Company will then assess development options for both Projects.	Section 2.1
Summary of key risks		
Prospective investors should be aware that subscribing for Shares in the Company involves a number of risks. The risk factors set out in Section 4, and other general risks applicable to all investments in listed securities, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. This Section summarises the key risks which apply to an investment in the Company and investors should refer to Section 4 for a more detailed summary of the risks.		
Limited history	The Company was incorporated on 10 February 2021 and therefore has limited operational and financial history with which to evaluate its business and prospects. The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stages of their development, particularly in the mineral exploration sector, which has a high level of inherent risk and uncertainty. No assurance can be given that the Company will achieve commercial viability through the successful exploration on, or mining development	Section 4.1(a)

Topic	Summary	More information
	of, the Projects. Until the Company is able to realise value from the Projects, it is likely to incur operational losses.	
Conditionality of the Offers	The obligation of the Company to issue the Securities under the Offers is conditional on the matters set out in Section 1.6. If those conditions are not satisfied, the Company will not proceed with the Offers. Failure to complete the Offers may have a material adverse effect on the Company's financial position.	Section 4.1(b)
Contractual Risk	The ability of the Company to achieve its stated objectives may be materially affected by the performance of the obligations of various parties under certain agreements (details in Section 7). If any party defaults in the performance of its obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly. If the Company enters into agreements with third parties for the acquisition or divestment of equity interests in mineral exploration and mining projects, there are no guarantees that any such contractual obligations will be satisfied in part or in full. Further information relating to the Company's contractual risks relating to the Inhambane Project are set out in Section 4.2(a) and 7.1(b).	Section 4.1(c)
Future capital requirements	The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Projects are successfully developed and production commences. The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash and the net proceeds of the Capital Raising Offer should be adequate to fund its business development activities, exploration program and other Company objectives in the short term as stated in this Prospectus.	Section 4.1(f)
Title and grant risk	As at the date of this Prospectus, the Company has a 100% beneficial interest in the Port Gregory Tenements, which will be legally transferred to the Company subject to the receipt of an Admission Letter from the ASX, in which case, the transfer will occur 15 days after receiving the letter. The Port Gregory Tenements are currently held on trust for the Company under the Gianni Agreement. Pursuant to the Mining Act, an exploration licence cannot be transferred within the first 12 months of its	Section 4.2(a), the Solicitor's Report in Annexure B and the Solicitor's Report in Annexure C

Topic	Summary	More information
	grant unless consent from the Minister is obtained. E70/5314 (which is one of five tenements comprising the Port Gregory Project) is held by Mining Equities Pty Ltd and is within its first year of grant. Until it reaches its first year of grant (being 1 December 2021), it cannot be transferred without the prior written consent of the Minister. The Inhambane Project is a single exploration licence that reached its full term and the Company is awaiting the grant of the Mining Concession (the application for which was lodged on 11 March 2020). There is a risk that this concession may not be granted in its entirety or only granted on conditions unacceptable to the Company. The Company has not received Government approval for the transfers that of interests that occurred under the +258 Agreement or the Share Swap. Until such time as the approvals are received, the Company has set aside minimal funds to the Inhambane Project.	
Exploration and development risks	Mineral exploration and development is a high-risk undertaking. There can be no assurance that exploration of the Projects or any other exploration properties that may be acquired in the future will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited due to various issues including lack of ongoing funding, adverse government policy, geological conditions, commodity prices or other technical difficulties. The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.	Section 4.2(b)
Payment obligations	Pursuant to the licences comprising the Company's Projects, the Company will become subject to payment and other obligations. In particular, holders are required to expend the funds necessary to meet the minimum work commitments attaching to the Tenements. Failure to meet these work commitments may render the Tenements subject to forfeiture or result in the holders being liable for fees. Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other	Section 4.2(e)

Topic	Summary	More information
	parties, this could result in dilution or forfeiture of the Company's interest in the Projects. Further details of these conditions and obligations are set out in Section 5.5.1 of the Solicitor's Report at Annexure C. The Company has a particular Expenditure Requirement in respect of the +258 Agreement relating to the Inhambane Project, which is yet to be met, notwithstanding that the +258 Agreement required the Expenditure Requirement to be met by 19 April 2021. The Company has provided notice to the relevant counterparty of its reliance on a force majeure clause. While the Company has sought a legal opinion on its ability to rely on the force majeure clause (as set out the Solicitor's Report at Annexure C), there is a risk that if such advice is incorrect, the Company may have unmet obligations under the +258 Agreement, which could give rise to termination of the +258 Agreement and the reversion of the Company's 70% indirect interest in the Inhambane Project to Galilei. The Company has set aside minimal funds to the Inhambane Project. In the event the Company receives Government Approval, it may elect to spend further funds on the Inhambane Project. In the event further funds are spent on Inhambane, the Company intends that these funds will first be drawn from budgeted working capital and future acquisition costs. However, it is likely that the Company will be required to undertake a future capital raising in order to satisfy the Expenditure Requirement by 19 April 2023. In the event that the Company is unable to satisfy the Expenditure Requirement it will be in breach of its obligations under the +258 Agreement, which could give rise to the termination of the +258 Agreement and the reversion of the Company's 70% indirect interest in the Inhambane Project to Galilei. The Company cautions investors not to place undue reliance on Company's ability to secure its rights to the Inhambane Project in making an investment decision.	
Sovereign risk	In March 2021, there was a terrorist attack in Palma in Mozambique's Cabo Delgado province, which led to the killing of local inhabitants and foreigners involved in a major liquefied natural gas project. While the terrorist attacks were approximately 2,280 kilometres away from the Inhambane Project, the Company will continue to monitor the risk of terrorist activities in Mozambique. It is possible that further attacks could occur in Mozambique, both in Cabo Delgado and in other provinces. Future terrorist attacks in the country could	Section 4.2(h)

Topic	Summary	More information
	present a danger to the lives and wellbeing of the Company's in-country staff and contractors and could adversely affect the viability and profitability of the Company.	
Native title risk	The Company is aware that there is one registered native title determination (in the name of Yamatji Nation) within the area covered by the Tenements comprising the Port Gregory Project and that the Tenements are subject to the 'Yamatji Nation Agreement' Indigenous Land Use Agreement.	Section 4.2(k) and the Solicitor's Report in Annexure B
Aboriginal heritage risk	The Company is aware that there are ten registered Aboriginal heritage sites, two registered 'other' Aboriginal heritage places and six applications for 'other' Aboriginal heritage places which are either registered or have been lodged within Tenements E66/102, E70/5130 and E70/5161. The Tenements are also subject to a heritage agreement which imposes exclusion zones of up to 300 metres prohibiting exploration activities around certain Aboriginal sites located on Tenements E66/102 and E70/5161. There remains a risk that additional Aboriginal sites may exist on the land the subject of the Tenements. The existence of such sites may preclude or limit mining activities in certain areas of the Tenements.	Section 4.2(l) and the Solicitor's Report in Annexure B
Third party risks	Under Western Australian and Commonwealth legislation, the Company may be required to obtain the consent of and/or pay compensation to the holders of third-party interests which overlay areas within the Port Gregory Tenements, including pastoral leases, petroleum tenure and other mining tenure in respect of exploration or mining activities on the Port Gregory Tenements. All of the Port Gregory Tenements overlap File Notation Areas. In respect to the File Notation Areas, third party tenure and access rights may be granted in the future. Refer to paragraph 9.1 of the Solicitor's Report at Annexure B for further details. Any delays in respect of conflicting third-party rights, obtaining necessary consents, or compensation obligations, may adversely impact the Company's ability to carry out exploration or mining activities within the affected areas.	Section 4.2(m) and the Solicitor's Report in Annexure B

Topic	Summary	More information
Environmental risk	The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or field development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. The land the subject of tenements E66/102, E70/5130, E70/5160 and E70/5161 comprising part of the Port Gregory Project, overlap several crown reserves. Prior to conducting activities on the reserves, the Company will be required to seek certain consents and approvals. Refer to paragraph 9.4 of the Solicitor's Report at Annexure B for further details.	Section 4.2(n) and the Solicitor's Report in Annexure B
Infectious diseases	The outbreak of the coronavirus disease (COVID-19) is having a material effect on global economic markets. The global economic outlook is facing uncertainty due to the pandemic, which has had and may continue to have a significant impact on capital markets. The Company's Share price may be adversely affected by the economic uncertainty caused by COVID-19. Further measures to limit the transmission of the virus implemented by governments around the world (such as travel bans and quarantining) may adversely impact the Company's operations and may interrupt the Company carrying out its contractual obligations or cause disruptions to supply chains.	Section 4.3(j)
Directors, Related Party Interest and Substantial Holders		
Who are the Directors?	The Board of the Company comprises: (a) Adam Schofield - Non-Executive Chairman; (b) Maurice (Nic) Matich - Executive Director; (c) Glenn Simpson - Non-Executive Director; and (d) Gregory Jones - Non-Executive Director (Independent).	"Corporate Directory" and Section 6.1
What benefits are being paid to the Directors?	Adam Schofield has entered into a Non-Executive Director and Chairman letter of appointment with the Company, pursuant to which he will receive \$57,000 per annum for services provided to the Company as Non-Executive Chairman. Maurice (Nic) Matich has entered into an Executive Services Agreement with the Company, pursuant to	Sections 6.5 and 7.4

Topic	Summary	More information																									
	which he is engaged as Executive Director of the Company and entitled to receive \$165,000 per annum including statutory superannuation. Mr Matich is also entitled to receive a \$60,000 Sign-on Bonus. Glenn Simpson has entered into a Non-Executive Director letter of appointment with the Company, pursuant to which he will receive \$53,000 per annum for services provided to the Company as Non-Executive Director. Gregory Jones has entered into a Non-Executive Director letter of appointment with the Company, pursuant to which he will receive \$53,000 per annum (including statutory superannuation) for services provided to the Company as Non-Executive Director. Messrs Matich, Schofield, Simpson and Jones have, in aggregate, been issued a total of 4,250,000 Options and 4,250,000 Performance Rights. The terms and conditions of the Options and Performance Rights are set out in Sections 8.2 and 8.3 respectively.																										
What interests do Directors have in the securities of the Company?	The Directors and their related entities hold the following interests in Securities in the Company as at the date of this Prospectus:	Section 6.5																									
	<table><tr><th>Director</th><th>Shares</th><th>%</th><th>Options</th><th>Performance Rights</th></tr><tr><td>Adam Schofield</td><td>3,029,183</td><td>14.50</td><td>1,000,000</td><td>1,000,000</td></tr><tr><td>Maurice Matich</td><td>800,000</td><td>3.83</td><td>1,250,000</td><td>1,250,000</td></tr><tr><td>Glenn Simpson</td><td>2,963,445</td><td>14.18</td><td>1,000,000</td><td>1,000,000</td></tr><tr><td>Gregory Jones</td><td>1,579,078</td><td>7.56</td><td>1,000,000</td><td>1,000,000</td></tr></table>		Director	Shares	%	Options	Performance Rights	Adam Schofield	3,029,183	14.50	1,000,000	1,000,000	Maurice Matich	800,000	3.83	1,250,000	1,250,000	Glenn Simpson	2,963,445	14.18	1,000,000	1,000,000	Gregory Jones	1,579,078	7.56	1,000,000	1,000,000
	Director		Shares	%	Options	Performance Rights																					
	Adam Schofield		3,029,183	14.50	1,000,000	1,000,000																					
	Maurice Matich		800,000	3.83	1,250,000	1,250,000																					
	Glenn Simpson		2,963,445	14.18	1,000,000	1,000,000																					
	Gregory Jones		1,579,078	7.56	1,000,000	1,000,000																					
Based on the intentions of the Directors at the date of this Prospectus in relation to the Capital Raising Offer, the Directors and their related entities will have the following interests in Securities on Admission:																											

Topic	Summary					More information
	Director	Shares	%	Options	Performance Rights	
	Adam Schofield	3,029,183	5.90	1,000,000	1,000,000	
	Maurice Matich	800,000	1.56	1,250,000	1,250,000	
	Glenn Simpson	2,963,445	5.78	1,000,000	1,000,000	
	Gregory Jones	1,579,078	3.08	1,000,000	1,000,000	
	See Section 6.5 for further details of the Directors' current and anticipated Security holdings.					
What important contracts with related parties is the Company a party to?	The Company has entered into the following related party transactions on arms' length terms: (a) an executive services agreement with Mr Matich, pursuant to which Mr Matich will act as an Executive Director of the Company and will receive remuneration including Securities and the Sign-on Bonus (refer Section 7.4(a) for further details); (b) letters of appointment with each of its Directors on standard terms (refer Section 7.4 for further details); and (c) deeds of indemnity, insurance and access with each of its Directors on standard terms (refer Section 7.5 for further details).					Sections 7.4 and 7.5
Who will be the substantial holders of the Company?	Shareholders (and their associates) holding an interest in 5% or more of the Shares on issue as at the date of this Prospectus are set out in the table below. See Section 2.2 for further details on each of the Shareholders' holdings as listed in the tables below.					Sections 2.2 and 8.6
	Name		Number of Shares	% of Shares		
	Adam Schofield		3,029,183	14.50		
	Glenn Simpson		2,963,445	14.18		
	Ajava Holdings Pty Ltd		2,295,555	10.99		

Topic	Summary			More information
	(Peter Cook)			
	Sidhu Navin Sarajeet	1,960,520	9.38	
	Greg Jones	1,579,078	7.56	
	Based on the information known as at the date of this Prospectus, on Admission the following persons will have an interest in 5% or more of the Shares on issue.			
	Name	Number of Shares	% of Shares	
	Adam Schofield	3,029,183	5.90	
	Glenn Simpson	2,963,445	5.78	
What fees are payable to the Lead Manager?	The Company will pay the following fees to the Lead Manager (or its nominees) pursuant to the Lead Manager Mandate: (a) A fee of 6% (comprising of a 2% management fee and 4% capital raising fee) of up to \$5,500,000 of the funds raised through the Broker Firm and Institutional Offer, noting that the 4% capital raising fee will not be payable in respect of funds raised through the Chairman's List; (b) a fee of 2% (comprising only of a management fee) of up to \$1,000,000 of the funds raised through the Chairman's List; (c) a retainer of \$5,000 a month payable in advance and capped at a maximum of \$40,000; and (d) 4,000,000 unquoted Options with an exercise price of \$0.25 each and an expiry date of 3 years from the date of issue.			Sections 1.10 and 7.2
What are the Lead Manager's interests in the Securities of the Company?	The Lead Manager and its associates have a relevant interest in the following Securities as at the date of this Prospectus:			Section 1.10(b)
	Shares	%	Options	
	1,250,000	5.98	Nil	
	Based on the information available to the Company as at the date of the Prospectus regarding the Lead Manager and its associates' intentions in relation to the			

Topic	Summary			More information
	Offers, the Lead Manager and its associates will have a relevant interest in the following Securities on Admission (assuming the Minimum Subscription is raised):			
	Shares	%	Options	
	1,250,000	2.44	4,000,000	
What are the Offers?				
What is the Capital Raising Offer?	The Capital Raising Offer is for an initial offering of a minimum of 27,500,000 Shares to be issued at a price of \$0.20 per Share to raise a minimum of \$5,500,000 (before costs). The Capital Raising Offer comprises: (a) the Broker Firm and Institutional Offer, which is only open to Australian resident investors and Institutional Investors in Australia, New Zealand, the United Kingdom, Singapore, Hong Kong and Germany and who have received a firm allocation of Shares from a Broker; and (b) the Chairman's List Offer, which is open to selected investors in Australia who have received an invitation pursuant to the Chairman's List Offer. No general public offer of Shares will be made under this Prospectus.			Sections 1.2 and 1.7
What is the Capital Raising Offer Price?	\$0.20 per Share.			Section 1.2
What is the minimum subscription amount under the Capital Raising Offer?	The minimum subscription under the Capital Raising Offer is \$5,500,000 (before costs) (being 27,500,000 Shares) (Minimum Subscription).			Section 1.3
Will the Shares be quoted?	The Company will apply to the ASX for its admission to the Official List and quotation of Shares on the ASX within seven days of the date of this Prospectus.			"Corporate Directory" and Section 1.14
What is the purpose of the Capital Raising Offer?	The purpose of the Capital Raising Offer is to: (a) raise a minimum of \$5,500,000 (before costs); (b) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for admission to the Official List; and			Section 1.5

Topic	Summary	More information
	(c) position the Company to help it achieve the objectives details in Section 2.	
What is the Lead Manager Offer and what is its purpose?	This Prospectus includes a separate offer of 4,000,000 Options to the Lead Manager. The purpose of the Lead Manager Offer is to partially compensate the Lead Manager for capital raising services provided to the Company in connection with the Capital Raising Offer. No funds will be raised from the Lead Manager Offer. The Lead Manager Offer is being made under this Prospectus to remove the need for an additional disclosure document to be issued upon the sale or transfer of any Shares issued upon exercise of any Options, that are issued under the Lead Manager Offer. The Lead Manager Offer is made to the Lead Manager (or its respective nominees). You should not complete an Application Form in relation to the Lead Manager Offer unless directed to do so by the Company.	Sections 1.4 and 1.12(b)
What are the conditions of the Capital Raising Offer?	The Offers under this Prospectus is conditional upon: (a) the Company raising not less than \$5,500,000 (before costs) under the Capital Raising Offer; (b) to the extent required by the ASX or the Listing Rules, certain persons entering into a restriction agreement imposing such restrictions on trading the Company's Securities as mandated by the Listing Rules; and (c) ASX providing the Company with a list of conditions which, once satisfied, will result in ASX admitting the Company to the Official List. If these conditions are not satisfied then the Offers will not proceed and the Company will repay all Application Monies received under the Offers in accordance with the Corporations Act.	Section 1.6
Are there any escrow arrangements?	ASX will classify certain existing Securities on issue in the Company as being subject to the restricted securities provisions of the Listing Rules. Restricted securities would be required to be held in escrow for up to 24 months and would not be able to be sold, mortgaged, pledged, assigned or transferred for that period without the prior approval of ASX. Prior to the Company's Shares being admitted to quotation on the ASX, the Company will enter into escrow deeds with the recipients of any restricted securities in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX full details (quantity and duration) of any Securities required to be held in escrow.	Section 1.19

Topic	Summary	More information
	During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner. As at the date of this Prospectus the Company expects approximately 10,719,339 Shares, 10,000,000 Options and 5,000,000 Performance Rights to be subject to 24 months escrow and 7,718,861 Shares and 3,782,226 Options subject to 12 months escrow.	
What is the Offers period?	An indicative timetable for the Offers is set out on page ix of this Prospectus.	"Indicative Timetable"
Is the Capital Raising Offer underwritten?	The Capital Raising Offer is not underwritten.	Section 1.20
Additional information		
Will the Company be adequately funded after completion of the Capital Raising Offer?	The Board believes that the funds raised from the Capital Raising Offer will provide the Company with sufficient working capital to achieve its stated objectives as detailed in this Prospectus.	Section 1.8
What rights and liabilities attach to the Securities on issue?	All Shares issued under the Capital Raising Offer will rank equally in all respects with existing Shares on issue. The rights and liabilities attaching to the Shares are described in Section 8.1. The terms and conditions of the Options and Performance Rights are set out in Section 8.2 and Section 8.3 respectively.	Sections 8.1, 8.2 and 8.3
Who is eligible to participate in the Capital Raising Offer?	The Broker Firm and Institutional Offer is only open to Australian resident investors and Institutional Investors in Australia, New Zealand, the United Kingdom, Singapore, Hong Kong and Germany and who have received a firm allocation of Shares from a Broker. The Chairman's List Offer is open to selected investors in Australia who have received an invitation pursuant to the Chairman's List Offer. No general public offer of Shares will be made under this Prospectus.	Sections 1.7 and 1.18
How do I apply for Shares under the Capital Raising Offer?	Applications for Shares under the Capital Raising Offer can only be made using the relevant Application Form accompanying this Prospectus. For further information on how to complete the Application Form, Applicants should refer to the instructions set out on the form.	Section 1.12

Topic	Summary	More information
What is the allocation policy?	The Directors, in conjunction with the Lead Manager will allocate Shares between the Broker Firm and Institutional Offer and the Chairman's List Offer at the Directors' sole discretion with a view to ensuring an appropriate Shareholder base for the Company going forward. Invitations to participate in the Chairman's List Offer will be made by the Company in its sole and absolute discretion for up to 5,000,000 Shares which will be allocated at the discretion of the Chairman and the Company.	Section 1.16
When will I receive confirmation that my Application has been successful?	It is expected that holding statements will be sent to successful applicants on or about 6 September 2021.	"Indicative Timetable"
What is the Company's dividend policy?	The Company does not expect to pay dividends in the near future as its focus will primarily be on exploration of the Projects and future acquisitions.	Section 2.7
How can I find out more about the Prospectus or the Offers?	Questions relating to the Offers and the completion of an Application Form can be directed to the Company Secretary by email at info@heavyminerals.com .	Section 1.25

1. Details of Offers

1.1 Important Information

This Prospectus contains details of the Offers to apply for Securities in the Company. You are encouraged to:

- (a) read the contents of this Prospectus carefully, including the risk factors in Section 4; and
- (b) obtain independent professional advice from your accountant, lawyer, financial advisor or any other party qualified to provide advice on the contents of this Prospectus.

1.2 Description of the Capital Raising Offer

This Prospectus invites investors to apply for a minimum of 27,500,000 Shares at an issue price of \$0.20 per Share to raise a minimum of \$5,500,000 (before costs) (**Capital Raising Offer**).

The Shares to be issued pursuant to the Capital Raising Offer are of the same class and will rank equally with the existing Shares on issue. The rights and liabilities attaching to the Shares are further described in Section 8.1.

Applications for Shares under the Capital Raising Offer must be made on the Application Form accompanying this Prospectus and received by the Company on or before the Closing Date. Persons wishing to apply for Shares under the Capital Raising Offer should refer to Section 1.12 for further details and instructions.

1.3 Minimum Subscription

The minimum subscription under the Capital Raising Offer is \$5,500,000 (before costs) (being 27,500,000 Shares) (**Minimum Subscription**).

None of the Securities offered under this Prospectus will be issued if Applications are not received for the Minimum Subscription. Should Applications for the Minimum Subscription not be received within four months from the date of this Prospectus, the Company will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).

1.4 Lead Manager Offer

This Prospectus includes a separate offer of 4,000,000 Options (**Lead Manager Options**) to the Lead Manager (or its nominees) under this Prospectus (**Lead Manager Offer**).

The Company has agreed to issue the Lead Manager Options to the Lead Manager (or its nominees) upon successful completion of the Capital Raising Offer as partial consideration for the lead manager services provided in connection with the Capital Raising Offer. No funds will be raised from the Lead Manager Offer.

Only the Lead Manager (or its nominees) may accept the Lead Manager Offer.

The Lead Manager Offer is being made under this Prospectus to remove the need for an additional disclosure document to be issued upon the sale or transfer of any Shares issued upon exercise of any Options into Shares, that are issued under the Lead Manager Offer.

An Application Form in relation to the Lead Manager Offer will be issued to the Lead Manager together with a copy of this Prospectus.

Refer to Section 7.2 for a summary of the Lead Manager Mandate.

1.5 Purpose of the Offers

The purpose of this Prospectus is to:

- (a) raise a minimum of \$5,500,000 pursuant to the Capital Raising Offer (before associated costs of the Offers);
- (b) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for Admission; and
- (c) position the Company to help it achieve the objectives detailed in Section 2.

1.6 Conditional Offers

The Offers under this Prospectus is conditional upon the following events occurring:

- (a) the Company raising the Minimum Subscription, being \$5,500,000 (before costs of the Offers), under the Capital Raising Offer (refer to Section 1.3);
- (b) to the extent required by ASX or the Listing Rules, certain persons entering into a restriction agreement imposing such restrictions on trading in the Company's Securities as mandated by the Listing Rules; and
- (c) ASX providing the Company with a list of conditions which, once satisfied, will result in ASX admitting the Company to the Official List.

If these conditions are not satisfied then the Offers will not proceed and the Company will repay all Application Monies received under the Offers in accordance with the Corporations Act.

1.7 Structure of the Offers

(a) Overview

The Capital Raising Offer comprises:

- (i) the Broker Firm and Institutional Offer, which is only open to Australian resident investors and Institutional Investors in Australia, New Zealand, the United Kingdom, Singapore, Hong Kong and Germany and who have received a firm allocation of Shares from a Broker; and
- (ii) the Chairman's List Offer, which is open to selected investors in Australia who have received an invitation pursuant to the Chairman's List Offer.

No general public offer of Shares will be made under this Prospectus.

The allocation of Shares between the Broker Firm and Institutional Offer and the Chairman's List Offer will be determined by the Company in consultation with the Lead Manager, having regard to the allocation policy described in Section 1.16.

(b) **Broker Firm and Institutional Offer**

The Broker Firm and Institutional Offer is open to Australian resident investors and Institutional Investors in Australia, New Zealand, the United Kingdom, Singapore, Hong Kong and Germany, who have received a firm allocation of Shares from a Broker. Applications may only be made on an Application Form attached to or accompanying this Prospectus. If you are an investor applying under the Broker Firm and Institutional Offer, you should complete the application procedure advised to you by your Broker. Please contact your Broker for further instructions.

(c) **Chairman's List Offer**

The Chairman's List Offer is open to selected investors in Australia who have received an invitation pursuant to the Chairman's List Offer. If you have been invited by the Company to participate in the Chairman's List Offer, you will be treated as an applicant pursuant to the Chairman's List Offer in respect of those Shares allocated to you.

If you have received an invitation to participate in the Chairman's List Offer from the Company, you will be separately advised of the application procedures in respect of the Chairman's List Offer.

1.8 **Proposed use of Funds**

Following the Offers, it is anticipated that the following funds will be available to the Company:

Source of funds	Minimum Subscription \$
Existing cash as at the date of this Prospectus	132,144
Proceeds from the Capital Raising Offer (no proceeds will be raised from the Lead Manager Offer)	5,500,000
Total funds available	5,632,144

The following table shows the intended use of funds in the two year period following Admission:

Use of funds - Year 1	Minimum Subscription	
	\$'000	%
Exploration expenditure (Port Gregory Project) ⁽¹⁾	1,262	23.0
Exploration expenditure (Inhambane Project) ⁽¹⁾	221	4.0
Directors' fees ⁽²⁾	510	9.3

Use of funds - Year 1	Minimum Subscription	
	\$'000	%
Vendor payment	50	0.9
General administration fees and working capital ⁽³⁾⁽⁴⁾	398	7.3
Future acquisition costs ⁽⁴⁾⁽⁵⁾	375	6.8
Estimated expenses of the Offers ⁽⁶⁾	547	9.9
Total Funds allocated - Year 1	3,363	61.2

Use of funds - Year 2	Minimum Subscription	
	\$'000	%
Exploration expenditure (Port Gregory Project) ⁽¹⁾	1,168	21.2
Exploration expenditure (Inhambane Project) ⁽¹⁾	137	2.5
Directors' fees ⁽²⁾	253	4.6
General administration fees and working capital ⁽³⁾⁽⁴⁾	358	6.5
Future acquisition costs ⁽⁴⁾⁽⁵⁾	221	4.0
Total Funds allocated - Year 2	2,137	38.8
TOTAL FUNDS ALLOCATED	5,500	100

Notes:

1. See Section 2.6 for further information on the Company's exploration budget.
2. See Section 6.6 for further details of the Directors' remuneration.
3. Working capital includes the general costs associated with the management and operation of the business including administration expenses, rent and other associated costs. The payment of the Sign-on Bonus will also be made from the Working Capital allocation. Working capital also includes surplus funds. The Directors will allocate surplus funds at their discretion.
4. The Company has applied minimal expenditure to the Inhambane Project, however, in the event the Company is able to resolve the title and grant risk set out in Section 4.2(a) and payment obligations set out in Section 4.2(e), it may elect to spend further funds on the Inhambane Project. In the event further funds are spent on Inhambane, the Company intends that these funds will be drawn from budgeted working capital and future acquisition costs.
5. Future acquisition costs include costs required for the identification of new projects and opportunistic acquisitions. The Company notes that:
 - (a) it is not currently considering other acquisitions;
 - (b) any future acquisitions are likely to be in the mineral resource sector;

- (c) the timing of any such transactions is not yet known; and
- (d) if no suitable acquisition opportunity arises, and subject to the outcomes of exploration activities, the Company may elect to allocate some or all of these funds to exploration on the Company's existing Projects.

6. Expenses paid or payable by the Company in relation to the Offers are set out in Section 8.9.

The proposed use of funds outlined above is a statement of current intentions as at the date of this Prospectus. Investors should note that the allocation of funds will be subject to modification on an ongoing basis depending on the results obtained from the Company's activities. Due to market conditions, the development of new opportunities and/or any number of other factors (including the risk factors outlined in Section 4), actual expenditure levels may differ significantly from the above estimates.

The Board believes that the funds raised from the Offers will provide the Company with sufficient working capital to achieve its stated objectives as detailed in this Prospectus.

The use of further equity funding may be considered by the Board where it is appropriate to accelerate a specific project or strategy.

Based on the intended use of funds detailed above, the amounts raised pursuant to the Offers will provide the Company sufficient funding for approximately 2 years' of operations. As the Company has no operating revenue, the Company will require further financing in the future. See Section 4.1(f) for further details about the risks associated with the Company's future capital requirements.

1.9 Capital structure

On the basis that the Company completes the Offers on the terms in this Prospectus, the Company's capital structure will be as follows:

	Number of Shares (Minimum Subscription)	% of Shares	Options	Performance Rights
Existing Securities	20,896,541	40.73	8,782,226 ⁽²⁾	5,130,815 ⁽³⁾
Shares offered under the Capital Raising Offer	27,500,000	53.60	-	-
Options issued to the Lead Manager under the Lead Manager Offer	-	-	4,000,000	-
Securities to be issued to Vendors	1,932,692	3.77	1,000,000	-
Convertible Loan Agreement Shares	978,925 ⁽⁴⁾	1.9	-	-
Total	51,308,158	100	13,782,226	5,130,815

Notes:

1. Please refer to Section 2.2 for further details relating to the Company's current capital structure.
2. Comprising 5,000,000 Director and In-country Manager Options and 3,782,226 Existing Options. See Section 8.2 for the terms of issue of the Options.
3. Comprising 4,250,000 Performance Rights on issue to Directors and 880,815 Performance Rights on issue issued to the In-country Manager. See Section 8.3 for the terms and conditions of the Performance Rights.
4. Shares to be issued by the Company in lieu of money owed pursuant to the Convertible Loan Agreement at a deemed issue price of \$0.20 per Share.

The Company's free float at the time of Admission will not be less than 20%.

1.10 Lead Manager's interest in the Offers

Foster Stockbroking has been appointed as lead manager to the Capital Raising Offer and is party to the Lead Manager Mandate that is summarised in Section 7.2.

(a) Fees payable to the Lead Manager

Pursuant to the Lead Manager Mandate, the Company has agreed to pay the Lead Manager (or its nominees):

- (i) a fee of 6% (comprising of a 2% management fee and 4% capital raising fee) of up to \$5,500,000 of the funds raised through the Broker Firm and Institutional Offer, noting that the 4% capital raising fee will not be payable in respect of funds raised through the Chairman's List;
- (ii) a fee of 2% (comprising only of a management fee) of up to \$1,000,000 of the funds raised through the Chairman's List;
- (iii) a retainer of \$5,000 a month payable in advance and capped at a maximum of \$40,000; and
- (iv) 4,000,000 unquoted Options with an exercise price of \$0.25 each and an expiry date of 3 years from the date of issue.

In addition to the above, the Company paid the Lead Manager \$9,000 in respect of work undertaken in connection with a seed round undertaken by the Company, which raised \$150,000 (before costs).

The Lead Manager Mandate contains other clauses which are considered standard for agreements of this nature.

(b) Lead Manager's interests in Securities

As at the date of this Prospectus, the Lead Manager and its associates have a relevant interest in 1,250,000 Shares (a percentage shareholding of 5.98%).

Based on the information available to the Company as at the date of the Prospectus regarding the intentions of the Lead Manager and its associates in relation to the Offers and assuming:

- (i) the Minimum Subscription is achieved under the Capital Raising Offer; and

- (ii) neither the Lead Manager nor its associates take up Shares under the Capital Raising Offer,

the Lead Manager and its associates will have a relevant interest in 1,250,000 Shares (a percentage shareholding of 2.44%) and 4,000,000 Lead Manager Options on Admission.

(c) **Lead Manager's participation in previous placements**

As at the date of the Prospectus, the Lead Manager and its associates hold 1,250,000 Shares in the Company.

1.11 **Forecasts**

The Directors have considered the matters detailed in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

The Directors consequently believe that, given these inherent uncertainties, it is not possible to include reliable forecasts in this Prospectus.

Refer to Sections 2.1 and 2.4 for further information in respect to the Company's proposed activities.

1.12 **Applications**

(a) **Capital Raising Offer**

Applications for Shares under the Capital Raising Offer can be made using the Application Form accompanying this Prospectus or otherwise provided by the Company. The Application Form must be completed in accordance with the instructions set out on the form.

No brokerage, stamp duty or other costs are payable by Applicants.

(i) **Option 1: Submit an online Application Form and pay with BPAY®**

For online applications, investors can apply online with payment made electronically via BPAY®. Investors applying online will be directed to use an online Application Form and make payment by BPAY®. Applicants will be given a BPAY® biller code and a customer reference number (**CRN**) unique to the online Application once the online Application Form has been completed.

BPAY® payments must be made from an Australian dollar account of an Australian institution. Using the BPAY® details, Applicants must:

- (A) access their participating BPAY® Australian financial institution either via telephone or internet banking;
- (B) select to use BPAY® and follow the prompts; enter the biller code and unique CRN that corresponds to the online Application;

- (C) enter the amount to be paid which corresponds to the value of Shares under the online Application Form;
- (D) select which account payment is to be made from;
- (E) schedule the payment to occur on the same day that the online Application Form is completed. Applications without payment will not be accepted; and
- (F) record and retain the BPAY® receipt number and date paid.

Investors should confirm with their Australian financial institution whether there are any limits on the Investor's account that may limit the amount of any BPAY® payment and the cut off time for the BPAY® payment.

Investors can apply online by following the instructions at <https://heavyminerals.automic.com.au/> and completing a BPAY® payment. If payment is not made via BPAY®, the Application will be incomplete and will not be accepted. The online Application Form and BPAY® payment must be completed and received by no later than the Closing Date.

(ii) **Option 2: Submit an Application Form and pay via Electronic Funds Transfer “EFT”**

Investors can apply online with payment made electronically via EFT. Investors applying online will be directed to use an online Application Form and will be given a payment reference number unique to the online Application once the online Application Form has been completed.

EFT payments must be received in Australian dollars (\$AUD). Using EFT payment details, Applicants must:

- (A) use the unique payment reference number that corresponds to the online Application Form;
- (B) enter the amount to be paid which corresponds to the value of Shares under the online Application Form;
- (C) select which account payment is to be made from;
- (D) schedule the payment to occur on the same day that the online Application Form is completed. Applications without payment will not be accepted; and
- (E) record and retain the EFT receipt number and date paid.

Applicants should confirm with their Australian financial institution whether there are any limits on the Applicant's account that may limit the amount of any EFT payment and the cut off time for the funds transfer.

An original, completed and lodged Application Form together with confirmation of BPAY® or EFT payment for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying

payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an Application as valid and how to construe amend or complete the Application Form is final; however an applicant will not be treated as having applied for more Shares than is indicated by the amount of the BPAY® or EFT for the Application Monies.

It is the responsibility of Applicants outside of Australia, Zealand, the United Kingdom, Singapore, Hong Kong and Germany to obtain all necessary approvals for the allotment and issue of Shares pursuant to this Prospectus.

The return of a completed Application Form with the requisite Application Monies (if applicable) will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained and that the Applicant:

- (i) agreed to be bound by the terms of the Capital Raising Offer;
- (ii) agreed to be bound by the terms of the Constitution;
- (iii) acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- (iv) declares that all details and statements in the Application Form are complete and accurate;
- (v) declares that, if they are an individual, they are over 18 years of age and have full legal capacity and power to perform all its rights and obligations under the Application Form;
- (vi) acknowledged that, once the Company receives an Application Form, it may not be withdrawn;
- (vii) applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- (viii) agreed to being allocated and issued or transferred the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- (ix) acknowledged that the Company may not pay dividends, or that any dividends paid may not be franked;
- (x) declared that the Applicant(s) is/are a resident of Australia or is an Institutional Investor resident in New Zealand, the United Kingdom, Singapore, Hong Kong and Germany;
- (xi) authorises the Company and its respective officers or agents, to do anything on their behalf necessary for the Shares to be issued to them, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form;

- (xii) acknowledges that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Shares are suitable for them given their investment objectives, financial situation or particular needs;
- (xiii) acknowledges that the Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia, and accordingly, the Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws;
- (xiv) acknowledged and agreed that the Capital Raising Offer may be withdrawn by the Company, or may otherwise not proceed in the circumstances described in this Prospectus; and
- (xv) acknowledged and agreed that if the listing does not occur for any reason, the Capital Raising Offer will not proceed.

The Capital Raising Offer may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Offers or accept late Applications.

Applications under the Capital Raising Offer must be for a minimum of 10,000 Shares (\$2,000) and then in increments of 2,500 Shares (\$500).

Applications for Shares under the Capital Raising Offer must be made on the relevant Application Form accompanying this Prospectus and received by the Company on or before the Closing Date.

(b) Lead Manager Offer

Only the Lead Manager (or its nominees) may accept the Lead Manager Offer. A personalised application form in relation to the Lead Manager Offer will be issued to the Lead Manager (or its nominees) together with a copy of this Prospectus.

No monies are payable for the Lead Manager Securities under the Lead Manager Offer.

1.13 CHESS and issuer sponsorship

The Company will apply to participate in CHESS. All trading on the ASX will be settled through CHESS. ASX Settlement, a wholly-owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry will operate an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Rather, holding statements (similar to bank statements) will be sent to Shareholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for Shareholders who elect to hold Shares on the CHESS sub-register) or by the Company's Share Registry (for

Shareholders who elect to hold their Shares on the issuer sponsored sub-register). The statements will set out the number of existing Shares (where applicable) and the number of new Shares allotted under this Prospectus and provide details of a Shareholder's holder identification number (for Shareholders who elect to hold Shares on the CHESS sub-register) or Shareholder reference number (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each Shareholder at the end of each month in which there is a transaction on their holding, as required by the Listing Rules.

1.14 ASX Listing and Official Quotation

Within seven days after the date of this Prospectus, the Company will apply to ASX for admission to the Official List and for the Shares, including those offered by this Prospectus, to be granted Official Quotation (apart from any Shares that may be designated by ASX as restricted securities).

If ASX does not grant permission for Official Quotation within three months after the date of this Prospectus (or within such longer period as may be permitted by ASIC) none of the Securities offered by this Prospectus will be allotted and issued. If no allotment and issue is made, all Application Monies will be refunded to Applicants (without interest) as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Securities offered pursuant to this Prospectus.

1.15 Application Monies to be held in trust

Application Monies will be held in trust for Applicants until the allotment of the Shares under the Capital Raising Offer. Any interest that accrues will be retained by the Company.

1.16 Allocation and issue of Shares

The Directors, in conjunction with the Lead Manager will allocate Shares between the Broker Firm and Institutional Offer and the Chairman's List Offer at the Directors' sole discretion with a view to ensuring an appropriate Shareholder base for the Company going forward.

Invitations to participate in the Chairman's List Offer will be made by the Company in its sole and absolute discretion for up to 5,000,000 Shares which will be allocated at the discretion of the Chairman and the Company.

There is no assurance that any Applicant will be allocated any Shares under the Capital Raising Offer, or the number of Shares for which it has applied. The Company reserves the right to reject any Application or to issue a lesser number of Shares than those applied for under the Capital Raising Offer. Where the number of Shares issued is less than the number applied for, surplus Application Monies will be refunded (without interest) as soon as reasonably practicable after the Closing Date.

Subject to the matters in Section 1.14, Shares under the Capital Raising Offer are expected to be allotted on the Issue Date. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares issued under the Capital Raising Offer. Applicants who sell Shares before they receive their holding statements do so at their own risk.

1.17 Risks

Prospective investors should be aware that an investment in the Company should be considered highly speculative and involves a number of risks inherent in the various business segments of the Company. Section 4 details the key risk factors which prospective investors should be aware of. It is recommended that prospective investors consider these risks carefully before deciding whether to invest in the Company.

This Prospectus should be read in its entirety as it provides information for prospective investors to decide whether to invest in the Company. If you have any questions about the desirability of, or procedure for, investing in the Company please contact your stockbroker, accountant or other independent adviser.

1.18 Overseas Applicants

(a) General

No action has been taken to register or qualify the Securities, or the Offers in any jurisdiction outside Australia or otherwise to permit a public offering of the Securities in any jurisdiction outside Australia.

The distribution of this Prospectus in jurisdictions outside Australia, except to the extent permitted under this Section 1.18, may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of those restrictions. Any failure to comply with the restrictions may constitute a violation of applicable securities laws.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to his or her Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such law and that all necessary approvals and consents have been obtained.

This document does not constitute an offer of Securities in any jurisdiction in which it would be unlawful. In particular, this document may not be copied or distributed to any person, and the Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

(b) Foreign offer restriction - Notice to New Zealand Applicants

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (**FMC Act**). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- (i) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the

FMC Act; or

- (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

(c) **Foreign offer restriction - Notice to UK Applicants**

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons:

- (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**);
 - (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO; or
 - (iii) to whom it may otherwise be lawfully communicated,
- (together, **relevant persons**).

The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

(d) **Foreign offer restriction - Notice to Singaporean Applicants**

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities

and Futures Act, Chapter 289 of Singapore (**SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are:

- (i) an "institutional investor" (as defined in the SFA); or
- (ii) an "accredited investor" (as defined in the SFA).

If you are not an investor falling within one of these categories, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

(e) Foreign offer restriction - Notice to Hong Kong Applicants

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

(f) Foreign offer restriction - Notice to German Applicants

This document has not been, and will not be, registered with or approved by any securities regulator in Germany or elsewhere in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in Germany except in circumstances that do not require a prospectus under Article 1(4)

of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (**Prospectus Regulation**).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in Germany is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

1.19 Escrow arrangements

ASX will classify certain Securities on issue in the Company (as opposed to those to be issued under this Prospectus) as being subject to the restricted securities provisions of the Listing Rules. Restricted Securities would be required to be held in escrow for up to 24 months and would not be able to be sold, mortgaged, pledged, assigned or transferred for that period without the prior approval of ASX. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.

Prior to the Company's Shares being admitted to quotation on the ASX, the Company will enter into escrow agreements with certain recipients of the restricted Securities in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow.

As at the date of this Prospectus the Company expects approximately 10,719,339 Shares, 10,000,000 Options and 5,000,000 Performance Rights to be subject to 24 months escrow and 7,718,861 Shares and 3,782,226 Options subject to 12 months escrow. The Company may, in its discretion, resolve to enter into voluntary restriction agreements.

1.20 Underwriting

The Capital Raising Offer is not underwritten.

1.21 Commission

The Company reserves the right to pay a commission of up to 6% (comprising a selling fee of 4% and a management fee payable to the Lead Manager of 2%) (exclusive of GST) of amounts subscribed through any Australian financial services licensee in respect of any Applications lodged and accepted by the Company and bearing the stamp of the Australian financial services licensee. Payment will be made subject to the receipt of a proper tax invoice from the Australian financial services licensee. The Company will not be required to pay a selling fee on funds raised under the Chairman's List Offer.

1.22 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and the Offers in which case the Company will return all Application Monies (without interest) within 28 days of giving notice of their withdrawal.

1.23 Privacy disclosure

Persons who apply for Securities pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess Applications for Shares, to provide facilities and services to security holders, and to carry out various administrative functions. Access to the information collected may be provided to the

Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If you do not provide the information required on the relevant Application Form, the Company may not be able to accept or process your Application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

1.24 Paper copies of Prospectus

The Company will provide paper copies of this Prospectus (including any supplementary or replacement document) and the Application Form to investors upon request and free of charge. Requests for a paper copy from should be directed to the Company Secretary on info@heavyminerals.com.

1.25 Enquiries

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser.

Questions relating to the Offers and the completion of an Application Form can be directed to the Company Secretary on info@heavyminerals.com.

2. Company Overview

2.1 Company and business overview

The Company was incorporated on 10 February 2021 in the State of Western Australia with a focus on industrial mineral exploration.

The Company acquired 100% of the issued capital of Mozmin Resources Pty Ltd (**MRPL**) by way of a share acquisition agreement, which completed on 24 May 2021 (**Share Swap**). MRPL was incorporated on 16 September 2013 and has a right to acquire 100% of the Port Gregory Project and owns 100% of Mozmin (Mauritius) Limited (**Mozmin Mauritius**), which has a 70% indirect interest in the Inhambane Project.

The Company's projects comprise of the Port Gregory Garnet project in Western Australia (**Port Gregory Project**) and the Inhambane Mineral Sands project in Mozambique (**Inhambane Project**) (together, the **Projects**).

The Company's corporate strategy is to develop an industrial mineral sands exploration, development and mining business through organic growth and corporate action. To this end, the Company's exploration strategy is focused on delineating and assessing an economically viable resource base capable of rapidly transforming the Company from an exploration company to a mineral producer.

The Port Gregory Project is the primary focus of the Company and consists of 5 granted tenements totalling 181 km² of tenure. The Port Gregory Project is prospective for industrial minerals, in particular garnet as shown by previous exploration activities carried out on the northern tenements (E70/5160 and E70/5314). The Port Gregory Project contains a defined exploration target of between 3.5Mt and 4.5Mt In-Situ Garnet (with grade of between 3.5% and 4.5% heavy minerals - see Annexure D for further details) (**Exploration Target**).

The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource in this area and it is uncertain if further exploration will result in the estimate of a Mineral Resource.

The Exploration Target takes no account of geological complexity, possible mining method or metallurgical recovery factors. The Exploration Target was estimated in order to provide an assessment of the potential scale and exploration at E70/5160. The work on which the Exploration Target is based is included in Appendix B of Annexure D and includes air cored drilling undertaken at E70/5160. The Company intends to test the Exploration Target with further drilling as per the work program set out in Section 2.6.

The Company also has rights relating to the Inhambane Project, which consists of a mining concession application (the application for which was lodged on 11 March 2020). The Inhambane Project has a JORC (2012) inferred Mineral Resource of 51 million tonnes @ 3.4% Total Heavy Mineral. The Company has a 70% indirect interest in the Inhambane Project (via its wholly-owned subsidiary, Mozmin (Mauritius) Limited) with the remaining 30% owned by Galilei (which will be free carried until a decision to mine is made by the Company). While the exploration licence preceding the mining concession application has expired, the grant of the Mining Concession is currently pending.

Investors are cautioned that there are risks which may affect the Company's ability to retain its 70% interest in the Inhambane Project and to receive recognition from the Government of Mozambique with regards to its acquisition under the +258 Agreement (**Government**

Approval), which are set out in Sections 4.2(a) (title and grant) and 4.2(e) (payment obligations) and the Solicitor's Report at Annexure C. The Company is currently working towards addressing these risks, however, until the Company obtained the Government Approval, it has only committed minimal expenditure to the Inhambane Project. There is no guarantee that the Company will be able to address these risks to its satisfaction (or at all).

The Company's Board comprises Messrs Adam Schofield (Non-Executive Chairman), Maurice (Nic) Matich (Executive Director), Glenn Simpson (Non-Executive Director) and Gregory Jones (Non-Executive Director). The Company Secretary is Steve Brockhurst. Further information on the Board is set out in Section 6.

2.2 Capital structure

As at the date of this Prospectus, the capital structure of the Company, and particulars of its current Shareholders (and their related entities), are as follows:

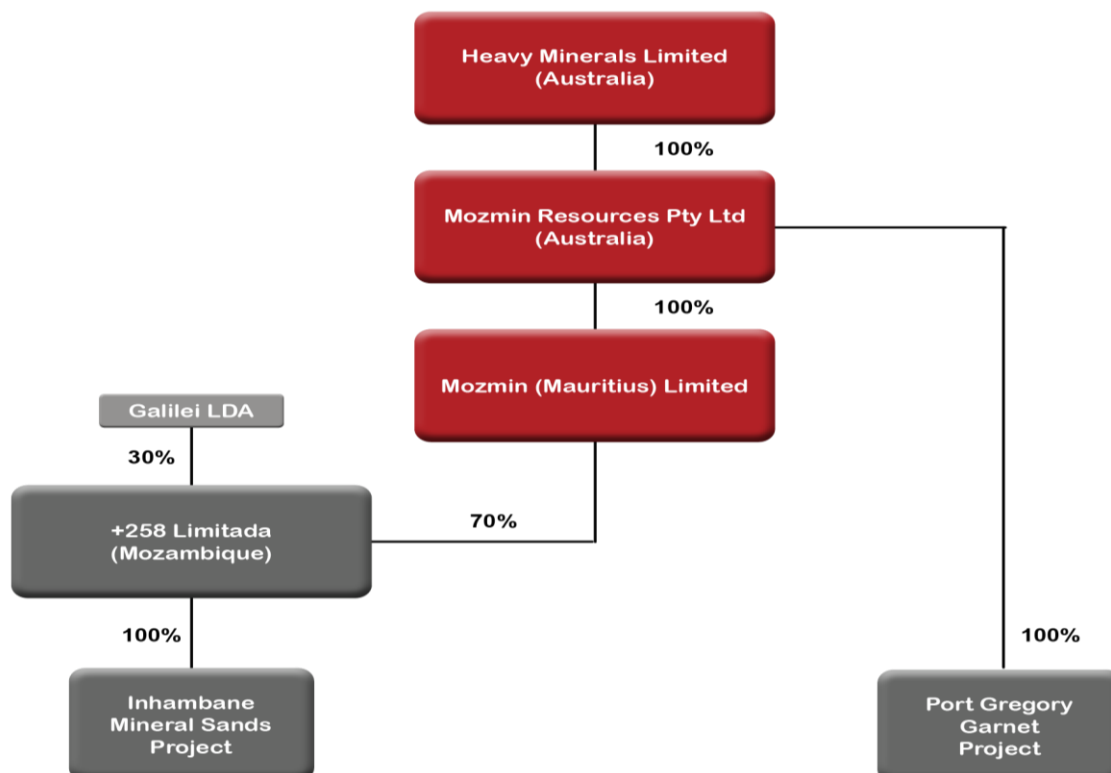
Shareholder	Shares ⁽¹⁾	%	Options ⁽²⁾	Performance Rights ⁽³⁾
Adam Schofield (Non-Executive Chairman)	3,029,183	14.50	1,000,000	1,000,000
Maurice (Nic) Matich (Executive Director)	800,000	3.83	1,250,000	1,250,000
Glenn Simpson (Non-Executive Director)	2,963,445	14.18	1,000,000	1,000,000
Gregory Jones (Non-Executive Director)	1,579,078	7.56	1,000,000	1,000,000
Non-related party Shareholders	12,524,835	59.94	4,532,226	880,815
Securities on issue as at the date of this Prospectus	20,896,541	100	8,782,226	5,130,815

Notes:

1. Refer to Section 8.1 for a summary of the rights attaching to the Shares.
2. Options exercisable at \$0.25 and expiring on the date that is 36 months following the successful Admission of the Company on the ASX. Refer to Section 8.2 for a summary of the rights attaching to the Options.
3. Refer to Section 8.3 for a summary of the rights attaching to the Performance Rights.

2.3 Corporate Structure

Upon Admission, the Company's corporate structure will be as follows:



As detailed above, the Company is the holding company of:

- (a) MRPL (incorporated in Australia); and
- (b) Mozmin Mauritius (incorporated in Mauritius),

which are both 100% owned subsidiaries (together the **Group Subsidiaries**).

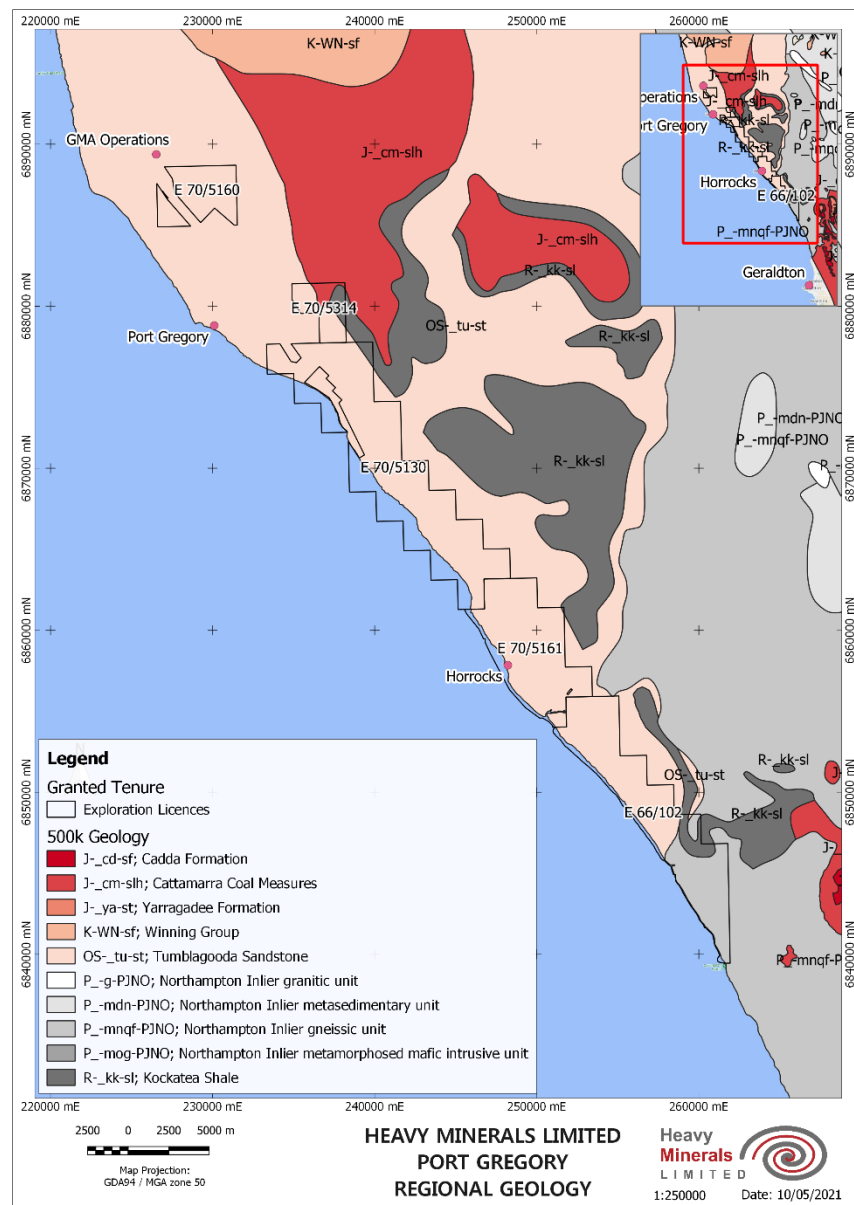
MRPL currently has a right to acquire 100% of the Port Gregory Project, which it will exercise prior to Admission, and Mozmin Mauritius has acquired a 70% equity interest in +258 Limitada, which owns 100% of the Inhambane Project.

2.4 Overview of the Projects

A comprehensive summary of regional and local geology, historical mining and historical exploration pertaining to the Tenements is contained in the Independent Geologists' Reports in Annexure D (Port Gregory Project) and Annexure E (Inhambane Project). A comprehensive summary of the status of the Tenements can be found in the Solicitor's Report in Annexure B (Port Gregory Project) and Annexure C (Inhambane Project).

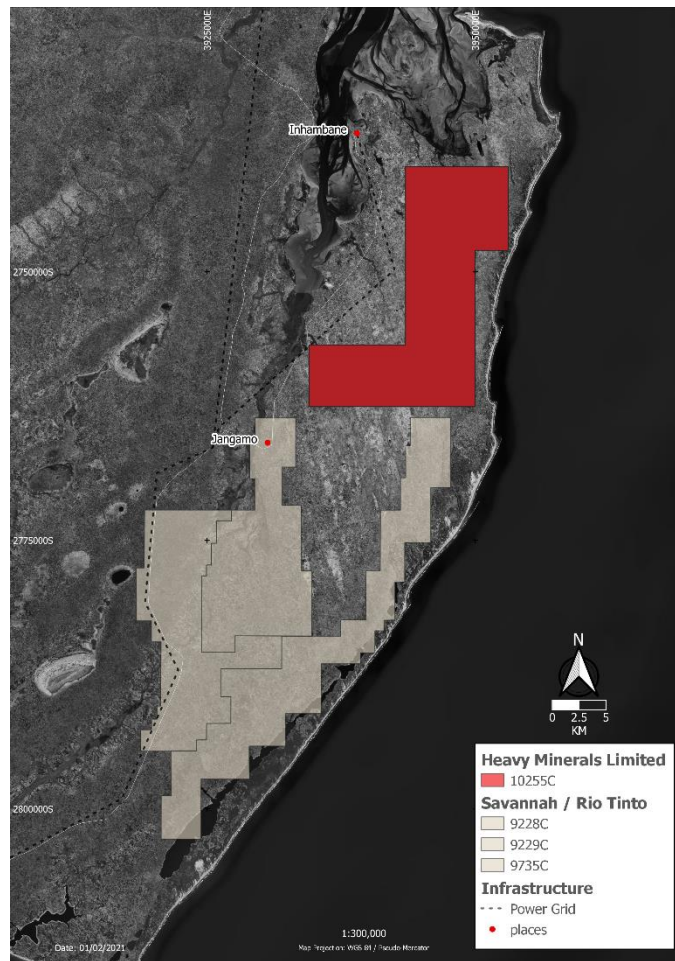
The Projects are located in Western Australia and Mozambique, as shown in Figure 1 (Port Gregory Project) and Figure 2 (Inhambane Project) below.

Figure 1: Project location map (Port Gregory Project)



The Port Gregory Project covers an area of approximately 181km² in total and is considered by the Company to be prospective for industrial garnet.

Figure 2: Project location map (Inhambane Project)



The Inhambane Project covers an area of approximately 183.5km² in total and is considered by the Company to be prospective for valuable heavy minerals, including but not limited to zircon, rutile, leucoxene and Ilmenite.

(a) Port Gregory Project

The Port Gregory Project is comprised of the following tenements (**Port Gregory Tenements**):

Licence No.	Holder	Area (Blocks)	Status	Grant date	Expiry date
E66/102	Gianni ¹	22	Granted	31/10/2018	31/10/2023
E70/5130	Gianni ¹	25	Granted	19/11/2018	19/11/2023
E70/5160	Gianni ¹	6	Granted	08/01/2019	08/01/2024
E70/5161	Gianni ¹	15	Granted	09/05/2019	09/05/2024
E70/5314	Mining Equities ²	3	Granted	02/12/2020	02/12/2025

Notes:

1. E66/102, E70/5130, E70/5160 and E70/5161 are held by Gianni and will be transferred to MRPL (a wholly owned subsidiary of the Company) prior to Admission.
2. E70/5314 is held by Mining Equities and will be transferred to MRPL subsequent to Admission. E70/5314 is within its first year of grant and until it reaches its first year of grant (being 1 December 2021), the exploration licence cannot be legally transferred to MRPL without the prior written consent of the Minister. Mining Equities must hold the legal title to each of the Tenements on trust for MRPL and provide MRPL with access to the exploration licence to conduct exploration activities until such time that legal title in all of the exploration licence passes to MRPL.

The Port Gregory Project is located approximately 45-60km north of Geraldton, 45-65km south of Kalbarri, and 40km north-west from Northampton in the mid-west coastal region of Western Australia (approximately within 5km of GMA's active Port Gregory garnet mine).

The heavy minerals in the known deposits in Western Australia were ultimately, but indirectly, derived from the weathering of crystalline igneous rocks in the Archean Yilgarn block. Heavy mineral grains derived from the Yilgarn block were initially deposited in thick sequences of Mesozoic sediments that filled the Perth Basin. The project lies in the most northerly part of the Perth Basin, on the western side of the Northampton Block.

The Tamala Limestone, a belt of coastal limestone extends up to 8.0km inland. It is composed of eolianite, which accumulated originally as coastal sand dunes in the late Pleistocene. This has developed over a basement of late Cretaceous age Winning Group sediments which can be seen outcropping near Yanganooka Well. A number of erosional scarps have been developed on the seaward side of the Tamala Limestone, one of which is equivalent to the strand-line mineralisation to the south. Fossil crescent dunes can also be distinguished on top of the large massive limestone area which may be of early Pleistocene age.

The sands contain significant localised enrichments of heavy minerals, notably garnet (almandine variety) and to a lesser extent ilmenite. The heavy minerals are thought to be derived from garnet-bearing Precambrian Granulites and migmatites of the Northampton Shield. The sands appear to have been deposited when the sea level was about 6m higher than today, possibly during the last interglacial peak.

Limited exploration has been carried out on these tenements. Most of the exploration activities were focused on data reviews and geological mapping surrounding the GMA's Garnet Mine (which is outside the project area).

During 2013-2015, GMA completed a 76 hole Air Cored (AC) drilling program on E70/5160 and E70/5314.

The historical exploration at the Port Gregory Project has been highly encouraging with moderate to high garnet grades and its close proximity to an operating garnet mine. The Port Gregory Project demonstrates significant potential for a large future mineral sands discovery.

(b) **Inhambane Project**

The Inhambane Project is comprised of the following tenement application
(Mining Concession):

Licence No.	Holder	Area	Status	Grant date	Expiry date
10255C	+258 Limitada	183.5 km ²	Mining Concession Licence Application Pending	N/A	N/A

The Inhambane Project is located approximately 5km South East of the Port of Inhambane in Mozambique.

The Company acquired its interest in the Inhambane Project pursuant to a transaction between the Company's wholly-owned subsidiary, MRPL and Galilei, a Mozambique incorporated company in April 2016.

The Inhambane region contains vast quantities of reworked coastal sands that were deposited by the Limpopo River further south. The project area is located over a seaward dune system trending towards a landward dune system. The dunes are arcuate and have long inverted 'U' shapes occurring as a series of parabolic dunes representing ancient blowouts with known mineralisation in the adjacent area occurring in both the dune faces and arms of the blowouts.

The bulk of the titanium and zircon sand mineralisation at the adjacent third-party owned Mutamba Project, which is being used by the Company as an analogue for its Inhambane Project, is associated with at least 160m thickness of older marine-intertidal-aeolian sediments that include three generations of the stable older palaeodunes (referred to as D1, D2 and D3 in Dumouchel et al., 2016), which occur inland of the coastline and overlie a package of marine-intertidal sediments. The combined ilmenite, rutile and zircon heavy minerals content is 60% to 80% of the heavy minerals, with the bulk of the mineralisation hosted by the D2, D3 and fluvial units. Unit D3 is the most important in terms of economic geology, with an average of 3.3% heavy minerals and low slimes content, making it potentially amenable to low-cost dredge mining methods. These are overlain by the contemporary aeolian D4 unit and alluvial material.

2.5 **Business strategy/objectives of the Company**

Following Admission, the Company's primary focus will be to drill the Port Gregory Project to define a JORC Resource.

The Company will also look to undertake minimal work on the Inhambane Project, while it seeks to address the risks set out in the title and grant risk set out in Section 4.2(a). The Company will then assess development options for both Projects.

The Company proposes to actively pursue further acquisitions which complement its existing focus. If and when a viable investment opportunity is identified, the Board may elect to acquire or exploit such opportunity by way of acquisition, joint venture or earn-in arrangement which may involve the payment of consideration in cash, equity or a combination of both. The Board

will assess the suitability of investment opportunities by utilising its experience in evaluating projects. There are uncertainties in the process of identifying and acquiring new and suitable projects. The Company confirms that it is not currently considering other acquisitions and that future acquisitions are likely to be in the mineral resource sector.

2.6 Proposed exploration budgets

The Company proposes to fund its intended activities as outlined in the table below from the proceeds of the Offers. The proposed exploration budgets will be subject to modification on an ongoing basis depending on the results obtained from exploration undertaken at the Projects. This will involve an ongoing assessment of the Company's Projects and may lead to increased or decreased levels of expenditure on certain interests, reflecting a change in emphasis. The following budget takes into account the proposed expenditure over the next 2 years to complete initial exploration of the Tenements. As outlined below, the Company's exploration expenditure will meet the regulatory expenditure requirements for each of the Tenements in the Port Gregory Project (see Annexure B for further details), however, the Company may be required to raise further funds in order to satisfy its Expenditure Requirements under the +258 Agreement:

	Minimum Subscription		
Proposed exploration expenditure	Year 1 (\$'000)	Year 2 (\$'000)	Total (\$'000)
Port Gregory Project			
Geological mapping and sampling	150	75	225
Drilling (including assays)	600	475	1,075
Resource estimation	60	60	120
Metallurgical testing	60	120	180
Scoping/feasibility studies	150	250	400
Tenement management	70	50	120
Exploration management	100	100	200
Sub-total for Port Gregory Project	1,190	1,130	2,320
Inhambane Project			
Geological mapping and sampling	100	50	50
Drilling (including assays)	Nil	Nil	Nil
Resource estimation	Nil	Nil	Nil
Metallurgical testing	Nil	Nil	Nil
Scoping/feasibility studies	Nil	Nil	Nil

	Minimum Subscription		
Proposed exploration expenditure	Year 1 (\$'000)	Year 2 (\$'000)	Total (\$'000)
Exploration management	50	50	100
Sub-total for Inhambane Project	150	100	250

Further to the budgeted funds in the above table, \$66,000 has been added to both the Year 1 and Year 2 exploration expenditure across both projects to allow for employee costs to be capitalised against exploration expenditure.

The Company has prepared a further work plan at the Inhambane Project, comprising \$910,000, which will be attributed to exploration drilling, resource estimation, limited metallurgical testing and the commencement of initial techno-economic studies (**Further Works**). The Further Works are currently unfunded and in the event the Mozambique Approval is received, the Company may resolve to do one or more of the following:

- (a) divert some funding from working capital or future acquisition costs to the Inhambane Project;
- (b) raise new capital to fund the Further Works; or
- (c) resolve not to undertake some or all of the Further Works, which will lead to the Company not satisfying the Expenditure Requirement and being in breach of its obligations under the +258 Agreement.

2.7 Dividend policy

The Company does not expect to pay dividends in the near future as its focus will primarily be on growing the existing businesses.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.

3. Industrial Garnet market

This section provides a brief summary of the industrial garnet market and presents select research by both independent consulting companies and information researched and compiled by the Company. This Section should not be considered a comprehensive summary of the market and prospective investors should conduct their own research to further their understanding.

3.1 Industrial Garnet market

Industrial Garnet is primarily used in water jet cutting and as an industrial abrasive which together account for approximately 80% of total Garnet consumption worldwide. Approximately 896kt was consumed in 2020 (TZMI 2021).

Primary uses of Industrial garnet include:

- (a) Water Jet Cutting;
- (b) Abrasive Blasting;
- (c) Water Filtration; and
- (d) Abrasive Powders.

End use by region and by application in 2020 is presented in Figure 1. Total demand in 2020 was 896kt (TZMI Market Research January 2021).

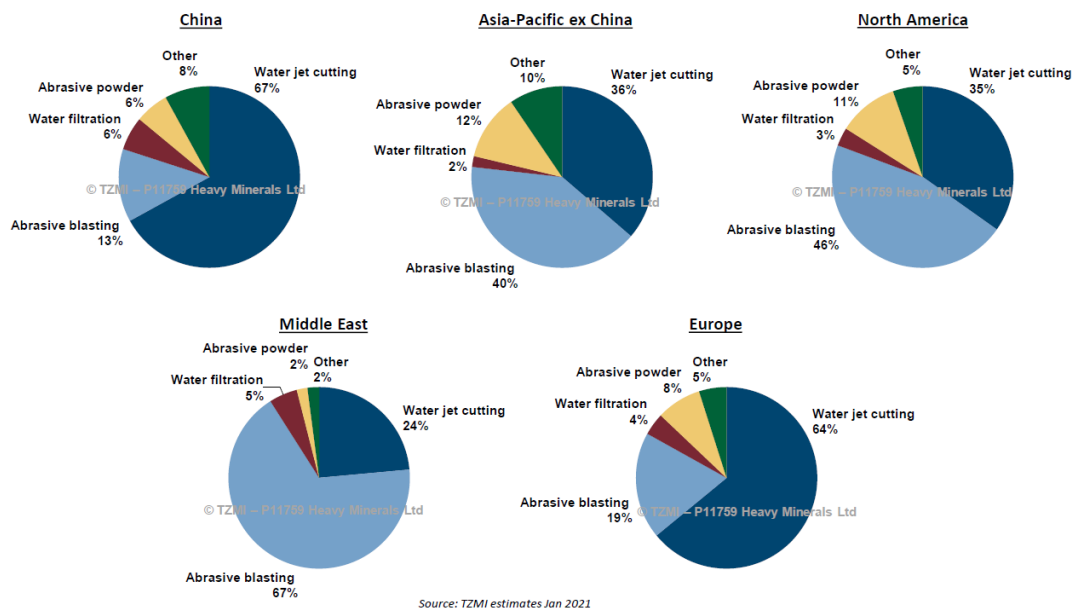


Figure 1: Market share by region and application 2020 (TZMI Jan 2021)

End use is typically determined by the shape and size of the garnet grains with coarser grains utilised for water filtration and abrasive blasting and finer grains favoured for water jet cutting applications.

Water jet cutting is projected to drive demand through to 2030 adding approximately 395kt of demand to reach 938,000 tonnes of annual consumption. Overall demand for Garnet is expected to grow to 1,794,000 Tonnes by 2030 (TZMI Market Research January 2021).

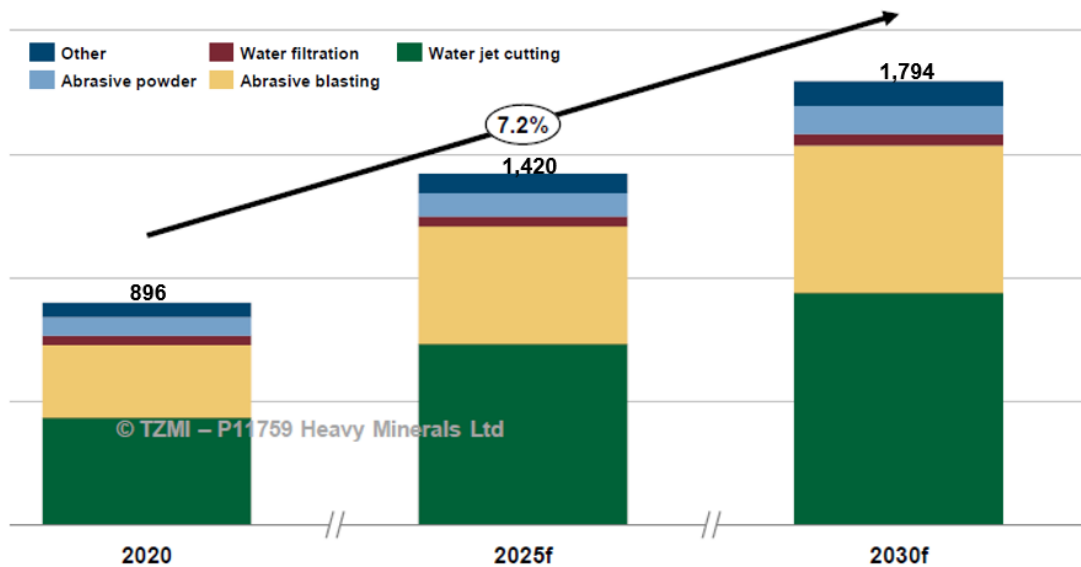


Figure 2: Demand growth for Garnet by region: 2020 - 2030

Alluvial Almandine Garnet has many physical properties that make it the preferred abrasive in many applications. Alluvial Almandine Garnet exhibits a high mohs hardness, low dust generation when used relative to other abrasives (unfractured grains), it is non-ferrous and inert and can often be recycled several times in typical end use scenarios. When these properties are considered, Alluvial Almandine Garnet use can often lead to overall cost savings and superior environmental and OH&S performance in comparison to other abrasives (Blast One Abrasive Selection Guide 2017).

Worldwide Garnet production increased steadily from 2002 to 2016 from c.781kT to a total worldwide production of c.1.6Mt (USGS Mineral Commodity summaries 2004 – 2018) driven by the shift away from silica containing abrasives (an occupational health and safety hazard) and the increased take up of water jet cutting in manufacturing.

2017 saw a significant disruption to the supply of industrial garnet attributed to export restrictions and a crackdown on illegal garnet mining in India and the Harts Range mine in the Northern Territory falling into receivership. Correspondingly, pricing for imported unrefined garnet peaked to over US\$300 per tonne in the USA with global supply dropping to c.1,000,000T per annum (USGS Mineral Commodity Summary 2018 & 2019).

Demand for Garnet reduced from 2017 levels to 896kt in 2020 on the back of increased pricing and the COVID pandemic in 2020. Overall demand is forecast to expand at a compound annual growth rate (CAGR) of 7.2% from 2020 levels to 1,794kt by 2030 (TZMI Market Research January 2021). Demand growth for Garnet by region 2020-2030 is presented in Figure 3.

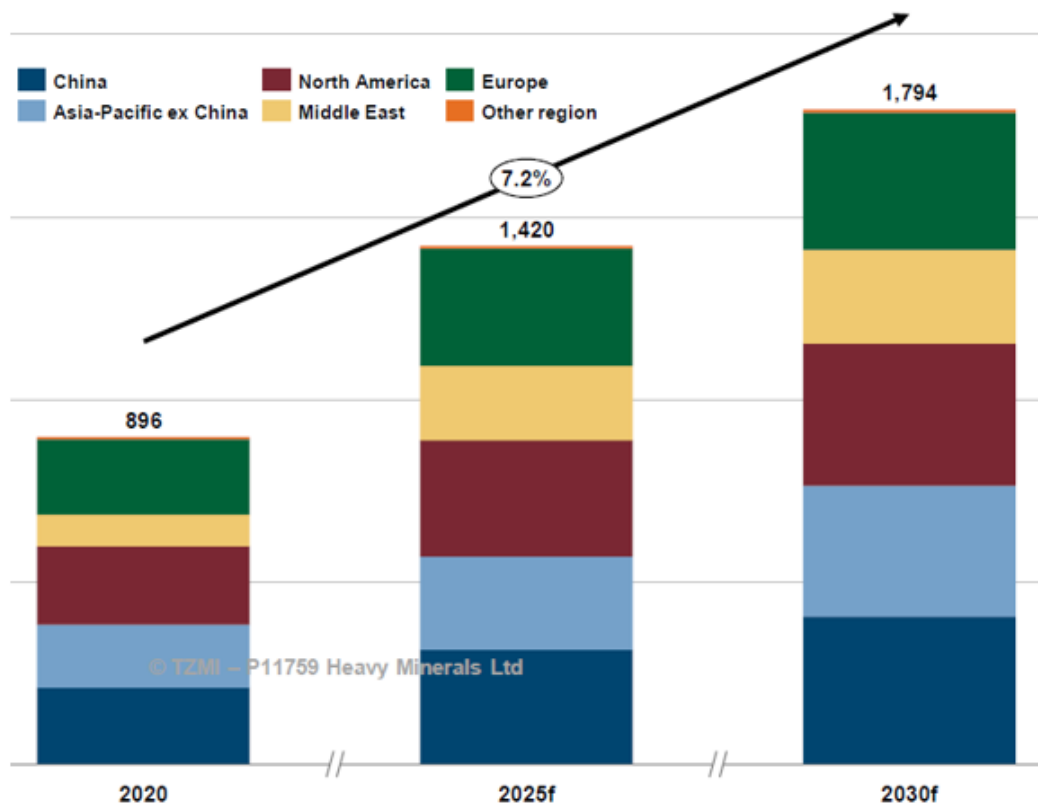


Figure 3: Demand growth for Garnet by region 2020-2030 (TZMI Market Research January 2021)

Without supply from likely new projects and a restart of Indian mines, the overall supply deficit is expected to reach c.250kt in 2026 and 540kt by 2030. (TZMI Market Research January 2021). The Global supply/demand balance and indicative outlook to 2030 is presented in Figure 4 (TZMI Market Research January 2021 and HVY calculations - potential / likely supply not included given uncertainty of projects reaching production).

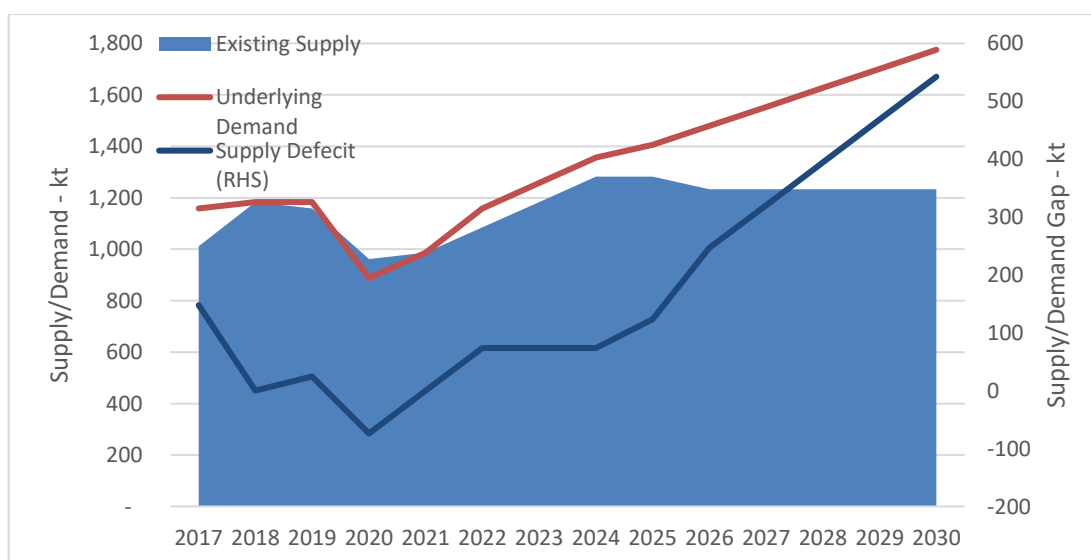


Figure 4: Forecast Garnet Supply/Demand balance outlook to 2030

Garnet production levels have not yet recovered to pre-2017 levels and average unit pricing for imported Garnet in the USA averaged US\$270 per tonne in 2020 (USGS Mineral Commodity Summary 2021). The Global average (nominal) wholesale price of Garnet through to 2030 is presented in Figure 5 (real 2020 dollars).

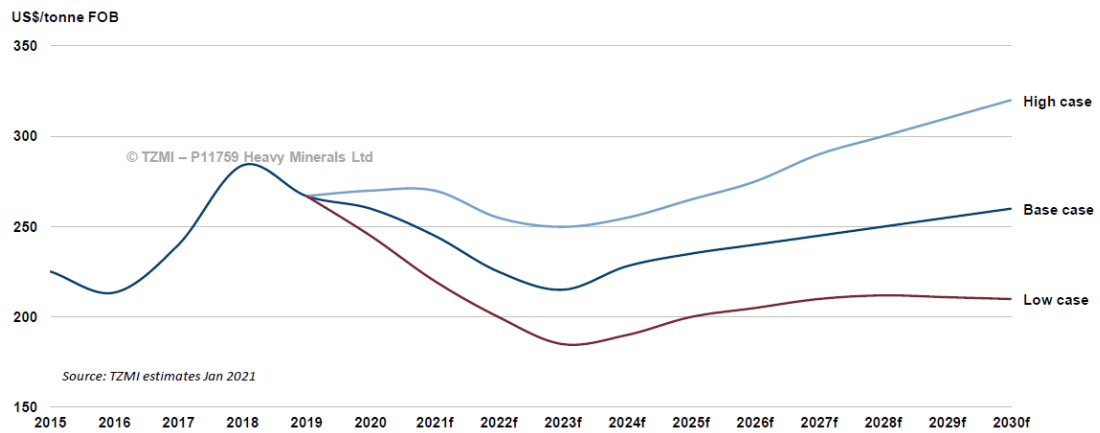


Figure 5: Global average (nominal) wholesale price of Garnet through to 2030

4. Risk Factors

As with any share investment, there are risks involved. This Section identifies the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the potential risk factors to which the Company and its Shareholders are exposed. Potential investors should read the entire Prospectus and consult their professional advisers before deciding whether to apply for Shares.

Any investment in the Company under this Prospectus should be considered highly speculative.

4.1 Risks specific to the Company

(a) Limited history

The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stages of their development, particularly in the mineral exploration sector, which has a high level of inherent risk and uncertainty. No assurance can be given that the Company will achieve commercial viability through the successful exploration on, or mining development of, the Projects. Until the Company is able to realise value from the Projects, it is likely to incur operational losses.

(b) Conditionality of Offers

The obligation of the Company to issue the Securities under the Offers is conditional on the matters set out in Section 1.6. If those conditions are not satisfied, the Company will not proceed with the Offers. Failure to complete the Offers may have a material adverse effect on the Company's financial position.

(c) Contractual risk

The ability of the Company to achieve its stated objectives may be materially affected by the performance of the obligations of various parties under certain agreements (details in Section 7). If any party defaults in the performance of its obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

If the Company enters into agreements with third parties for the acquisition or divestment of equity interests in mineral exploration and mining projects, there are no guarantees that any such contractual obligations will be satisfied in part or in full. Further information relating to the Company's contractual risks relating to the Inhambane Project are set out in Sections 4.2(a) and 7.1(b).

(d) Potential for dilution

On completion of the Offers and the subsequent issue of Shares pursuant to the Capital Raising Offer, the number of Shares in the Company will increase from 20,896,541 to 51,308,158 assuming the Minimum Subscription of the Offer is achieved. This means the number of Shares on issue will increase by approximately 146% on completion of the Offers. On this basis, existing Shareholders should note that if they do not participate in the Capital Raising Offer (and even if they do), their holdings may be considerably diluted (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).

(e) New projects and acquisitions

The Company will actively pursue and assess other new business opportunities in the resources sector. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, and/or direct equity participation.

The acquisition of projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence or prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Directors will need to reassess at that time, the funding allocated to current Projects and new projects, which may result in the Company reallocating funds from the Projects and/or raising additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.

(f) Future capital requirements

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Projects are successfully developed and production commences. The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash and the net proceeds of the Capital Raising Offer should be adequate to fund its business development activities, exploration program and other Company objectives in the short term as stated in this Prospectus.

In order to successfully develop the Projects and for production to commence, the Company will require further financing in the future, in addition to amounts raised pursuant to the Offers. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price (or Offer Price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities including resulting in the Tenements being subject to forfeiture, and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of Securities in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such Shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing Shareholders will be diluted.

At completion of the Capital Raising Offer, the Company will not have sufficient funds available to satisfy the Expenditure Requirements relating to the Inhambane Project. Accordingly, in the event the Company resolves to pursue the Inhambane Project, it may be required to partially fund the Expenditure Requirement from a future capital raising, which will be dilutive to Shareholders. The Company cautions investors not to place undue reliance on Company's retain its rights to the Inhambane Project in making an investment decision.

4.2 Mining Industry Risks

(a) Title and grant risk

As at the date of this Prospectus, the Company has a 100% beneficial interest in the Port Gregory Tenements, which will be legally transferred to the Company subject to the receipt of an Admission Letter from the ASX, in which case, the transfer will occur 15 days after receiving the letter. The Port Gregory Tenements are currently held on trust for the Company under the Gianni Agreement. Refer to Section 7.1(a) for further details.

Pursuant to the Mining Act, an exploration licence cannot be transferred within the first 12 months of its grant unless consent from the Minister is obtained. E70/5314 (which is one of five tenements comprising the Port Gregory Project) is held by Mining Equities Pty Ltd and is within its first year of grant. Until it reaches its first year of grant (being 1 December 2021), it cannot be transferred without the prior written consent of the Minister. The Company intends to transfer the exploration licence after 1 December 2021.

Interests in all tenements in Western Australia are governed by state legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

The Inhambane Project is a single exploration licence that reached its full term and the Company is awaiting the grant of the Mining Concession (the application for which was lodged on 11 March 2020). There is a risk that this concession may not be granted in its entirety, or at all, or only granted on conditions that unacceptable to the Company.

If the Mining Concession is not granted, the Company will not acquire an interest in the Inhambane Project. While the exploration licence has expired and the grant of the Mining Concession is still pending, the Solicitor's Report at Annexure C confirms that:

- (i) Mozmin (Mauritius) Limited is able to continue to spend its budgeted exploration funds and enforce the rights granted under the former exploration licence;
- (ii) all documents have been provided required in order for the Mining Concession to be granted; and
- (iii) all the legal conditions for the granting of Mining Concession have been filed in accordance with the statutory requirements and, other than the matters

raised in the Solicitor's Report, the Company is not aware of further information necessary to complete the Mining Concession Application.

The Solicitor's Report notes that transfers of interest that have occurred under the +258 Agreement (being Mozmin Mauritius' acquisition of 70% of the equity in +258 Limitada set out in Section 7.1(b)) and the Share Swap (being the Company's acquisition of 100% of the share capital of MRPL) have not received Government Approval. The Company has retrospectively commenced the process to obtain these approvals and is not aware of any reason why these approvals would not be granted, however, until such time as the approvals are received, the Company has set aside minimal funds to the Inhambane Project. There is no guarantee that the Government Approvals will be received and further, there is a likelihood that the approvals will require the payment of stamp duty. The Company understands that stamp duty rates vary between 0.1% to 10% of the face value of relevant documents. As at the date of this Prospectus, the Company anticipates that the stamp duty will be approximately USD 750.

(b) Exploration and development risks

Mineral exploration and development is a high-risk undertaking. There can be no assurance that exploration of the Projects or any other exploration properties that may be acquired in the future will result in the discovery of an economic resource.

Exploration in terrains with existing mineralisation endowments and known occurrences may slightly mitigate this risk.

Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited due to various issues including lack of ongoing funding, adverse government policy, geological conditions, commodity prices or other technical difficulties.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its Projects and obtaining all required approvals for its activities. In the event that exploration programs are unsuccessful, this could lead to a diminution in the value of its Projects, a reduction in the cash reserves of the Company and possible relinquishment of part or all of its Projects.

(c) Metallurgy

Metal and/or mineral recoveries are dependent upon the metallurgical process that is required to liberate economic minerals and produce a saleable product and by nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;

- (ii) developing an economic process route to produce a metal and/or concentrate; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

(d) **Resource estimation risks**

Whilst the Company intends to undertake exploration activities with the aim of defining a resource, no assurances can be given that the exploration will result in the determination of an economic resource. Even if a resource is identified, no assurance can be provided that this can be economically extracted. The calculation and interpretation of resource estimates are by their nature expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly through additional fieldwork or when new information or techniques become available. This may result in alterations to development and mining plans, which may in turn adversely affect the Company's operations.

(e) **Payment obligations**

Pursuant to the licences comprising the Projects, the Company will become subject to payment and other obligations. In particular, holders are required to expend the funds necessary to meet the minimum work commitments attaching to the Tenements. Failure to meet these work commitments may render the Tenements subject to forfeiture or result in the holders being liable for fees. Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of the Company's interest in the Projects. Further details of these conditions and obligations are set out in section Schedule 1 of the Solicitor's Report at Annexure B.

The Company has a particular Expenditure Requirement in respect of the +258 Agreement relating to the Inhambane Project, which is yet to be met, notwithstanding that the +258 Agreement required the Expenditure Requirement to be met by 19 April 2021.

Section 5.5.1 of the Solicitor's Report at Annexure C sets out that, should a force majeure event (being an event occur that is beyond the control of either party) that would preclude the Company from meeting the minimum Expenditure Requirement of USD 1,500,000, then prescribed time frame to meet the total expenditure amount will be automatically extended through the time that event occurs. The Solicitor's Report confirms that the Company has until 19 April 2023 to meet the Expenditure Requirement and the Company has provided notice to Galilei of its reliance on the force majeure clause under the +258 Agreement.

While the Company has sought a legal opinion on its ability to rely on the force majeure clause of the +258 Agreement (as set out in the Solicitor's Report at Annexure C), there is a risk that if such advice is incorrect, the Company may have unmet obligations under the +258 Agreement, which could give rise to termination of the +258 Agreement.

As set out in Section 4.2(a), the Company has set aside minimal funds to the Inhambane Project. In the event the Company is able to resolve the title and grant risk set out in Section 4.2(a) and payment obligations set out in Section 4.2(e), it may elect

to spend further funds on the Inhambane Project. In the event further funds are spent on Inhambane, the Company intends that these funds will first be drawn from budgeted working capital and future acquisition costs. However, it is likely that the Company will be required to undertake a future capital raising in order to satisfy the Expenditure Requirement by 19 April 2023. In the event that the Company is unable to satisfy the Expenditure Requirement it will be in breach of its obligations under the +258 Agreement, which could give rise to the termination of the +258 Agreement.

For the reasons set out above, the Company cautions investors not to place undue reliance on Company's ability to secure its rights to the Inhambane Project in making an investment decision.

(f) Minerals and currency price volatility

The Company's ability to proceed with the development of its Projects and benefit from any future mining operations will depend on market factors, some of which may be beyond its control. It is anticipated that any revenues derived from mining will primarily be derived from the sale of industrial minerals (including but not limited to garnet, zircon and titanium dioxide containing minerals). Consequently, any future earnings are likely to be closely related to the price of these minerals and the terms of any off-take agreements that the Company enters into.

The world market for minerals is subject to many variables and may fluctuate markedly. These variables include forward selling by producers and production cost levels in major mineral-producing regions. Mineral prices are also affected by macroeconomic factors such as general global economic conditions and expectations regarding inflation and interest rates. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Minerals are principally sold throughout the world in US dollars. The Company's cost base will be payable in various currencies including Australian dollars and US dollars. As a result, any significant and/or sustained fluctuations in the exchange rate between the Australian dollar and the US dollar could have a materially adverse effect on the Company's operations, financial position (including revenue and profitability) and performance. The Company may undertake measures, where deemed necessary by the Board to mitigate such risks.

(g) Competition risk

The industry in which the Company will be involved is subject to domestic and global competition, including major mineral exploration and production companies. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's Projects and business.

Some of the Company's competitors have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out refining operations and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

(h) **Sovereign risk**

The Company's Inhambane Project in Mozambique is subject to the risks associated in operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Any future material adverse changes in government policies or legislation in foreign jurisdictions in which the Company has projects that affect foreign ownership, exploration, development or activities of companies involved in exploration and production, may affect the viability and profitability of the Company.

In March 2021, there was a terrorist attack in Palma in Mozambique's Cabo Delgado province, which led to the killing of local inhabitants and foreigners involved in a major liquefied natural gas project. While the terrorist attacks were approximately 2,280 kilometres away (calculated via recognised roads rather than as the crow flies) from the Inhambane Project, the Company will continue to monitor the risk of terrorist activities in Mozambique. It is possible that further attacks could occur in Mozambique, both in Cabo Delgado and in other provinces. Future terrorist attacks in the country could present a danger to the lives and wellbeing of the Company's in-country staff and contractors and could adversely affect the viability and profitability of the Company.

(i) **Land access risk**

Land access is critical for exploration and/or exploitation to succeed. It requires both access to the mineral rights and access to the surface rights. Minerals rights may be negotiated and acquired. In all cases the acquisition of prospective exploration and mining licences is a competitive business, in which proprietary knowledge or information is critical and the ability to negotiate satisfactory commercial arrangements with other parties is often essential. The Company may not be successful in acquiring or obtaining the necessary licences to conduct exploration or evaluation activities outside of the mineral tenements.

(j) **Farm-in or joint venture risk**

The Company operates its Inhambane Project with third parties through a joint venture. The Company may be adversely affected by the financial failure, withdrawal or default of its partners. This may have an adverse effect on the operations and performance of the Company.

(k) **Native title risks**

The Company is aware that there is 1 registered native title determination (in the name of Yamatji Nation) within the area covered by the Port Gregory Tenements. Refer to paragraph 7.12 of the Solicitor's Report at Annexure B for further details.

Further, the Port Gregory Tenements are subject to the 'Yamatji Nation Agreement' Indigenous Land Use Agreement (**ILUA**). The ILUA is a standard agreement that is

binding on the parties (which includes the State of Western Australia) and acts as an alternative to a determination of native title over the area. Specifically, E70/5314 has been granted subject to a condition in respect to the ILUA. Refer to paragraph 7.13 of the Solicitor's Report at Annexure B for further details.

There remains a risk that in the future, native title and/or registered native title claims may affect the land the subject of the Port Gregory Tenements or in the vicinity.

The existence of native title claims over the area covered by the Port Gregory Tenements, or a subsequent determination of native title over the area, will not impact the rights or interests of the holder provided the Port Gregory Tenements have been validly granted in accordance with the *Native Title Act 1993* (Cth) (**Native Title Act**).

However, if any of the Port Gregory Tenements were not validly granted in compliance with the Native Title Act, this may have an adverse impact on the Company's activities.

The grant of any future tenure to the Company over areas that are covered by registered claims or determinations will likely require engagement with the relevant claimants or native title holders (as relevant) in accordance with the Native Title Act.

(l) Aboriginal heritage risk

The Company is aware that there are 10 registered Aboriginal heritage sites, 2 registered 'other' Aboriginal heritage places and 6 applications for 'other' Aboriginal heritage places which are either registered or have been lodged within tenements E66/102, E70/5130 and E70/5161 comprising the Port Gregory Project.

The Tenements are also subject to a heritage agreement which imposes exclusion zones of up to 300 metres prohibiting exploration activities around certain Aboriginal sites located on Tenements E66/102 and E70/5161.

Refer to paragraph 8.5 of the Solicitor's Report at Annexure B for further details.

There remains a risk that additional Aboriginal sites may exist on the land the subject of tenements E66/102, E70/5130 and E70/5161. The existence of such sites may preclude or limit mining activities in certain areas of those tenements.

(m) Third party risks

Under Western Australian and Commonwealth legislation, the Company may be required to obtain the consent of and/or pay compensation to the holders of third-party interests which overlay areas within the Port Gregory Tenements, including pastoral leases, petroleum tenure and other mining tenure in respect of exploration or mining activities on the Port Gregory Tenements.

All of the Port Gregory Tenements overlap File Notation Areas. In respect to the File Notation Areas, third party tenure and access rights may be granted in the future. Refer to paragraph 9.1 of the Solicitor's Report at Annexure B for further details.

Any delays in respect of conflicting third-party rights, obtaining necessary consents, or compensation obligations, may adversely impact the Company's ability to carry out exploration or mining activities within the affected areas.

(n) **Environmental risk**

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or field development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability.

Government authorities may, from time to time, review the environmental bonds that are placed on permits. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

The Inhambane Project lies within a coastal protection zone. The National Mining Institute (Instituto Nacional de Minas) of Mozambique is in the process of resizing mining licences that cover the coastal protection zone and as a result, it is possible that the Mining Concession will be affected by the resizing process. The potential resizing is not expected to impact on the mineral resource estimate.

The land the subject of tenements E66/102, E70/5130, E70/5160 and E70/5161 comprising part of the Port Gregory Project, overlap several crown reserves. Prior to conducting activities on the reserves, the Company will be required to seek certain consents and approvals. Refer to paragraph 9.4 of the Solicitor's Report at Annexure B for further details.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

The Company is aware that tenements E70/5161 and E70/5314 comprising part of the Port Gregory Project, encroach on sites which have been gazetted as "rare flora" under the *Wildlife Conservation Act 1950* (WA) and E70/5161 encroaches a threatened ecological community. These Tenements have been granted with endorsements requiring the Company to contact the Western Australian Department of Biodiversity Conservation and Attractions to receive details and information on the management of the rare flora and the threatened ecological community. Refer to paragraph 9.2 of the Solicitor's Report at Annexure B for further details.

Further, tenements E66/102, E70/5130 and E70/5161 comprising part of the Port Gregory Project, encroach on areas which are dieback risk zones and are subject to

conditions whereby a dieback management plan must be provided to the Western Australian Department of Mines, Industry Regulation and Safety for assessment and approval before exploration activities can commence. Refer to paragraph 9.3 of the Solicitor's Report at Annexure B for further details.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

(o) Licences, permits and approvals

On completion of the transfer of title of the Port Gregory Tenements, the Company will hold all material authorisations required to undertake the exploration programs described in this Prospectus. However, many of the mineral rights and interests to be held by the Company are subject to the need for ongoing or new government approvals, licences and permits. These requirements, including work permits and environmental approvals, will change as the Company's operations develop. Delays in obtaining, or the inability to obtain, required authorisations may significantly impact on the Company's operations.

(p) Heritage and sociological risk

Some of the Tenements which the Company proposes to mine may be of significance from a heritage or sociological perspective, including Native Title issues. Some sites of significance may be identified within the Tenements and the Company may be hindered by legal and cultural restrictions on mining those Tenements. The Native Title Act recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on the Company's operations and future plans.

(q) Commodity and currency price risk

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(r) Tenure and access risk

As the Company's rights in the Tenements may be obtained by grant by regulatory authorities or be subject to contracts with third parties, any third party may terminate or rescind the relevant agreement whether lawfully or not and, accordingly, the Company may lose its rights to exclusive use of, and access to any, or all, of the

Tenements. Third parties may also default on their obligations under the contracts which may lead to termination of the contracts. Additionally, the Company may not be able to access the Tenements due to natural disasters or adverse weather conditions, political unrest, hostilities or failure to obtain the relevant approvals and consents.

(s) **Reliance on key personnel**

The Company is reliant on a number of key personnel and consultants, including members of the Board. The loss of one or more of these key contributors could have an adverse impact on the business of the Company.

It may be particularly difficult for the Company to attract and retain suitably qualified and experienced people given the current high demand in the industry and relatively small size of the Company, compared with other industry participants.

(t) **Conflicts of interest**

Certain Directors are also directors and officers of other companies engaged in mineral exploration and development and mineral property acquisitions. Accordingly, mineral exploration opportunities or prospects of which these Directors become aware may not necessarily be made available to the Company in the first instance. Although these Directors have been advised of their fiduciary duties to the situations that could arise in which their obligations to, or interests in, the Company, there exists actual and potential conflicts of interest among these persons.

4.3 **General Risks**

(a) **Economic risks**

General economic conditions, movements in interest and inflation rates, the prevailing global commodity prices and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

As with any exploration or mining project, the economics are sensitive to metal and commodity prices. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for minerals, technological advances, forward selling activities and other macro-economic factors. These prices may fluctuate to a level where the proposed mining operations are not profitable. Should the Company achieve success leading to mineral production, the revenue it will derive through the sale of commodities also exposes potential income of the Company to commodity price and exchange rate risks.

(b) **Market conditions**

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular.

Further, share market conditions may affect the value of the Company's quoted Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Force majeure**

The Company's Projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, subversive activities or sabotage, fires, floods, explosions or other catastrophes.

(d) **Government and legal risk**

Changes in government, monetary policies, taxation and other laws can have a significant impact on the Company's assets, operations and ultimately the financial performance of the Company and its Shares. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to explore and mine.

The Company is not aware of any reviews or changes that would affect the Projects. However, changes in community attitudes on matters such as taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Company's development plans or its rights and obligations in respect of its Projects. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Company.

(e) **Litigation risks**

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. Investors are cautioned that, in the event the Company is unable to satisfy the Inhambane Obligations in a manner satisfactory to Galilei, there is the potential for a dispute to arise in respect of the +258 Agreement. Any material litigation is likely to adversely affect the financial position of the Company. The Company is not currently engaged in any litigation and is not aware of any threatened litigation.

(f) **Insurance risks**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not

covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

(g) Taxation

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation point of view and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of applying for Shares under this Prospectus.

(h) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account by the Company. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(i) Climate change risks

Climate change is a risk the Company has considered, particularly related to its operations in the mining industry. The climate change risks particularly attributable to the Company include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
- (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

(j) Infectious diseases

The outbreak of the coronavirus disease (COVID-19) is having a material effect on global economic markets. The global economic outlook is facing uncertainty due to the pandemic, which has had and may continue to have a significant impact on capital markets.

The Company's Share price may be adversely affected by the economic uncertainty caused by COVID-19. Further measures to limit the transmission of the virus implemented by governments around the world (such as travel bans and quarantining) may adversely impact the Company's operations and may interrupt the Company carrying out its contractual obligations or cause disruptions to supply chains.

As at the date of the Prospectus, the Company is not aware of any government restrictions that will impede its ability to expend funds on either the Port Gregory or Inhambane Project, however, it is possible that future COVID-19 outbreaks may cause temporary restrictions in the mobility of personnel or equipment necessary for undertaking exploration and development.

4.4 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

5. Financial Information

5.1 Speculative investment

The Independent Limited Assurance Report contained in Annexure A sets out:

- (a) the audited historical Statements of Profit or Loss and Other Comprehensive Income and Statement of Cash flows from the period of incorporation; and
- (b) the audited historical Statement of Financial Position from the period of incorporation, (together, the **Historical Financial Information**), and

- (a) the pro forma historical Statement of Financial Position as at 31 December 2020, (collectively referred to as the **Financial Information**).

The Directors are responsible for the preparation and inclusion of the Financial Information in the Prospectus.

Criterion has prepared an Independent Limited Assurance Report and a copy of this report, which includes an explanation of the scope and limitations of the Investigating Accountant's work, is set out in Annexure A. Prospective Investors are urged to read the Independent Limited Assurance Report in full and to consult your professional adviser(s) if you have any questions.

5.2 Forecast financial information

There are significant uncertainties associated with forecasting future revenues and expenses of the Company. In light of uncertainty as to timing and outcome of the Company's growth strategies and the general nature of the industry in which the Company will operate, as well as uncertain macro market and economic conditions in the Company's markets, the Company's performance in any future period cannot be reliably estimated. On these bases and after considering ASIC Regulatory Guide 170, the Directors do not believe they have a reasonable basis to reliably forecast future earnings and accordingly forecast financials are not included in this Prospectus.

Statement of Comprehensive Income	Audited 31- Dec-20 \$	Audited 30- Jun-20 \$
Revenue	-	-
Accounting fees	(7,283)	(7,830)
Compliance fees	(2,156)	(3,816)
Consultancy fees	(79,856)	(57,753)
Directors' remuneration	(18,459)	(35,585)
Exploration expenditure	(3,187)	(230,988)
Finance costs (net)	(41,540)	(40,873)
IT expenses	(1,366)	(3,825)
Other expenses	1,389	(7,754)
Share based payments expense	-	-
Travel expenses	-	(684)
Profit/(loss) before tax	(152,458)	(389,108)
Income tax benefit/(expense)	-	-
Net profit/(loss)for the year from operations	(152,458)	(389,108)
Other comprehensive income	26,843	14,471
Total comprehensive profit/(loss)for the year	(125,615)	(374,637)

Statement of Financial Position	Mozmin Resources Pty Ltd Audited 30-Jun-20 \$	Mozmin Resources Pty Ltd Audited 31-Dec-20 \$	Heavy Minerals Limited Unaudited 10-Feb-21 \$	Transactions: Mozmin Resources Pty Ltd \$	Transactions: Heavy Minerals Limited \$	Consolidation Entries \$	Consolidation Elimination Entries \$	Pro Forma 31-Dec-20 \$
Current Assets								
Cash & Cash Equivalents	2,301	6,264	-	115,944	4,873,000	-	-	4,995,208
Trade & Other Receivables	-	519	-	-	-	-	-	519
Other Current Assets	50	4,739	-	-	-	-	-	4,739
Total Current Assets	2,351	11,522	-	115,944	4,873,000	-	-	5,000,466
Non-Current Assets								
Investments	-	-	-	-	-	1,223,924	(1,223,924)	-
Exploration Assets	54,712	54,712	-	37,655	491,538	-	-	583,905
Total Non-Current Assets	54,712	54,712	-	37,655	491,538	1,223,924	-	583,905
Total Assets	57,063	66,234	-	153,599	5,364,538	1,223,924	(1,223,924)	5,584,371
Current Liabilities								
Trade & Other Payables	108,335	211,493	-	(20,000)	(190,000)	-	-	1,493
Borrowings	512,785	544,414	-	(348,629)	(195,785)	-	-	-
Total Current Liabilities	621,120	755,907	-	(368,629)	(385,785)	-	-	1,493
Non-Current Liabilities								
Trade & Other Payables	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	-	-	-	-	-	-	-	-
Total Liabilities	621,120	755,907	-	(368,629)	(385,785)	-	-	1,493
Net Assets	(564,057)	(689,673)	-	522,228	5,750,323	1,223,924	(1,223,924)	5,582,878
Equity								
Issued Capital	919,270	919,270	1	554,654	5,316,470	1,223,924	(1)	8,014,318
Reserves	2,815	22,778	-	788,082	433,853	-	-	1,244,713
Accumulated Losses	(1,444,417)	(1,596,884)	(1)	(826,130)	-	-	(1,223,923)	(3,646,938)

Statement of Financial Position	Mozmin Resources Pty Ltd Audited 30-Jun-20 \$	Mozmin Resources Pty Ltd Audited 31-Dec-20 \$	Heavy Minerals Limited Unaudited 10-Feb-21 \$	Transactions: Mozmin Resources Pty Ltd \$	Transactions: Heavy Minerals Limited \$	Consolidation Entries \$	Consolidation Elimination Entries \$	Pro Forma 31-Dec-20 \$
Non-Controlling Interest	(41,725)	(34,837)	-	5,622	-	-	-	(29,215)
Total Equity	(564,057)	(689,673)	-	522,228	5,750,323	1,223,924	(1,223,924)	5,582,878

Statement of Cashflows	Audited 31-Dec-20 \$	Audited 30-Jun-20 \$
Cash flows from operating activities		
Payments to suppliers and employees	(9,574)	(33,432)
Payment for exploration and evaluation assets	(3,187)	(230,988)
Net cash (used in) operating activities	(12,761)	(264,420)
Cash flows from investing activities		
Payments for exploration assets	-	(2,212)
Net cash from / (used in) investing activities	-	(2,212)
Cash flows from financing activities		
Proceeds from borrowings	17,000	131,750
Net cash provided from financing activities	17,000	131,750
Net increase/(decrease) in cash held	4,239	(134,882)
Net foreign exchange difference	(276)	764
Cash and cash equivalents at beginning of the year	2,301	136,419
Cash and cash equivalents at year end	6,264	2,301

Pro Forma Adjustments	Transactions \$
Cash & Cash Equivalents	
@ 31-Dec-20	6,264
Loan funds	230,000
Seed share issue: 1,500,000 @ \$0.10	150,000
Subsequent use of funds	(164,056)
IPO share issue: 27,500,000 @ \$0.20	5,500,000
Offers costs	(547,000)
Payment of accrued expenses	(180,000)
Pro forma balance	4,995,208
Exploration Assets	
@ 31-Dec-20	54,712
Project expenditure: other	37,655
Project acquisition: 1,932,692 shares @ \$0.20	386,538
Project acquisition: 1,000,000 options @ \$0.055	55,000
Project acquisition: cash consideration	50,000
Pro forma balance	583,905
Trade & Other Payables	
@ 31-Dec-20	211,493
Shares in lieu of services issue: 100,000 @ \$0.10	(10,000)
Loan conversions	(20,000)
Payment of accrued expenses	(180,000)
Pro forma balance	1,493
Borrowings	
@ 31-Dec-20	544,414
Loan funds	230,000
Loan repayments	(41,164)
Loan conversions	(730,439)
Adjustment	(2,811)
Pro forma balance	-
Issued Capital	
@ 31-Dec-20	919,270
Loan conversions	304,654
Heavy Minerals Ltd incorporation capital	1
Acquisition of Mozmin Resources Pty Ltd by Heavy Minerals Ltd	1,223,924

Pro Forma Adjustments	Transactions \$
Loan conversions	250,000
Heavy Minerals Ltd incorporation capital elimination	(1)
Seed share issue: 1,500,000 @ \$0.10	150,000
Shares in lieu of services issue: 100,000 @ \$0.10	10,000
Non-related party options: 3,782,226 @ \$0.042	(158,853)
Loan conversions	195,785
IPO share issue: 27,500,000 @ \$0.20	5,500,000
Offers costs	(547,000)
Project acquisition: 1,932,692 shares @ \$0.20	386,538
Broker options: 4,000,000 @ \$0.055	(220,000)
Pro forma balance	8,014,318
Reserves	
@ 31-Dec-20	22,778
Director options: 4,250,000 @ \$0.055	233,750
In-country Manager options: 750,000 @ \$0.055	41,250
Director performance rights: 4,250,000 @ \$0.10	425,000
In-country Manager performance rights: 880,815 @ \$0.10	88,082
Non-related party options: 3,782,226 @ \$0.042	158,853
Project acquisition: 1,000,000 options @ \$0.055	55,000
Broker options: 4,000,000 @ \$0.055	220,000
Pro forma balance	1,244,713
Accumulated Losses	
@ 31-Dec-20	(1,596,884)
Subsequent use of funds	(35,237)
Heavy Minerals Ltd incorporation capital	(1)
Director options: 4,250,000 @ \$0.055	(233,750)
In-country Manager options: 750,000 @ \$0.055	(41,250)
Director performance rights: 4,250,000 @ \$0.10	(425,000)
In-country Manager performance rights: 880,815 @ \$0.10	(88,082)
Acquisition of Mozmin Resources Pty Ltd by Heavy Minerals Ltd	(1,223,923)
Adjustment	(2,811)
Pro forma balance	(3,646,938)

Director, Consultant, Vendor & Broker Options	
Underlying value of the security	\$ 0.20
Exercise price	\$ 0.25
Valuation date	07-May-21
Expiry date	3 years from ASX listing date
Life of Options in years	1,151
Volatility	50.00%
Risk free rate	0.11%
Number of Options	10,000,000
Valuation per Option	\$ 0.055

Non-Related Party Options	
Underlying value of the security	\$ 0.20
Exercise price	\$ 0.25
Valuation date	07-May-21
Expiry date	2 years from ASX listing date
Life of Options in years	785
Volatility	50.00%
Risk free rate	0.09%
Number of Options	3,782,226
Valuation per Option	\$ 0.042

Note 1: Summary of Significant Accounting Policies

Basis of preparation

The historical financial information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards and the accounting policies adopted by Heavy Minerals as detailed below. The pro forma financial information has been derived from the historical financial information and assumes the completion of the pro forma adjustments as set out above as if those adjustments had occurred as at 31 December 2020. The financial information contained in this section of the Prospectus is presented in an abbreviated form and does not contain all the disclosures that are provided in a financial report prepared in accordance with the Corporations Act and Australian Accounting Standards and Interpretations.

Going concern

The financial information has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The ability of the Consolidated Entity to continue to pay its debts as and when they fall due is principally dependent upon the Consolidated Entity successfully raising additional share capital and the successful listing of the Consolidated Entity on the ASX. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern. The Directors have prepared a cash flow forecast, which indicates that the Consolidated Entity will have sufficient cash flows to meet all commitments and working capital requirements for the 24 month period from the date of the prospectus. Based on the cash flow forecasts and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Heavy Minerals Limited ('Company' or 'parent entity') and the results of all subsidiaries. Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Consolidated Entity. Intercompany transactions, balances and unrealised gains on transactions between Consolidated entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

Significant management judgement in applying accounting policies and estimate uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Consolidated Entity and that are believed to be reasonable under the circumstances. The key estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Exploration assets

The application of the Consolidated Entity's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Income taxes and recoverability of deferred tax assets

Recognition of deferred tax assets depends on the management's expectation of future taxable profit that will be available against which tax losses can be utilised. The outcome of the actual expenditure may be different.

Income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction. Income tax on profit or loss for the year comprises current and deferred tax. Current and deferred tax is recognised in statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Consolidated Entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Goods and services and sales tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other assets or liabilities in the consolidated statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. This category generally applies to trade and other receivables. Trade and other receivables are generally due for settlement within no more than 30 days from the date of recognition. Due to their current nature, the carrying amount of trade and other receivables approximates fair value. The carrying amount of trade and other receivables is reduced through the use of an allowance account and the loss is recognised in the profit or loss.

Exploration assets

Exploration and evaluation expenditure in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
 - the exploration and evaluation expenditure are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest. Indirect costs that are included in the cost of an exploration and evaluation asset include, among other things, charges for depreciation of equipment used in exploration and evaluation activities. If an area of interest is abandoned or is considered to be of no further commercial interest, the accumulated exploration costs relating to the area are written off against income in the year of abandonment. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any).

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting date. They are recognised initially at fair value and subsequently measured at amortised cost.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 2: Actual and Proposed Transactions to Arrive at the Pro-Forma Financial Information

The pro-forma historical financial information has been prepared by adjusting the statement of financial position of the Consolidated Entity as at 31 December 2020 to reflect the financial effects of the following subsequent events which have occurred since 31 December 2020:

- (a) \$250,000 of funds were received as loans;
- (b) the conversion of \$304,654 worth of loans at a price of \$0.10 each;

- (c) the conversion of \$250,000 worth of loans at a price of \$0.10 each;
- (d) the issue of 1,500,000 Shares as seed funding raising \$150,000;
- (e) the issue of 100,000 Shares in lieu of services to the value of \$10,000;
- (f) the grant of 4,250,000 Director Options and 750,000 In-country Manager Options (with an exercise price of \$0.25 expiring 3 years from ASX listing date) to the Directors and the In-country Manager;
- (g) the grant of 4,250,000 Director Performance Rights and 880,815 In-country Manager Performance Rights (with a term of 5 years) to the Directors and the In-country Manager;
- (h) the grant of 3,782,226 Options (with an exercise price of \$0.25 expiring 2 years from ASX listing date) to non-related parties; and
- (i) use of funds subsequent to 31 December 2020 of \$164,056; and
- (j) the acquisition of Mozmin Resources Pty Ltd.

and the following pro forma transactions which are yet to occur, but are proposed to occur following completion of the Offers:

- (k) the issue of a further 1,932,692 Shares at a deemed price of \$0.20 per Share for the project acquisition along with the grant of 1,000,000 options (with an exercise price of \$0.25 and a term of 3 years) and a cash payment of \$50,000 to the vendor;
- (l) the conversion of \$195,785 worth of loans at a price of \$0.20 each;
- (m) the issue of 27,500,000 Shares at \$0.20 per Share to raise \$5,500,000 before costs;
- (n) capital raising costs with respect to payments to the Lead Manager are estimated to be \$339,000;
- (o) further costs in relation to the Offers of \$208,000;
- (p) the issue of 4,000,000 Lead Manager Options (with an exercise price of \$0.25 and a term of 3 years) to the Lead Manager as consideration for capital raising services provided in connection with the Offers; and
- (q) the payment of accrued expenses of \$180,000.

Note 3: Related Party Transactions

Refer to section 5.5 for the Board and management interests.

Note 4: Commitments and Contingent Liabilities

At the date of the report, no other material commitments or contingent liabilities exist, that the Consolidated Entity is aware of, other than disclosed in this Prospectus.

Note 5: Subsequent Events

Subsequent to 31 December 2020, the following events have occurred which have been reflected in the pro forma adjustments:

- (a) on 26 April 2021 Mozmin Resources Pty Ltd issued 3,046,540 Shares at \$0.10 per Share pursuant to the conversion of loans;

- (b) on 7 May 2021 Mozmin Resources Pty Ltd granted 4,250,000 Director Options exercisable at \$0.25 expiring 3 years from ASX listing date to Directors;
- (c) on 7 May 2021 Mozmin Resources Pty Ltd granted 750,000 In-country Manager Options exercisable at \$0.25 expiring 3 years from ASX listing date to the In-country Manager;
- (d) on 7 May 2021 Mozmin Resources Pty Ltd granted 4,250,000 Director Performance Rights expiring 5 years from ASX listing date to Directors;
- (e) on 7 May 2021 Mozmin Resources Pty Ltd granted 880,815 In-country Manager Performance Rights expiring 5 years from ASX listing date to the In-country Manager;
- (f) on 1 June 2021 the acquisition of Mozmin Resources Pty Ltd by Heavy Minerals Limited and the roll-up (effective consolidation) of securities into Heavy Minerals Limited occurred;
- (g) on 1 June 2021 Heavy Minerals Limited issued 2,500,000 Shares at \$0.10 per Share pursuant to the conversion of loans;
- (h) on 1 June 2021 Heavy Minerals Limited issued 100,000 Shares at \$0.10 per Share in lieu of services provided;
- (i) on 1 June 2021 Heavy Minerals Limited granted 3,782,226 options exercisable at \$0.25 expiring 2 years from ASX listing date to existing shareholders;
- (j) on 1 June 2021 Heavy Minerals Limited issued 100,000 Shares at \$0.10 per Share;
- (k) on 23 July 2021 Heavy Minerals Limited issued 1,500,000 seed Shares at \$0.10 per Share.

6. Board, Management and Corporate Governance

6.1 Board of Directors

As at the date of this Prospectus, the Board comprises of:

- (a) Adam Schofield - Non-Executive Chairman;
- (b) Maurice (Nic) Matich - Executive Director;
- (c) Glenn Simpson - Non-Executive Director; and
- (d) Gregory Jones - Non-Executive Director.

6.2 Directors' Profiles

The names and details of the Directors at the date of this Prospectus are:

(a) Adam Schofield – Non-Executive Chairman

Dip (MechEng)

Mr Schofield is a mining company executive with over 20 years' experience in the resources sector in Australia and Africa. He has significant experience in conducting feasibility studies and taking projects from feasibility stage into operations. He has extensive experience in mineral sands, gold, copper, and iron ore.

Mr Schofield is an Executive Director and the CEO of Nelson Resources Limited (ASX:NES) and a Non-Executive Director of Kingfisher Mining Limited (ASX:KFM).

(b) Maurice (Nic) Matich – Executive Director

B Eng (Mech) (Hons), B Sci (Phys, IT), GradDip (Finance)

Mr Matich is a mechanical engineer and finance professional with over 15 years' of varied experience in the resources sector. His industry experience includes the provision of engineering, risk consulting and insurance services to numerous tier 1 mining companies with operations in mineral sands, kaolin, iron ore, gold and zinc.

Mr Matich has a deep understanding of the industrial minerals thematic having covered the sector as an analyst for Patersons Securities. Mr Matich is a director of Mobile Crisis Construction Limited, an Australian Charity that operates internationally.

(c) Glenn Simpson – Non-Executive Director

Mr Simpson has been a Chartered Accountant for over 32 years, with global experience in accounting with a strong mining focus. His experience includes managing the Touché Ross & Co (Deloitte) practice in Bougainville, Papua New Guinea for 3 years and establishing his own large commercial accounting practice in West Perth and Kalgoorlie.

Over the last decade, he established a large insurance broking and underwriting business from Perth that operated nationally. These businesses were sold to a “national brand” underwriting and broking companies.

Mr Simpson is a sophisticated investor and has been involved in many commercial ventures including capital raising and business start-ups. He has also mentored many small cap companies.

Mr Simpson was a director of Cleveland Mining Company Ltd and Cleveland Mining Ltd (ASX:CDG) when the companies were placed into voluntary administration on 4 May 2018. The companies subsequently entered into deeds of company arrangements on 12 October 2018. A deed of company arrangement is a binding arrangement between a company and its creditors governing how the company's affairs will be dealt with. On 2 April 2021, Cleveland Mining Company Ltd was deregistered. The Board (other than Mr Simpson, who has abstained from deliberations on this matter) have considered the above and consider Mr Simpson to be a person of good fame and character and suitable to be a Non-Executive Director of the Company.

(d) Gregory Jones – Non-Executive Director

Mr Jones has over 25 years' experience primarily as a mineral sands Geologist. Most of his career has been with Iluka Resources in senior resource estimation/management roles and in the capacity of Competent Person for the reporting and management of Mineral Resources and Ore Reserves.

Mr Jones has helped develop a number of new discoveries into reportable Mineral Resources including Jacinth-Ambrosia. He is a 20 year member of the AusIMM, holding the grade of Fellow, sitting on review committees and has published multiple technical and resource estimation mineral sands papers.

For the past seven years, Mr Jones has held various consulting roles, firstly establishing GNJ Consulting Pty Ltd specialising in geological, geometallurgical and resource estimation consulting services to the mineral sands sector, then joining IHC Robbins where he is currently the Commercial and Business Development Manager.

6.3 Company Secretary

(a) Steve Brockhurst - Company Secretary

BCom

Mr Brockhurst is Managing Director of Mining Corporate Pty Ltd and has 20 years' experience in the finance and corporate advisory industry and has been responsible for the due diligence process and preparation of prospectuses on a number of initial public offers.

His experience includes corporate and capital structuring, corporate advisory and company secretarial services, capital raising, ASX and ASIC compliance requirements.

Mr Brockhurst has served on the board and acted as Company Secretary for numerous ASX listed companies. He is currently Director of Estrella Resources Limited (ASX:ESR), Kingwest Resources Limited (ASX:KWR) and Nelson Resources Limited (ASX:NES) and Company Secretary of Galena Mining Limited (ASX:G1A), Kingwest Resources Limited, Kingfisher Mining Limited and Nelson Resources Limited.

6.4 Interests of Directors

No Director of the Company (or entity in which they are a partner or director) has, or has had in the two years before the date of this Prospectus, any interests in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or
- (c) the Offers, and

no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (a) any Director to induce him or her to become, or to qualify as, a Director; or
- (b) any Director of the Company for services which he or she (or an entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offers,

except as disclosed in this Prospectus and as follows.

6.5 Security holdings of Directors

The Directors and their related entities have the following interests in Securities as at the date of this Prospectus:

Director	Shares	% ⁽¹⁾	Options ⁽²⁾	Performance Rights ⁽³⁾
Adam Schofield ⁽⁴⁾	3,029,183	14.50	1,000,000	1,000,000
Maurice (Nic) Matich ⁽⁵⁾	800,000	3.83	1,250,000	1,250,000
Glenn Simpson ⁽⁶⁾	2,963,445	14.18	1,000,000	1,000,000
Gregory Jones ⁽⁷⁾	1,579,078	7.56	1,000,000	1,000,000

Notes:

1. Based on 20,896,541 Shares being on issue at the date of this Prospectus.
2. Options exercisable at \$0.25 and expiring on the date that is 36 months following the successful Admission of the Company on the ASX. See Section 8.2 for the terms and conditions of the Options.
3. See Section 8.3 for the terms and conditions of the Performance Rights.
4. Securities are held directly by Adam Schofield.
5. Securities are held directly by Maurice (Nic) Matich.
6. Securities are held as follows:
 - (a) 1,984,367 Shares are held by Glenn & Kerry Simpson ATF the <Simpson Family Super Fund>, an entity of which Glenn Simpson is a beneficiary of the Simpson Family Super

Fund;

- (b) 979,078 Shares are held by Comertose Pty Ltd AFT the <Simpson Family Trust>, an entity of which Glenn Simpson is a director and a beneficiary of the Simpson Family Trust; and
- (c) 1,000,000 Options and 1,000,000 Performance Rights are held directly by Glenn Simpson.

7. Securities are held as follows:

- (a) 1,579,078 Shares are held by GNJ Consulting Pty Ltd, an entity of which Gregory Jones is a director; and
- (b) 1,000,000 Options and 1,000,000 Performance Rights are held directly by Gregory Jones.

Based on the intentions of the Directors at the date of this Prospectus in relation to the Offers, the Directors and their related entities will have the following interests in Securities on Admission:

Director	Shares	% ⁽¹⁾	Options ⁽²⁾	Performance Rights ⁽³⁾
Adam Schofield ⁽⁴⁾	3,029,183	5.90	1,000,000	1,000,000
Maurice (Nic) Matich ⁽⁵⁾	800,000	1.56	1,250,000	1,250,000
Glenn Simpson ⁽⁶⁾	2,963,445	5.78	1,000,000	1,000,000
Gregory Jones ⁽⁷⁾	1,579,078	3.08	1,000,000	1,000,000

Note:

1. Based on 51,308,158 Shares being on issue at the date of Admission.
2. Options exercisable at \$0.25 and expiring on the date that is 36 months following the successful Admission of the Company on the ASX. Section 8.2 for the terms and conditions of the Options.
3. See Section 8.3 for the terms and conditions of the Performance Rights.
4. Securities are held directly by Adam Schofield.
5. Securities are held directly by Maurice (Nic) Matich.
6. Securities are held as follows:
 - (a) 1,984,367 Shares are held by Glenn & Kerry Simpson ATF the <Simpson Family Super Fund>, an entity of which Glenn Simpson is a beneficiary of the Simpson Family Super Fund;
 - (b) 979,078 Shares are held by Comertose Pty Ltd AFT the <Simpson Family Trust>, an entity of which Glenn Simpson is a director and a beneficiary of the Simpson Family Trust; and
 - (c) 1,000,000 Options and 1,000,000 Performance Rights are held directly by Glenn Simpson.
7. Securities are held as follows:
 - (a) 1,579,078 Shares are held by GNJ Consulting Pty Ltd, an entity of which Gregory Jones

is a director; and

- (b) 1,000,000 Options and 1,000,000 Performance Rights are held directly by Gregory Jones.

6.6 Remuneration of Directors

The Constitution provides that the Company may remunerate the Directors. The remuneration shall, subject to any resolution of a general meeting, be fixed by the Directors. The maximum aggregate amount of fees that can be paid to non-executive Directors is currently set at \$250,000 per annum. The remuneration of the executive Directors will be determined by the Board.

The Company has entered into an executive services agreement with Maurice (Nic) Matich as well as letters of appointment with Messrs Gregory Jones, Glenn Simpson and Adam Schofield as set out in Section 7.

The Directors have received and/or accrued the following remuneration since incorporation of the Company.

Director	Remuneration (\$) Salary	Security Based Remuneration (\$)
Adam Schofield ⁽¹⁾	\$21,967	\$155,000
Maurice (Nic) Matich ⁽²⁾	\$63,589	\$193,750
Glenn Simpson ⁽³⁾	\$20,426	\$155,000
Gregory Jones ⁽⁴⁾	\$20,425	\$155,000

Notes:

1. Comprising pre-ASX admission director fees. Effective from ASX listing (accruing from 10 February 2021) annual Director's fees of \$57,000. Security based remuneration is the value of the Options and Performance Rights issued to Mr Schofield. Mr Schofield was appointed director of the Company on 10 February 2021.
2. Comprising pre-ASX admission director fees inclusive of superannuation. Effective from ASX listing (accruing from 10 February 2021) annual Director's fees of \$165,000. Security based remuneration is the value of the Options and Performance Rights issued to Mr Matich. Mr Matich was appointed director of the Company on 10 February 2021.
3. Comprising pre-ASX admission director fees. Effective from ASX listing (accruing from 10 February 2021) annual Director's fees of \$53,000. Security based remuneration is the value of the Options and Performance Rights issued to Mr Simpson. Mr Simpson was appointed director of the Company on 10 February 2021.
4. Comprising pre-ASX admission director fees inclusive of superannuation. Effective from ASX listing (accruing from 10 February 2021) annual Director's fees of \$53,000. Security based remuneration is the value of the Options and Performance Rights issued to Mr Jones. Mr Jones was appointed director of the Company on 10 February 2021.

The Directors have received and/or accrued the following remuneration from MRPL for the financial years ended 30 June 2020 and 30 June 2021:

Director	Remuneration (\$) FY2020	Remuneration (\$) FY2021
Adam Schofield ⁽¹⁾	\$15,000	\$5,000
Maurice (Nic) Matich ⁽²⁾	\$Nil	\$60,000
Glenn Simpson ⁽³⁾	\$15,000	\$5,000
Gregory Jones ⁽⁴⁾	\$15,000	\$45,000

Notes:

1. Comprising director fees.
2. Comprising bonus.
3. Comprising director fees.
4. Comprising director and consultancy fees

6.7 Related Party Transactions

The Company has entered into the following related party transactions on arms' length terms:

- (a) an executive services agreement with Mr Maurice (Nic) Matich, pursuant to which Mr Matich will act as an Executive Director of the Company and will receive remuneration including Securities and the Sign-on Bonus (refer Section 7.4(a) for further details);
- (b) letters of appointment with each of its Directors on standard terms (refer 7.4 for further details); and
- (c) deeds of indemnity, insurance and access with each of its Directors on standard terms (refer Section 7.5 for further details).

At the date of this Prospectus, no other material transactions with related parties and Directors' interests exist that the Directors are aware of, other than those disclosed in the Prospectus.

6.8 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the Company's policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current Board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are detailed below. The Company's full Corporate Governance Plan is available in

a dedicated corporate governance information section of the Company's website at <https://heavyminerals.com/corporate-governance/>.

(a) Board of Directors

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. Clearly articulating the division of responsibilities between the Board and management will help manage expectations and avoid misunderstandings about their respective roles and accountabilities.

In general, the Board assumes (amongst others) the following responsibilities:

- (i) formulation and approval of the strategic direction, objective and goals of the Company;
- (ii) the prudential control of the Company's finances and operations, and monitoring the financial performance of the Company;
- (iii) the resourcing, review and monitoring of Senior Management;
- (iv) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- (v) the identification of significant business risks and ensuring that such risks are adequately managed;
- (vi) the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market; and
- (vii) the establishment and maintenance of appropriate ethical standards.

The Company is committed to ensuring that appropriate checks are undertaken before the appointment of a Director and has in place written agreements with each Director which detail the terms of their appointment.

(b) Composition of the Board

Election of Board members is substantially the province of the Shareholders in a general meeting. The Board currently consists of the one Executive Director and three Non-Executive Directors (one of which the Company considers independent, being Gregory Jones). As the Company's activities develop in size, nature and scope, the composition of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

(c) Internal audit function and management of risk

The Company will not have an independent internal audit function until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company.

The Company considers that it has the ability to derive substantially all the benefits of an internal audit function through the Board, which performs all key elements of an internal audit function, including:

- (i) evaluating and seeking and obtaining reasonable assurance that risk management, control and governance systems are functioning as intended and will enable the Company's objectives and goals to be met;
- (ii) evaluating information security and associated risk exposures;
- (iii) evaluating regulatory compliance programs with consultation from internal and external legal counsel;
- (iv) evaluating the Company's preparedness in case of business interruption; and
- (v) providing oversight of the Company's anti-fraud program.

The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(d) **Ethical standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards.

(e) **Independent professional advice**

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(f) **Remuneration committee**

The Company will not have a standalone remuneration committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company.

In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to:

- (i) reviewing the remuneration (including short-and long-term incentive schemes and equity-based remuneration, where applicable) and performance of Directors;
- (ii) setting policies for Senior Executive remuneration, setting the terms and conditions of employment for Senior Executives, undertaking reviews of Senior Executive performance, including setting goals and reviewing progress in achieving those goals; and
- (iii) reviewing the Company's Senior Executive and employee incentive schemes (including equity-based remuneration) (where applicable) and making recommendations to the Non-Executive Chair on any proposed changes.

(g) **Remuneration policy**

The remuneration of any Executive Director will be decided by the Board, without the affected Executive Director participating in that decision-making process.

In addition, subject to any necessary Shareholder approval, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director (e.g. non-cash performance incentives such as options).

Directors are also entitled to be paid reasonable travel and other expenses incurred by them in the course of the performance of their duties as Directors.

The Board reviews and approves the Company's remuneration policy in order to ensure that the Company is able to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(h) Securities trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Executive Directors). The policy generally provides that the written acknowledgement of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.

(i) Diversity policy

The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has set in place a diversity policy. The overriding objective of the Diversity Policy is to align the Company's business operations with the positive outcomes that can be achieved through a diverse workforce that recognises and utilises the contribution of its diverse skills and talent. The Diversity Policy also seeks to ensure that the Company has a properly functioning workplace where discrimination, harassment and victimisation are not tolerated. Under the Diversity Policy, the Company will disclose at the end of each reporting period the respective proportions of men and women on the Board and in senior executive positions.

Given the current size and low turnover of the Company, the Board has determined that the benefits of the initiatives recommended by the ASX Corporate Governance Council are disproportionate to the costs involved in implementing such strategies including compliance with the requirement for the Company to set measurable objectives for achieving gender diversity.

(j) Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company.

In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to:

- (i) verifying and safeguarding the integrity of the Company's stakeholder reporting;
- (ii) reviewing and approving the audited annual and reviewed half-yearly financial reports;
- (iii) reviewing the appointment of the external auditor, their independence and performance, the audit fee, any questions of their resignation or dismissal and assessing the scope and adequacy of the external audit; and
- (iv) a risk management function.

(k) **Risk committee**

The Company will not have a separate risk committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company.

In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to:

- (i) ensuring that an appropriate risk-management framework is in place and is operating properly; and
- (ii) reviewing and monitoring legal and policy compliance systems and issues.

(l) **External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

(m) **Social media policy**

The Board has adopted a social media policy to regulate the use of social media by people associated with the Company or its subsidiaries to preserve the Company's reputation and integrity. The policy outlines requirements for compliance with confidentiality, governance, legal, privacy and regulatory parameters when using social media to conduct Company business.

(n) **Whistleblower policy**

The Board has adopted a whistleblower protection policy to ensure concerns regarding unacceptable conduct including breaches of the Company's code of conduct can be raised on a confidential basis, without fear of reprisal, dismissal or discriminatory treatment. The purpose of this policy is to promote responsible whistle blowing about issues where the interests of others, including the public, or of the organisation itself are at risk.

(o) **Anti-bribery and anti-corruption policy**

The Board has a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings. The Board has adopted an anti-bribery and anti-corruption policy for the purpose of setting out

the responsibilities in observing and upholding the Company's position on bribery and corruption provide information and guidance to those working for the Company on how to recognise and deal with bribery and corruption issues.

(p) **Work health and safety policy**

The Company has adopted a work health and safety policy and is committed to providing and maintaining a safe and healthy workplace for all workers (including contractors and volunteers) as well as clients, visitors and members of the public. The purpose of the policy is to set out the responsibility of the Directors, management and workers for health and safety in the workplace and to ensure that the Company's goal to provide a safe and healthy work environment, free from workplace injury and illness is achieved through the participation of everyone in the workplace.

6.9 Departures from Recommendations

Following admission to the Official List, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are detailed in the table below.

Principles and Recommendations	Comply (Yes / Partially / No)	Explanation
Principle 1: Lay Solid Foundations for Management and Oversight		
Recommendation 1.5 A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board, set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (i) the measurable objectives set for that period to achieve gender diversity; (ii) the entity's progress towards achieving those objectives; and (iii) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these	Partially	The Board has adopted a Diversity Policy, however, given the current size and low turnover of the Company, the Board has determined that the benefits of the initiatives recommended by the ASX Corporate Governance Council are disproportionate to the costs involved in implementing such strategies including compliance with the requirement for the Company to set measurable objectives for achieving gender diversity. The Board will further consider the establishment of objectives for achieving gender diversity as the Company develops and its circumstances change.

purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under the Act.		
Principle 2: Structure the Board to be Effective and Add Value		
Recommendation 2.1 The Board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the	No	The Company recognises that Recommendation 2.1 of the Recommendations suggests the establishment of a Nomination Committee and associated Charter. However, in view of the small size of the Company's Board, the Board in its entirety (with abstentions from relevant Directors where there is a conflict of interest) acts effectively as Nomination Committee and there is no need to further subdivide it. As such, a Nomination Committee is an unnecessary measure for the Company. The Board as a whole reviews the size, structure and composition of the Board including competencies and diversity, in addition to reviewing Board succession plans and continuing development.

members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.		
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	No	The Board has formed the view that, given the size and composition of the Board, the current Board structure is appropriate for the Company at its current stage of development. The Company is working towards complying with Recommendation 2.4.
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	No	Adam Schofield, who was appointed as Chair on 10 February 2021, is not considered independent on the basis that he is a substantial shareholder. Despite this, the Board believes that he is able, and does make, quality and independent judgments in the best interest of the Company on all relevant issues before the Board.
Principle 4: Safeguard the Integrity of Corporate Reports		
Recommendation 4.1 The board of a listed entity should have an audit committee.	No	The Board has formed the view that, given the size and composition of the Board, it is not considered necessary for the Company to have a separate audit committee. The Board as a whole has responsibilities typically assumed by an audit committee.

Principle 7: Recognise and Manage Risk		
Recommendation 7.1 The board of a listed entity should have a risk committee.	No	The Board has formed the view that, given the size and composition of the Board, it is not considered necessary for the Company to have a separate risk committee. The Board as a whole has responsibilities typically assumed by a risk committee.
Recommendation 7.3 A listed entity should disclose if it has an internal audit function.	No	The Board has formed the view that, given the size and composition of the Board, the current Board has the ability to derive substantially all of the benefits of an independent internal audit function. It is not considered necessary for the Company to have an internal audit function.
Principle 8: Remunerate Fairly and Responsibly		
Recommendation 8.1 The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met	No	The Board has formed the view that, given the size and composition of the Board, it is not considered necessary for the Company to have a separate remuneration committee. The Board as a whole has responsibilities typically assumed by a remuneration committee.

throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		

7. Material Contracts

The Directors consider that certain contracts entered into by the Company are material to the Company or are of such a nature that an investor may wish to have particulars of them when assessing whether to apply for Securities under the Offers. The provisions of such material contracts are summarised in this Section.

7.1 Acquisition Agreements

(a) Gianni Agreement - Port Gregory Project

The Company (through its wholly owned subsidiary Mozmin Resources Pty Ltd) has entered into a binding terms sheet with Peter Romeo Gianni (**Gianni**, an unrelated party to the Company) dated 30 March 2020, as amended on 22 March 2021 (**Gianni Agreement**), pursuant to which the Company has agreed to acquire 100% legal and beneficial ownership of exploration licences EL66/102, EL70/5130, EL70/5160, EL70/5161 and EL70/5314 (**Gianni Tenements**).

Pursuant to the Gianni Agreement, the following consideration is payable for the acquisition:

- (i) the issue of 2,240,010 Shares in the Company to Gianni (or his nominees);
- (ii) the issue of 1,000,000 unquoted Options in the Company to Gianni (or his nominees), exercisable at \$0.25 each and expiring 3 years from the date of Admission (**Gianni Options**); and
- (iii) the payment of \$50,000 by the Company to Gianni following the date on which the Company receives a conditional admission letter from the ASX (**Admission Letter**).

Completion will occur within 15 days of the Company receiving an Admission Letter from the ASX. In the event the Admission Letter is not received on or before 31 August 2021, then the Gianni Agreement terminates (unless otherwise agreed).

Gianni is currently holding the legal title to the Gianni Tenements on trust for the Company, and must provide the Company with access to the Gianni Tenements to conduct exploration until legal title in all of the Gianni Tenements passes to the Company.

The Company has also agreed to pay Gianni a royalty of 2.0% of the gross revenue of the sale of any minerals extracted, produced and sold from the Gianni Tenements.

Should the Company surrender any of the Gianni Tenements following the execution date, it must offer to sell the Tenements to Gianni for an agreed price of \$10.00 per Tenement, at which time Gianni will have 1 month to accept the offer.

The Gianni Agreement contains additional provisions considered standard for agreements of this nature.

(b) +258 Agreement - Inhambane Project

The Company (through its wholly owned subsidiary MRPL and Mozmin Mauritius) has entered into a binding terms sheet with +258 Limitada (**+258**) (an incorporated joint

venture entity) and Galilei LDA (**Galilei**) (an unrelated party to the Company) dated 19 April 2016 (**+258 Agreement**). The +258 Agreement acknowledges that +258 is the legal and beneficial owner of exploration licence 4658L, which is now expired. The grant of the Mining Concession is currently pending (**+258 Licence**).

Pursuant to the +258 Agreement, the parties have agreed:

- (i) the Company will acquire a 70% interest in the issued capital of +258 Limitada, which has now occurred; and
- (ii) Galilei will acquire a 30% interest in the issued capital of +258 Limitada, which will be free carried until a decision to mine on the +258 Licence has been made by the Company.

Following a decision to mine by the Company, the parties have agreed:

- (i) Galilei will elect to either:
 - (A) retain its 30% interest in the +258 Licence and contribute 30% of the overall costs relating to the development of an operating mine and ongoing costs relating to the +258 Licence; or
 - (B) dispose of its 30% interest in the +258 Licence and make its interest available to the Company;

If the Company decides not to mine, it may elect (at its sole discretion) to transfer its interest in +258 to Galilei at which point the +258 Agreement will terminate.

Expenditure Requirements

Under the +258 Agreement, the Company was required to have expended a minimum of 25% of the Expenditure Requirement by 19 April 2019 (being US\$375,000) (**Initial Expenditure Requirement**), otherwise it was required to transfer its interest in the +258 Licence back to Galilei. The Company has written to Galilei confirming that it has met this Initial Expenditure Requirement.

For the purposes of reaching a decision to mine, the Company (via MRPL) undertook that on and by the date which is five years of the date of the +258 Agreement (i.e. by 19 April 2021), the Company will:

- (i) complete sufficient drilling to define a JORC compliant resource;
- (ii) complete a feasibility study sufficient to determine whether the +258 Licence has the viability for an operating mine;
- (iii) supply the Ministry of Mines with all reports and fees required to keep the +258 Licence in good standing;
- (iv) apply for any extension on the +258 Licence to enable completion of a feasibility study, in circumstances where the Company determines that the +258 Licence warrants completion of a feasibility study; and
- (v) expend a minimum of USD 1,500,000 on either or both exploration expenditure and feasibility study expenditure (**Expenditure Requirement**),

(together, the **Inhambane Obligations**).

The +258 Agreement may be terminated by either party if:

- (i) a party defaults in performance of its obligations under the +258 Agreement;
- (ii) the non-defaulting party gives the party in default a notice in writing requiring it to remedy the breach within 30 days of receipt of the notice; and
- (iii) the party in default fails to remedy the breach within 30 days.

Force Majeure

To date, the Company has not satisfied the Expenditure Requirement. The Company notified Galilei it had provided expenditure towards the Expenditure Requirement at least AUD\$606,386.24, and has noted the occurrence of events beyond the control of either party, specifically:

- (i) the more than 12-month delay by the relevant Mozambique Minister in approving the renewal of the of exploration licence 4658L, which was applied for on 16 March 2017 and wasn't granted until 12 April 2018; and
- (ii) the global Covid-19 pandemic.

Pursuant to clause 9(a) of the +258 Agreement, in case of occurrence of events beyond the control of either party, the prescribed time periods to satisfy the investment amounts will be extended accordingly. On that basis, the Company would have until 19 April 2023 to satisfy the total USD 1,500,000 Expenditure Requirement and associated Inhambane Obligations.

While the Company is continuing to assess the Covid-19 pandemic, the Company is confident it will be able to carry out the geological mapping and exploration management activities at the Inhambane Project set out in the use of funds and confirms that it is not aware of any legal impediments to it carrying out its proposed expenditure on the Inhambane Project.

As set out in Section 4.2(a), the Company has set aside minimal funds to the Inhambane Project. In the event the Company receives Government Approval, it may elect to spend further funds on the Inhambane Project. In the event further funds are spent on Inhambane, the Company intends that these funds will first be drawn from funds allocated to working capital and future acquisition costs. However, it is likely that the Company will be required to undertake a future capital raising in order to satisfy the Expenditure Requirement by 19 April 2023. In the event that the Company is unable to satisfy the Expenditure Requirement it will be in breach of its obligations under the +258 Agreement, which could give rise to the termination of the +258 Agreement and the reversion of Mozmin Mauritius' 70% interest to Galilei.

For the reasons set out above, the Company cautions investors not to place undue reliance on Company's ability to secure its rights to the Inhambane Project in making an investment decision.

The +258 Agreement contains additional provisions considered standard for agreements of this nature.

7.2 **Lead Manager Mandate**

The Company entered into a mandate agreement appointing Foster Stockbroking (**Lead Manager**) to provide corporate advisory services and to act as lead manager and broker in respect of the Capital Raising Offer on 12 May 2021 (**Lead Manager Mandate**).

Under the agreement, the Lead Manager will provide services and assistance customarily provided in connection with marketing and execution of an initial offer.

The Company will pay the following fees to the Lead Manager (or its nominees) pursuant to the Lead Manager Mandate:

- (a) a fee of 6% (comprising of a 2% management fee and 4% capital raising fee) of up to \$5,500,000 of the funds raised through the Broker Firm and Institutional Offer, noting that the 4% capital raising fee will not be payable in respect of funds raised through the Chairman's List;
- (b) a fee of 2% (comprising only of a management fee) of up to \$1,000,000 of the funds raised through the Chairman's List;
- (c) a retainer of \$5,000 a month payable in advance and capped at a maximum of \$40,000; and
- (d) 4,000,000 unquoted Options with an exercise price of \$0.25 each and an expiry date of 3 years from the date of issue.

Either the Lead Manager or the Company may terminate the lead manager arrangements under the Lead Manager Mandate by giving 7 days of written notice to the other party.

The Lead Manager also reserves the right to terminate immediately if:

- (a) the Company breaches (or in the Lead Manager's reasonable opinion is about to breach) any provision of the Lead Manager Mandate or commits an act of gross negligence, fraud or wilful misconduct or refuses to provide the Lead Manager with information reasonably requested in relation to duties for the services of the Lead Manager;
- (b) in the Lead Manager's opinion it is not appropriate for the Lead Manager to continue the engagement under the Lead Manager Mandate for legal or regulatory reasons; or
- (c) the Capital Raising Offer is prevented from proceeding for any reason whatsoever.

The Lead Manager can also terminate in additional circumstances, including in the event of delay in performing its services arising from anything beyond its control.

The Company reserves the right to terminate immediately if the Lead Manager breaches (or in the reasonable opinion of the Company is about to breach) any material provision of the Lead Manager Mandate or commits an act of gross negligence, fraud or wilful misconduct.

Should the Company terminate the Lead Manager's appointment without cause and the Company reaches financial close on the Capital Raising Offer (or a transaction substantially comparable to the Capital Raising Offer) within three months from the date of the termination, the Lead Manager is entitled (in addition to other surviving rights and entitlements under the Lead Manager Mandate) to a cash sum of \$150,000 (excluding any retainers) under the Lead Manager Mandate, payable on financial close of the relevant transaction.

The Lead Manager also has the benefit of covenants, indemnities and rights of first refusal (among other customary terms) under the Lead Manager Mandate. The Lead Manager has the right of first refusal to act as the Company's exclusive financial advisers and/or lead manager in connection with any issue of securities by the Company, excluding any shares issued under a share purchase plan, for 12 months from the listing date and also has the right to match terms proposed to the Company by a third party broker or dealer, financial adviser or investment bank with respect to a future securities offering.

Various rights and entitlements of the Lead Manager survive termination.

Please see Section 1.10(b) for further information regarding the Lead Manager's interests in the Offers.

7.3 **Convertible Loan Agreement**

The Company, via its wholly owned subsidiary MRPL, has entered into a convertible loan agreement with Mr Neil Gawthorpe, an unrelated lender to the Company, dated 31 March 2021 in respect of funds advanced to MRPL by Mr Gawthorpe (**Convertible Loan Agreement**). Mr Gawthorpe advanced £100,000 to MRPL between 11 May 2017 and 7 December 2017. Under the Convertible Loan Agreement, the parties agree that \$164,283.26 and a further amount of \$31,501.74 of capitalised interest are payable in respect of the advanced funds, and that upon or immediately prior to Admission, the Company will issue 978,925 Shares to Mr Gawthorpe in full and final satisfaction of its obligations under the Convertible Loan Agreement (**Convertible Loan Agreement Shares**).

7.4 **Executive services and employment agreements**

(a) **Executive Services Agreement - Maurice (Nic) Matich**

The Company entered into an executive services agreement with Maurice (Nic) Matich on the 10 February 2021, pursuant to which Mr Matich serves as Executive Director responsible for the overall management and supervision of the activities, operations and affairs of the Company, subject to overall control and direction of the Board.

Pursuant to the agreement, Mr Matich is entitled to receive \$165,000 per annum (including statutory superannuation).

In addition, the Company has agreed to a \$60,000 sign on bonus to be paid immediately prior to Admission (**Sign-on Bonus**) and issued Mr Matich (or his nominee) 1,250,000 Options and 1,250,000 Performance Rights on the terms and conditions set out in Sections 8.2 and 8.3 respectively.

The Board may, in its absolute discretion invite Mr Matich to participate in bonus and/or other incentive schemes in the Company that it may implement from time to time, subject to compliance with the Corporations Act and Listing Rules.

The agreement is for an indefinite term, continuing until terminated by either the Company or Mr Matich giving not less than one month's written notice of termination to the other party (or shorter period in limited circumstances).

Mr Matich is also subject to restrictions in relation to the use of confidential information during his employment and after his employment with the Company ceases and being directly or indirectly involved in a competing business during the continuance of his

employment with the Company on terms which are otherwise considered standard for agreements of this nature.

In addition, the agreement contains additional provisions considered standard for agreements of this nature.

(b) Non-Executive Director and Chairman Letter of Appointment – Adam Schofield

The Company has entered into a non-executive director and chairman letter of appointment with Adam Schofield pursuant to which the Company has agreed to pay Mr Schofield \$57,000 per annum (including statutory superannuation) for services provided to the Company as Non-Executive Chairman.

In addition, the Company has issued Mr Schofield (or his nominee) 1,000,000 Options and 1,000,000 Performance Rights on the terms and conditions set out in Sections 8.2 and 8.3 respectively.

The agreement contains additional provisions considered standard for agreements of this nature.

(c) Non-Executive Director Letter of Appointment – Glenn Simpson

The Company has entered into a non-executive director letter of appointment with Glenn Simpson pursuant to which the Company has agreed to pay Mr Simpson \$53,000 per annum (including statutory superannuation) for services provided to the Company as Non-Executive Director.

In addition, the Company has issued Mr Simpson (or his nominee) 1,000,000 Options and 1,000,000 Performance Rights on the terms and conditions set out in Sections 8.2 and 8.3 respectively.

The agreement contains additional provisions considered standard for agreements of this nature.

(d) Non-Executive Director Letter of Appointment – Gregory Jones

The Company has entered into a non-executive director letter of appointment with Gregory Jones pursuant to which the Company has agreed to pay Mr Jones \$53,000 per annum (including statutory superannuation) for services provided to the Company as Non-Executive Director.

In addition, the Company has issued Mr Jones (or his nominee) 1,000,000 Options and 1,000,000 Performance Rights on the terms and conditions set out in Sections 8.2 and 8.3 respectively.

The agreement contains additional provisions considered standard for agreements of this nature.

7.5 Deeds of indemnity, insurance and access

The Company is party to a deed of indemnity, insurance and access with each of the Directors. Under these deeds, the Company indemnifies each Director to the extent permitted by law against any liability arising as a result of the Director acting as a director of the Company. The Company is also required to maintain insurance policies for the benefit of the

relevant Director and must allow the Directors to inspect board papers in certain circumstances. The deeds are considered standard for documents of this nature.

8. Additional information

8.1 Rights attaching to Shares

A summary of the rights attaching to the Shares is detailed below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

- (a) **(Ranking of Shares):** At the date of this Prospectus, all Shares are of the same class and rank equally in all respects. Specifically, the Shares issued pursuant to this Prospectus will rank equally with existing Shares.
- (b) **(Voting rights):** Subject to any rights or restrictions, at general meetings:
 - (i) every Shareholder present and entitled to vote may vote in person or by attorney, proxy or representative;
 - (ii) has one vote on a show of hands; and
 - (iii) has one vote for every Share held, upon a poll.
- (c) **(Dividend rights):** Shareholders will be entitled to dividends, distributed among members in proportion to the capital paid up, from the date of payment. No dividend carries interest against the Company and the declaration of Directors as to the amount to be distributed is conclusive.

Shareholders may be paid interim dividends or bonuses at the discretion of the Directors. The Company must not pay a dividend unless the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend.

- (d) **(Variation of rights):** The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.
- (e) **(Transfer of Shares):** Shares can be transferred upon delivery of a proper instrument of transfer to the Company or by a transfer in accordance with the ASX Settlement Operating Rules. The instrument of transfer must be in writing, in the approved form, and signed by the transferor and the transferee. Until the transferee has been registered, the transferor is deemed to remain the holder, even after signing the instrument of transfer.

In some circumstances, the Directors may refuse to register a transfer if upon registration the transferee will hold less than a marketable parcel. The Board may refuse to register a transfer of Shares upon which the Company has a lien.

- (f) **(General meetings):** Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

The Directors may convene a general meeting at their discretion. General meetings shall also be convened on requisition as provided for by the Corporations Act.

- (g) **(Unmarketable parcels):** The Company's Constitution provides for the sale of unmarketable parcels subject to any applicable laws and provided a notice is given to the minority Shareholders stating that the Company intends to sell their relevant Shares unless an exemption notice is received by a specified date.
- (h) **(Rights on winding up):** If the Company is wound up, the liquidator may with the sanction of special resolution, divide the assets of the Company amongst members as the liquidator sees fit. If the assets are insufficient to repay the whole of the paid up capital of members, they will be distributed in such a way that the losses borne by members are in proportion to the capital paid up.
- (i) **(Restricted Securities):** A holder of Restricted Securities (as defined in the Listing Rules) must comply with the requirements imposed by the Listing Rules in respect of Restricted Securities.

8.2 Terms and conditions of Options

The following terms and conditions apply to each of the Options:

- (a) **(Entitlement):** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **(Issue Price):** The Options were issued for nil consideration.
- (c) **(Exercise Price):** The Options have an exercise price of \$0.25 each.
- (d) **(Expiry Date):** Each Option will expire at 5:00pm (WST) on the date that is set out below:

Allottee	Number	Exercise Price \$	Expiry Date
Lead Manager Options	4,000,000	0.25	3 years from the date of Admission
Vendor Options	1,000,000	0.25	3 years from the date of Admission
Director and Management Options	5,000,000	0.25	3 years from the date of Admission

Existing Options	3,782,226	0.25	2 years from the date of Admission

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

- (e) **(Exercise Period):** The Options are exercisable at any time and from time to time on or prior to the Expiry Date.
- (f) **(Notice of Exercise):** The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

- (g) **(Timing of issue of Shares and quotation of Shares on exercise):** As soon as practicable after the valid exercise of an Option, the Company will:
 - (i) issue, allocate or cause to be transferred to the Participant the number of Shares to which the Participant is entitled;
 - (ii) issue a substitute Certificate for any remaining unexercised Options held by the Participant;
 - (iii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
 - (iv) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

All Shares issued upon the exercise of Options will upon issue rank equally in all respects with the then issued Shares.

- (h) **(Restrictions on transfer of Shares):** If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.
- (i) **(Cashless exercise of Options):** The holder of Options may elect not to be required to provide payment of the Exercise Price for the number of Options specified in a Notice of Exercise but that on exercise of those Options the Company will transfer or allot to the holder that number of Shares equal in value to the positive difference between the then Market Value of the Shares at the time of exercise and the Exercise Price that would otherwise be payable to exercise those Options (with the number of Shares rounded down to the nearest whole Share).

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the five (5) trading days immediately preceding that given date.

- (j) **(Dividend and voting rights):** The Options do not confer on the holder an entitlement to vote at general meetings of the Company or to receive dividends.
- (k) **(Transferability of the Options):** The Options are not transferable, except with the prior written approval of the Company and subject to compliance with the Corporations Act.
- (l) **(Quotation of the Options):** The Company will not apply for quotation of the Options on any securities exchange.
- (m) **(Adjustments for reorganisation):** If there is any reorganisation of the issued share capital of the Company, the rights of the Option holder will be varied in accordance with the Listing Rules.
- (n) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (o) **(Adjustment for bonus issues of Shares):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Exercise Price.

8.3 Terms and conditions of Performance Rights

The following terms and conditions apply to each of the Performance Rights:

- (a) **(Vesting Conditions):** The Performance Rights will vest subject to the satisfaction of the following performance milestones within that timeframe (each a **Milestone**):

Class	Performance Milestone	Milestone Date	Number of Performance Rights
Class A	Delineation of an Inferred Mineral Resource of 1.5MT contained Garnet (at a minimum cut-off grade of 2.5% THM) at the Port Gregory Project	5 years from the date of Admission	2,565,407

Class B	Delineation of a 250MT Inferred Mineral Resource at 3.0% THM (with a minimum cut-off grade of 2%) at the Inhambane Project	5 years from the date of Admission	2,565,408
Total			5,130,815

- (b) For the avoidance of doubt, both the retention condition and the relevant Milestone (together, the **Vesting Conditions**) must be satisfied before a Performance Right will vest.
- (c) **(Vesting Process)**: Provided the Vesting Conditions are met or otherwise waived by the Board, a Vesting Notification will be sent to the holder from the Board, informing them that some or all of the Performance Rights have vested. Unless and until the Vesting Notification is issued by the Company, the Performance Rights will not be considered to have vested.

Following the issue of the Vesting Notification for the Performance Rights, the holder will have until the Expiry Date of the Performance Rights to convert any vested Performance Rights. Any vested Performance Rights that remain unconverted after this date will automatically expire and lapse.

- (d) **(Conversion of Vested Performance Rights)**: Following the vesting of any Performance Rights the holder has until the Expiry Date to convert any such vested Performance Rights, at their election.

The holder may convert vested Performance Rights (in whole or if converted in part, multiples of 10,000 must be converted on each occasion) by lodging with the Company, on or prior to the Expiry Date a written notice of conversion of Performance Rights specifying the number of vested Performance Rights being converted (**Conversion Notice**).

Upon conversion, the holder will be issued and/or transferred one Share for each vested Performance Right.

- (e) **(Timing of issue of Shares and quotation of Shares on conversion)**: As soon as practicable after the valid conversion of a vested Performance Right, the Company will:
- (i) issue, allocate or cause to be transferred to the holder the number of Shares to which the holder is entitled;
 - (ii) issue a substitute certificate for any remaining unconverted Performance Rights held by the holder;
 - (iii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
 - (iv) in the event the Company is admitted to the official list of ASX at the time, do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

All Shares issued upon the conversion of Performance Rights will upon issue rank equally in all respects with the then issued Shares.

- (f) **(Restrictions on transfer or disposal of Shares):** If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of the Performance Rights may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

Except as set out in the Company's share trading policy and applicable laws, no other specific disposal restrictions apply to any Shares that are issued or transferred as a result of the conversion of the Performance Rights.

- (g) **(Shares issued on exercise):** All Shares issued upon exercise of Performance Rights will upon issue rank equally in all respects with the Company's existing Shares on issue.
- (h) **(Expiry Date of Performance Rights):** All unvested, or vested but unexercised, Performance Rights will expire automatically at 5.00pm WST on the date which is 5 years from their date of issue unless an earlier lapsing date applies (as set out below).
- (i) **(Lapse of Performance Rights):** Where the holder becomes a leaver, all unvested Performance Rights will automatically be forfeited and lapse, subject to any determination otherwise by the Board in its sole and absolute discretion. The Board may take into account the holder's longevity in the role and the reasons for leaving. For example, the Board may, at its sole and absolute discretion, determine that unvested performance right vest upon the holder becoming a leaver due to their role being made redundant, where the other vesting conditions have been met.

Where, in the opinion of the Board, the holder:

- (i) acts fraudulently, or dishonestly;
- (ii) wilfully breaches their duties to the Group;
- (iii) is responsible for: material financial misstatements; major negligence; significant legal, regulatory and/or policy non-compliance; or a significant harmful act,

then the Board may, at its sole and absolute discretion, deem some or all of the unvested, or vested but unconverted, Performance Rights to be forfeited and to have lapsed.

Unless the Board otherwise determines in its sole and absolute discretion, unvested Performance Rights will lapse in accordance with the Rules, which includes (without limitation):

- (i) if the Vesting Conditions applicable to that Performance Right are not achieved by the relevant time;
- (ii) if the Board determines in its sole and absolute discretion that any Vesting Condition applicable to that Performance Right has not been met and cannot be met prior to the Expiry Date; or

- (iii) if the holder becomes Insolvent.
- (j) **(Transfer of Performance Rights):** The Performance Rights are not transferable unless they have vested and then only with the prior written approval of the Board and subject to compliance with the Corporations Act and the ASX Listing Rules.
- (k) **(Quotation of Performance Rights):** No application for quotation of the Performance Rights will be made by the Company.
- (l) **(Change of control):** In the event that a Change of Control Event occurs or the Board determines that either such an event is likely to occur before the Vesting Conditions are met, the Board will have a discretion whether to allow the vesting of the Performance Rights and on what terms. When determining the vesting of the Performance Rights, the Directors will take into consideration a number of criteria, but in particular the value to shareholders as a result of the event.
- (m) **(Participation in entitlements and bonus issues):** Subject always to the rights under items (n) and (o), the holder of the Performance Rights will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (n) **(Adjustment for bonus issue):** If securities are issued pro-rata to shareholders generally by way of bonus issue (other than an issue in lieu of dividends by way of dividend reinvestment), the number of Performance Rights to which the holder is entitled will be increased by that number of securities which the holder would have been entitled if the Performance Rights held by the holder were converted immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Listing Rules at the time of the bonus issue.
- (o) **(Reorganisation of capital):** In the event that the issued capital of the Company is reconstructed, all the holder's rights as a holder of Performance Rights will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the holder's economic and other rights are not diminished or terminated.

8.4 Information required by ASX in-principle confirmation

ASX has confirmed that the terms of the 5,130,815 Performance Rights proposed to be issued by the Company to Directors and key management personnel are appropriate and equitable for the purposes of Listing Rule 6.1 subject to the provision of the information set out below:

Requested Information	
Party or parties to whom the Performance Rights are to be issued	The Performance Rights will be issued to: (a) Maurice (Nic) Matich (Executive Director & CEO); (b) Adam Schofield (Non-executive Chairman); (c) Greg Jones (Non-executive Director);

	(d) Glenn Simpson (Non-executive Director); and (e) Apolinario Pateguana (to be employed as In-country Manager).
Relationship the recipient of the Performance Rights or an associate of the recipient has with the entity (e.g. as a promoter, director, employee or security holder of, or adviser to, the entity)	The recipients are the Directors of the Company and Mr Pateguana, who the Board has resolved to employ as In-country Manager.
Reason for issue (e.g. acquisition, remunerate or incentivise a director or employee, reward a promoter or adviser, or reward or encourage a service provider)	The Performance Rights are being issued to incentivise the recipients and are not ordinary course of business remuneration securities.
Details of the role (if any) the Director or employee will play in meeting the respective performance milestones	The Directors are responsible for determining the strategic direction of the Company and allocating resources to the Company's projects in line with the Company's goals. Accordingly, the Directors will provide the framework and be ultimately responsible for achieving the Milestones. The In-country Manager will be responsible for managing the Company's affairs in Mozambique and also relaying information to the Company that may assist in the Company in the development of the Port Gregory Project.
Details of the total remuneration package of the recipients.	The Directors' remuneration is set out in Sections 6.5 and 6.6. The Board has resolved to employ Apolinario Pateguana as In-country Manager and intends to pay Mr Pateguana an annual salary of \$30,000 USD.
If the Director or employee or any of their associates hold Securities, details of those Securities and the amounts paid.	The Directors' interests are set out in Section 6.5. The Directors have been issued Securities in the Company under a range of circumstances and issue prices, including cash subscriptions, loan conversions and issues as consideration for services for nominal or nil issue prices. As at the date of the Prospectus, Apolinario Pateguana holds 497,329 Shares and 750,000 Options.
An explanation of why it is considered necessary to further remuneration or	The number of Performance Rights has been determined with consideration of the recipients' remuneration packages and the

incentives the Directors or employers to achieve the applicable Milestones.	remuneration paid to directors and management of other comparable listed entities. The Company considers it appropriate to include a security component to the recipients' remuneration package to align the interests of the recipients with shareholders, and to conserve the Company's cash reserves.
Details of how the Company determined the number of Performance Rights to be issued to the director or employee and why it considered that number to be reasonable.	The Company considers that an investment in the Securities to be highly speculative and believe that it is appropriate that the Directors and In-country Manager have a high proportion of their remuneration package "at risk" to better align their remuneration packages with an investment in the Company. The issue of Performance Rights generally displaces other forms of remuneration, such as a cash salary, and accordingly assists entities preserve cash. The Company had reference to ASX Guidance Note 19 and its industry peers in determining what number of Performance Rights was appropriate and equitable.

8.5 Summary of the Company's Employee Securities Incentive Plan

The Heavy Minerals Limited Plan (**Plan**) was adopted by the Board on or about the date of this Prospectus. The full terms of the Plan may be inspected at the registered office of the Company during normal business hours. A summary of the terms of the Plan is set out below. It is intended that both the Executive and Non-Executive Directors will participate in the Plan. As at the date of this Prospectus no Director currently participates or is proposed to participate in the Plan.

(a) **(Eligible Participant):** Eligible Participant means a person that:

- (i) is an "eligible participant" (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order 14/1000); and
- (ii) has been determined by the Board to be eligible to participate in the Plan from time to time.

(b) **(Maximum allocation)**

- (i) The Company must not make an offer of Securities under the Plan where the total number of Plan Shares that may be issued, or acquired upon exercise of Plan Convertible Securities offered, when aggregated with the number of Shares issued or that may be issued as a result of offers made under the Plan at any time during the previous 3 year period would exceed 5% of the total number of Shares on issue at the date of the offer.
- (ii) The maximum number of equity securities proposed to be issued under the Plan for the purposes of the Listing Rules is 5,000,000 (**ASX Limit**),

meaning that the Company may issue up to the ASX Limit under the Plan, without seeking Shareholder Approval and without reducing its placement capacity under Listing Rule 7.1.

- (c) **(Purpose):** The purpose of the Plan is to:
- (i) assist in the reward, retention and motivation of Eligible Participants;
 - (ii) link the reward of Eligible Participants to Shareholder value creation; and
 - (iii) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.
- (d) **(Plan administration):** The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.
- (e) **(Eligibility, invitation and application):** The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.
- On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part. If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.
- (f) **(Grant of Securities):** The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.
- (g) **(Terms of Convertible Securities):** Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.
- Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.
- (h) **(Vesting of Convertible Securities):** Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the

avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

- (i) **(Exercise of Convertible Securities and cashless exercise):** To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

- (j) **(Delivery of Shares on exercise of Convertible Securities):** As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.
- (k) **(Forfeiture of Convertible Securities):** Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (i) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.

- (l) **(Change of control):** If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
- (m) **(Rights attaching to Plan Shares):** All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, **(Plan Shares)** will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.
- (n) **(Disposal restrictions on Securities):** If the invitation provides that any Plan Shares or Convertible Securities are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share or Convertible Security is subject to any disposal restrictions under the Plan, the Participant will not:

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (ii) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

Notwithstanding any other provision of the Plan, where a Plan Share or Convertible Security is issued in reliance on the Company satisfying the start-up company requirements in section 83A-33 of the *Income Tax Assessment Act 1997* (Cth) (**Tax Act**), a legal or a beneficial interest in the Convertible Security may not be disposed of until the earlier of:

- (i) the Eligible Participant to whom the Convertible Securities were offered under an invitation becoming neither an employee nor a director of the Company;
 - (ii) three (3) years after the acquisition date of the Convertible Security;
 - (iii) a disposal under an arrangement which meets the requirements in section 83A-130 of the Tax Act;
 - (iv) such time as the Commissioner of Taxation allows in accordance with section 83A-45(5) of the Tax Act; and
 - (v) the Board determines that the Commissioner of Taxation is reasonably likely to allow a disposal of the Convertible Security under section 83A-45(5) of the Tax Act.
- (o) **(Adjustment of Convertible Securities):** If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction,

return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

- (p) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.
- (q) **(Amendment of Plan):** Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

- (r) **(Plan duration):** The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting at the direction of the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

8.6 Effect of the Offers on control and substantial Shareholders

Those Shareholders holding an interest in 5% or more of the Shares on issue as at the date of this Prospectus are as follows. See Section 2.2 for further details on each of the Shareholders' holdings listed in the tables below.

Name	Number of Shares	% of Shares
Adam Schofield	3,029,183	14.50

Name	Number of Shares	% of Shares
Glenn Simpson	2,963,445	14.18
Ajava Holdings Pty Ltd (Peter Cook) ⁽¹⁾	2,295,555	10.99
Sidhu Navin Sarajeet	1,960,520	9.38
Greg Jones	1,579,078	7.56

Note:

1. 1,427,885 Shares are held by Ajava Holdings Pty Ltd, an entity controlled by Peter Cook. Mr Cook has also been issued 867,670 Shares in his personal capacity in lieu of monies owed pursuant to a Convertible Loan Agreement.

Based on the information known as at the date of this Prospectus, and assuming only the Minimum Subscription is achieved, on Admission the following persons will have an interest in 5% or more of the Shares on issue:

Name	Number of Shares	% of Shares
Adam Schofield	3,029,183	5.90
Glenn Simpson	2,963,445	5.78

8.7 Interests of promoters, experts and advisers

(a) No interest except as disclosed

Other than as set out below or elsewhere in this Prospectus, no persons or entity named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds at the date of this Prospectus, or held at any time during the last two years, any interest in:

- (i) the formation or promotion of the Company;
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or
- (iii) the Offers,

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the Offers.

(b) Share registry

Automic Group has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications

received pursuant to this Prospectus and will be paid for these services on standard industry terms and conditions.

(c) **Auditor**

Criterion has been appointed to act as auditor to the Company. The Company estimates it will pay Criterion a total of \$13,000 (excluding GST) for these services.

During the 24 months preceding lodgement of this Prospectus with ASIC, Criterion has been paid approximately \$6,500 (excluding GST) for these services.

(d) **Australian Lawyers**

HWL Ebsworth Lawyers (**HWLE**) has acted as the Australian Lawyers to the Company in relation to the Offers. The Company estimates it will pay HWLE \$70,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates.

(e) **Mozambique Lawyers**

SAL & Caldeira Advogados, LDA has acted as the Mozambique Lawyers to the Company in relation to the Offers. The Company estimates it will pay USD 15,000 AU\$19,200 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates.

During the 24 months preceding lodgement of this Prospectus with ASIC, SAL & Caldeira Advogados, LDA has provided legal services to the Company, the total value of these services was \$48,342 (excluding GST). These services were in respect of the Mining Concession Licence Application, preparation of the Solicitor's Report for the Inhambane Project and for the Company's general corporate matters.

(f) **Independent Geologist - Australian assets**

Mining Insights has acted as the Independent Geologist to the Offers in respect of the Port Gregory Project. The Company has paid Mining Insights a total of \$18,000 (excluding GST) for these services.

During the 24 months preceding lodgement of this Prospectus with ASIC, Mining Insights has not provided any other services to the Company.

(g) **Independent Geologist - Mozambique assets**

SRK has acted as the Independent Geologist to the Offers in respect of the Inhambane Project. The Company estimates it will pay SRK a total of AU\$90,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, SRK has provided services to the Company to the total value of \$11,765 (excluding GST).

(h) **Investigating Accountant**

Criterion has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report which is included in Annexure A of this Prospectus. The Company estimates it will pay Criterion a total of \$5,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC,

Criterion has been paid approximately \$2,500 (excluding GST) for services to the Company.

(i) **Lead Manager**

Foster Stockbroking has acted as the Lead Manager to the Capital Raising Offer. Details of the payments to be made to the Lead Manager are set out in Section 7.1. During the 24 months preceding lodgement of this Prospectus with ASIC, the Lead Manager has not provided services to the Company.

8.8 **Consents**

(a) Each of the parties referred to below:

- (i) do not make the Offers;
- (ii) does not make or purport to make any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below or elsewhere in this Prospectus;
- (iii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below; and
- (iv) has given and has not, prior to the lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion of the statements in this Prospectus that are specified below in the form and context in which the statements appear.

(b) **Share Registry**

Automatic Group has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as Share Registry of the Company in the form and context in which it is named.

(c) **Auditor**

Criterion has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as auditor of the Company in the form and context in which it is named.

(d) **Australian Lawyers**

HWLE has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Australian Lawyers to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Solicitor's Report at Annexure B in the form and context in which it is included.

(e) **Mozambique Lawyers**

Sal & Caldeira Advogados, Lda has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Mozambique Lawyers to the Company in the form and context in

which it is named and has given and not withdrawn its consent to the inclusion of the Solicitor's Report at Annexure C in the form and context in which it is included.

(f) **Independent Geologist - Australian Assets**

Mining Insights has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Independent Geologist to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Independent Geologist's Report at Annexure D in the form and context in which it is included.

(g) **Independent Geologist - Mozambique Assets**

SRK has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Independent Geologist to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Independent Geologist's Report at Annexure E in the form and context in which it is included.

(h) **Investigating Accountant**

Criterion has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Investigating Accountant to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Independent Limited Assurance Report at Annexure A in the form and context in which it is included.

(i) **Lead Manager**

Foster Stockbroking has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Lead Manager to the Capital Raising Offer in the form and context in which it is named.

8.9 Expenses of Offers

The total approximate expenses of the Offers payable by the Company are:

	\$
ASX quotation and ASIC lodgement fee	80,540
Legal fees	90,000
Investigating accountant fees	20,000
Lead Manager fees ¹	339,000
Independent Geologists' fees	15,000
Printing, postage and administration fees	2,460
Total	547,000

Note 1: Details of the payments to be made to the Lead Manager are set out in Section 7.2.

8.10 Continuous disclosure obligations

Following Admission, the Company will be a 'disclosing entity' (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Shares (unless a relevant exception to disclosure applies). Price sensitive information will be publicly released through ASX before it is otherwise disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to ASX. In addition, the Company will post this information on its website after ASX confirms that an announcement has been made, with the aim of making the information readily accessible to the widest audience.

8.11 Litigation

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company (or any other member of the Group) is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company or the Group.

8.12 Electronic Prospectus

Pursuant to Regulatory Guide 107 ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Shares in response to an electronic application form, subject to compliance with certain provisions. If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

8.13 Documents available for inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 8.8 of this Prospectus.

8.14 **Statement of Directors**

The Directors report that after due enquiries by them, in their opinion, since the date of the financial statements in the Independent Limited Assurance Report in Annexure A, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

9. **Authorisation**

The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by:



Adam Schofield
Non-Executive Chairman

Dated: 27 July 2021

10. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

+258 Limitada	means +258 Limitada.
+258 Agreement	means the agreement between the Company, +258 Limitada and Galilei LDA dated 19 April 2016.
+258 Licence	means Mining Concession 10255C, for which approval is pending.
+258 Licence Fee	has the meaning in Section 7.1(b).
AU\$ or \$	means Australian dollars.
Admission	means admission of the Company to the Official List, following completion of the Offers.
Admission Letter	means a conditional admission letter from the ASX.
Applicant	means a person who submits an Application Form.
Application	means a valid application for Securities pursuant to this Prospectus.
Application Form	means the application forms attached to this Prospectus.
Application Monies	means application monies for Securities under the Offers received and banked by the Company.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited (ACN 008 624 691) or, where the context requires, the financial market operated by it.
ASX Settlement	means ASX Settlement Pty Limited (ACN 008 504 532).
ASX Settlement Rules	means ASX Settlement Operating Rules of ASX Settlement Pty Ltd ABN 49 008 504 532.
Board	means the board of Directors of the Company.
Broker	means any ASX participating organisation selected by the Company in consultation with the Lead Manager to act as a broker to the Capital Raising Offer.
Broker Firm and Institutional Offer	means the offer of Shares pursuant to this Prospectus to Australian resident investors and Institutional Investors in Australia, New Zealand, the United Kingdom, Singapore, Hong Kong and Germany and who have received a firm allocation from their Broker, as described in Section 1.7(b).

Capital Raising Offer	means the offer of a minimum of 27,500,000 Shares to be issued at a price of \$0.20 per Share to raise a minimum of \$5,500,000 (before costs) and comprises the Broker Firm and Institutional Investor Offer and Chairman's List Offer.
Chairman's List Offer	means the offer of up to 5,000,000 Shares to raise up to \$1,000,000 (before costs) as described in Section 1.7(c).
CHESS	means the Clearing House Electronic Subregister System operated by ASX Settlement.
Closing Date	means the date that the Offers close which is 5.00pm (WST) on 18 August 2021 or such other time and date as the Board determines.
Company	means Heavy Minerals Limited (ACN 647 831 883).
Constitution	means the constitution of the Company.
Convertible Loan Agreement	has the meaning given in Section 7.3.
Convertible Loan Agreement Shares	has the meaning given in Section 7.3.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth), as amended from time to time.
Director and Management Options	means 5,000,000 Options issued to the Directors and key management personnel of the Company on the terms set out in Section 8.2.
Directors	means the directors of the Company.
Electronic Prospectus	means the electronic copy of this Prospectus located at the Company's website https://heavyminerals.com/ .
Expenditure Requirement	has the meaning given in Section 7.1(b).
Exploration Target	has the meaning given in Section 2.1.
Existing Options	means 3,782,226 unquoted Options issued to existing unrelated Shareholders of the Company on the terms set out in Section 8.2.
Exposure Period	means the period of seven days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than seven days pursuant to section 727(3) of the Corporations Act.
Foster Stockbroking	means Foster Stockbroking Pty Limited (ACN 088 747 148).
Further Works	has the meaning given in Section 2.6.
Galilei	means Galilei LDA.

Gianni	means Peter Romeo Gianni.
Gianni Agreement	means the agreement between the Company and Gianni dated 30 March 2020, as detailed in Section 7.1(a).
Gianni Options	means 1,000,000 Options issued to Gianni on the terms set out in Section 8.2 as part consideration under the Gianni Agreement.
Gianni Tenements	means exploration licences EL66/102, EL70/5130, EL70/5160, EL70/5161 and EL70/5314.
Government Approval	has the meaning given in Section 2.1.
Group	means the Company and the Group Subsidiaries.
Group Subsidiaries	has the meaning given in Section 2.3.
GST	means Goods and Services Tax.
In-country Manager	means the Company's in-country manager in Mozambique, Mr Apolinario Pateguana.
Indicative Timetable	means the indicative timetable for the Offers on page ix of this Prospectus.
Independent Geologist	means either or both Mining Insights Pty Ltd (ACN 623 973 311) (in respect of the Port Gregory Project) and SRK Consulting (Australasia) Pty Ltd (ACN 074 271 720) (in respect of the Inhambane Project).
Independent Geologists' Reports (Port Gregory Project)	means the report contained in Annexure D.
Independent Geologists' Reports (Inhambane Project)	means the report contained in Annexure E.
Independent Limited Assurance Report	means the report contained in Annexure A.
Inhambane Obligations	has the meaning given in Section 7.1(b).
Inhambane Project	means the Inhambane mineral sands project located in Mozambique, comprised of Mining Concession 10255C, for which approval is pending.

Initial Expenditure Requirement	has the meaning given in Section 7.1(b).
Institutional Investors	means persons to whom offers or invitations can be made without the need for a lodged prospectus pursuant to section 708 of the Corporations Act (other than section 708(1)) and, in the case of investors in New Zealand, the United Kingdom, Singapore, Hong Kong and Germany, comply with the eligibility requirements set out in Sections 1.18(b), 1.18(c), 1.18(e), 1.18(d) and 1.18(f) respectively.
Investigating Accountant	means Criterion Audit Pty Ltd (ACN 165 181 822).
Issue Date	means the date, as determined by the Directors, on which the Securities offered under this Prospectus are allotted, which is anticipated to be the date identified in the Indicative Timetable.
Lead Manager	means Foster Stockbroking Pty Limited (ACN 088 747 148).
Lead Manager Mandate	means the mandate entered between the Company and the Lead Manager dated 12 May 2021 for the provision of corporate advisory services.
Lead Manager Offer	means the offer of 4,000,000 Lead Manager Options to the Lead Manager (or its nominees).
Lead Manager Options	means the issue of 4,000,000 unquoted Options to the Lead Manager (or its nominees) on terms set out in Section 8.2 as part consideration for lead manager services provided to the Company.
Listing Rules	means the listing rules of ASX.
Mining Equities	means Mining Equities Pty Ltd (ACN 627 501 491).
MRPL	means Mozmin Resources Pty Ltd (ACN 165 833 358).
Milestone	has the meaning given in Section 8.3(a).
Minimum Subscription	means the raising of \$5,500,000 pursuant to the Capital Raising Offer.
Mining Act	means the <i>Mining Act 1978</i> (WA), as amended.
Mining Concession	has the meaning in Section 2.4(b).
Mozmin Mauritius	means the Company's wholly-owned subsidiary, Mozmin (Mauritius) Limited (incorporated in Mauritius).
Offers	means the Capital Raising Offer and the Lead Manager Offer.
Offer Price	means \$0.20 per Share under the Capital Raising Offer.
Official List	means the official list of ASX.

Official Quotation	means official quotation by ASX in accordance with the Listing Rules.
Opening Date	means the date specified as the opening date in the Indicative Timetable.
Option	means an option to acquire a Share.
Performance Right	means a performance right that can convert into a Share subject to the satisfaction of vesting conditions, the terms of which are set out in Section 8.3.
Plan	means the Heavy Minerals Limited Employee Securities Incentive Plan.
Port Gregory Project	means the Port Gregory Garnet mineral sands project located in the Shire of Northampton in the mid-west coastal region of Western Australia.
Port Gregory Tenements	has the meaning in Section 2.4(a).
Projects	means the Port Gregory Project and the Inhambane Project.
Prospectus	means this prospectus dated 27 July 2021.
Recommendations	means the 4 th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
Relevant Interest	has the meaning given in the Corporations Act.
Section	means a section of this Prospectus.
Securities	means any securities, including Shares, Options or Performance Rights, issued or granted by the Company.
Share	means a fully paid ordinary share in the capital of the Company.
Share Swap	has the meaning given in Section 2.1.
Share Registry	means Automic Group Pty Ltd (ACN 624 985 422).
Shareholder	means a holder of one or more Shares.
Sign-on Bonus	has the meaning given in Section 7.4(a).
Solicitor's Report (Port Gregory Project)	means the report set out in Annexure B.
Solicitor's Report (Inhambane Project)	means the report set out in Annexure C.

Tenements	means all the tenements comprising the Port Gregory Project and the Mining Concession comprising the Inhambane Project, as outlined in Section 2.4.
Total Heavy Mineral or THM	means all minerals with a specific gravity of greater than 2.85, and includes but is not limited to Zircon, Rutile, Leucoxene, Ilmenite and Garnet.
USD	means United States Dollars
WST	means Western Standard Time, being the time in Perth, Western Australia.

Annexure A Independent Limited Assurance Report

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 233 LEEDERVILLE WA 6902

Suite 2, 642 Newcastle Street
LEEDERVILLE WA 6007

Phone: 9466 9009

27 July 2021

PRIVATE & CONFIDENTIAL

The Board of Directors
Heavy Minerals Limited
Level 11
London House, 216 St Georges Tce
PERTH WA 6000

Dear Sirs

Investigating Accountants Report ("Report") on the Historical and Pro Forma Historical Financial Information of Heavy Minerals Limited

Introduction

Criterion Audit Pty Ltd ("Criterion") has been engaged by Heavy Minerals Limited ("Heavy" or the "Company") to report on the historical information of the Company and Mozmin Resources Pty Ltd ("Mozmin") for the years ended 30 June 2020 and half year ended 31 December 2020 and Pro Forma Historical Financial Information of the Company and Mozmin as at 31 December 2020 for inclusion in a Prospectus of the Company dated on or around 27 July 2021, to be issued in connection with the Company's initial public offer of a minimum of 27,500,000 fully paid ordinary shares ("Shares") to be issued at a price of \$0.20 per Share to raise a minimum of \$5.5 million (before costs) (the "Offer"), pursuant to which the Company is seeking to list on the Australia Securities Exchange ("ASX").

Expressions and terms defined in the document have the same meaning in this Report. This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

Scope

You have requested Criterion to perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Historical Financial Information

You have requested Criterion to review the following historical financial information (together the "Historical Financial Information") of Heavy and Mozmin included in the Prospectus:

- the audited/reviewed historical Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020 and half year ended 31 December 2020;

- the audited/reviewed historical Statement of Cash Flows for the year ended 30 June 2020 and half year ended 31 December 2020; and
- the audited/reviewed historical Statement of Financial Position as at 30 June 2020 and 31 December 2020.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The Historical Financial Information has been extracted from the financial reports for the year ended 30 June 2020 and half year ended 31 December 2020 which was audited/reviewed by Criterion in accordance with Australian Auditing Standards. Criterion issued unmodified audit opinions/conclusions on the financial reports with material uncertainty related to going concern.

Pro Forma Historical Financial Information

You have requested Criterion to review the following pro forma historical financial information (together the "Pro Forma Historical Financial Information") of Heavy included in the Prospectus:

- the pro forma historical Statement of Financial Position as at 31 December 2020.

The pro forma historical financial information has been derived from the historical financial information of Heavy and Mozmin, after adjusting for the effects of the subsequent events and pro forma adjustments described in Section 5 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 5 of the Prospectus, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the company's actual or prospective financial position.

The pro forma historical financial information has been compiled by Heavy to illustrate the impact of the events or transactions described in Section 5 of the Prospectus on Heavy's financial position as at 31 December 2020. Note that Heavy was only incorporated on 10 February 2021.

The pro-forma historical financial information has been prepared by adjusting the statement of financial position of the Company as at 31 December 2020 to reflect the financial effects of the subsequent events which have occurred since 31 December 2020 and the pro forma transactions which are yet to occur, but are proposed to occur following completion of the Offer as disclosed in Section 5 of the Prospectus.

Directors' Responsibility

The directors of Heavy are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusion

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information for Heavy and Mozmin comprising:

- the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020 and half year ended 31 December 2020;
- the Statement of Cash Flows for the year ended 30 June 2020 and half year ended 31 December 2020; and
- the Statement of Financial Position as at 30 June 2020 and 31 December 2020.

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 5 of the Prospectus

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information for the Company comprising:

- the Statement of Financial Position as at 31 December 2020.

is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 5 of the Prospectus.

Restriction on Use

Without modifying our conclusions, we draw attention to Section 5 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Consent

Criterion has consented to the inclusion of this Investigating Accountant's Report in this disclosure document in the form and context in which it is so included (and at the date hereof, this consent has not been withdrawn), but has not authorised the issue of the disclosure document. Accordingly, Criterion makes no representation or warranties as to the completeness and accuracy of any information contained in this disclosure document, and takes no responsibility for, any other documents or material or statements in, or omissions from, this disclosure document.

Liability

The Liability of Criterion Audit Pty Ltd is limited to the inclusion of this report in the Prospectus. Criterion Audit Pty Ltd makes no representation regarding, and takes no responsibility for any other statements, or material in, or omissions from the document.

Declaration of Interest

Criterion Audit Pty Ltd does not have any interest in the outcome of this transaction or any other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Criterion Audit Pty Ltd will receive normal professional fees for the preparation of the report.

Yours faithfully



CHRIS WATTS CA
Director
Criterion Audit Pty Ltd

Annexure B Solicitor's Report (Port Gregory Project)

23 July 2021

The Directors
Heavy Minerals Limited
Level 11, London House
216 St George's Terrace
Perth, WA 6000

Dear Directors

Heavy Minerals Limited
Solicitor's Report – Mining Tenements

This report has been prepared for Heavy Minerals Limited (ACN 647 831 883) (**Company**) for inclusion in the Company's prospectus (**Prospectus**) issued in connection with the Company's application for the admission of the ordinary shares of the Company to the Official List of the ASX.

1. Scope

We have been requested to report on five granted exploration licences (prefixed 'E') (collectively referred to as the '**Tenements**') which are all located in Western Australia, and which the Company will acquire pursuant to the Sale Agreement (defined below).

Key details of the Tenements are set out in Schedule 1 of this Report and must be read in conjunction with this Report.

2. Searches

For the purposes of this Report, we have conducted searches and made enquiries in respect of the Tenements as follows:

- (a) searches of the tenements on the register maintained by the Department pursuant to the Mining Act on 10 June 2021 (**DMIRS Searches**);
- (b) quick appraisal user searches of the Tengraph system maintained by the Department on 10 June 2021 (**Tengraph Searches**);
- (c) searches of the schedule of native title applications, register of native title claims, national native title register, register of indigenous land use agreement and national land use agreements as maintained by the NNTT for any native title claims (registered or unregistered), native title determinations and ILUAs that overlap or apply to the Tenements on 11 June 2021 (**NNTT Searches**); and

Adelaide
Brisbane
Canberra
Darwin
Hobart
Melbourne
Norwest
Perth
Sydney

Doc ID 848562203/v7

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hwlebsworth.com.au

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- (d) searches from the online Aboriginal Heritage Inquiry System (**AHIS Searches**) maintained by the Department of Aboriginal Affairs for any Aboriginal sites registered on the Register of Aboriginal Sites and other heritage places over the Tenements on 10 June 2021.

3. Scope

The purpose of this Report is to determine and identify, as at the time of the offer under the Prospectus:

- (a) the interests held by the Company in the Tenements;
- (b) any third party interests, including encumbrances, in relation to the Tenements;
- (c) any material issues existing in respect of the Tenements;
- (d) the good standing, or otherwise, of the Tenements; and
- (e) any concurrent interests in the land the subject of the Tenements, including other mining tenements, private land, pastoral leases, native title and Aboriginal heritage.

This Report is limited to the matters contained within and, for example, does not consider risks and issues (such as any additional approvals) that may arise in relation to the development of a mining project on the Tenements and any subsequent mining and processing of ore.

4. Summary of key items and overview of risk factors

4.1 Title

- (a) As at the date of this Report, the Company, through its wholly owned subsidiary, Mozmin, has a beneficial interest in the Tenements, as follows: E66/102, E70/5130, E70/5160 and E70/5161 are held by Gianni and will be transferred to Mozmin within 15 business days of the Company receiving the conditional admission letter from the ASX, in accordance with the Sale Agreement. For further information, refer to paragraph 9 of this Report;
- (b) E70/5314 is held by Mining Equities and will be transferred to Mozmin within 15 business days of the Company receiving the conditional admission letter from the ASX, in accordance with the Sale Agreement. E70/5314 is within its first year of grant and until it reaches its first year of grant (being 1 December 2021), cannot be transferred to Mozmin without the prior written consent of the Minister. Should Mozmin wish to transfer E70/5314 without the consent of the Minister, it will need to facilitate the transfer after 1 December 2021. For further information, refer to paragraph 9 of this Report; and
- (c) There is a risk that the Tenements will not be transferred to Mozmin or that the transfer is delayed. However, we consider this risk low given that there are no express conditions precedent in the Sale Agreement and that

completion will be triggered once the Company has received a conditional admission letter from the ASX. The risk is also minimised as Gianni (and in the case of E70/5314, Mining Equities) must hold the legal title to each of the Tenements on trust for Mozmin and provide Mozmin with access to the Tenements to conduct exploration activities until such time that legal title in all of the Tenements passes to Mozmin. The transfer of the Tenements (aside from E70/5314) will not require the consent of the Minister to be transferred to Mozmin. For further information, refer to paragraph 9 of this Report.

4.2 Native title

The existence of native title determinations or claims over the area covered by the Tenements, or a subsequent determination of native title over the area, will not impact the rights or interests of the holder under the Tenements provided the Tenements have been or will be validly granted in accordance with the Native Title Act.

The grant of any future tenure to the Company over areas that are covered by registered claims or determinations will likely require engagement with the relevant claimants or native title holders (as relevant) in accordance with the Native Title Act.

For information on native title affecting the Tenements, please see paragraph 6.9 for details.

Our Searches also indicate that the Tenements are all subject to an ILUA, for further information on the ILUA, please see paragraph 6.10 below for further details.

4.3 Aboriginal Heritage

The Searches indicate that there are ten registered Aboriginal heritage sites, two registered 'other' Aboriginal heritage places and six applications for 'other' Aboriginal heritage places which have been lodged within Tenements E66/102, E70/5130 and E70/5161.

E66/102 and E70/5161 are also subject to a RSHA which imposes exclusion zones of up to 300 metres prohibiting exploration activities around certain Aboriginal sites located on these Tenements. For further information, refer to paragraph 7.6 of this Report.

However, there remains a risk that additional Aboriginal sites or places may exist on the land the subject of the Tenements. The existence of such sites may preclude or limit mining activities in certain areas of the Tenements or cause delays in the progression of the development of a mine.

See paragraph 7 below for further details.

4.4 **Overlapping Tenure**

Our Searches indicate that the Tenements overlap with land that is the subject of other rights, including:

- (a) File Notation Areas (**FNA**), the details of which are set out in paragraph 8.1 of this Report; and
- (b) certain 'C' Class Crown Reserves and in the case of E70/5161, one 'A' Class Reserve, the details of which are set out in paragraph 8.4 of this Report.

Any delays or costs in respect of conflicting third-party rights, obtaining necessary consents, or compensation obligations, may adversely impact the Company's ability to carry out exploration or mining activities within the affected areas.

4.5 **Environmental Risks**

Tenements E70/5161 and E70/5314 encroach on sites which have been gazetted as "rare flora" under the *Wildlife Conservation Act 1950* (WA) and E70/5161 encroaches a threatened ecological community. For further information, please refer to paragraph 8.2.

Our Searches also indicate that Tenements E66/102, E70/5130 and E70/5161 encroach on areas which are dieback risk zones. For further information, please refer to paragraph 8.3.

The existence of these environmentally sensitive areas and requirements for the Company to prepare necessary management plans and obtain additional approvals may impact or delay the Company's ability to carry out exploration or mining activities within the affected areas.

5. **Tenements**

The following provides a description of the nature and key terms of the Tenements (including potential successor tenements) that may be granted under the Mining Act which are relevant to the Tenements the subject of this Report.

5.1 **Exploration Licences**

- (a) Licence area and authority

The holder of an exploration licence is entitled to enter the land for the purposes of exploring for minerals with employees, contractors and such vehicles, machinery and equipment as may be necessary or expedient. An exploration licence will not be granted over land the subject of an existing mining tenement other than a miscellaneous licence.

- (b) Term and extension

Exploration licences are granted for a term of 5 years. The Minister has discretion to extend the exploration licence for one further period of 5 years

and then by further 2 year periods if satisfied that a prescribed ground for extension exists.

(c) Other conditions

Exploration licences are granted subject to various standard conditions, including conditions relating to minimum expenditure, the payment of prescribed rent and observance of Aboriginal heritage, environmental protection and reporting requirements. A failure to comply with these conditions or obtain an exemption from compliance may lead to forfeiture of the exploration licence.

(d) Relinquishment requirement

Exploration licences of more than 10 blocks applied for after 10 February 2006 are subject to a requirement that the holder relinquishes 40% of the tenement area at the end of the sixth year that the licence is held. A failure to lodge the required partial surrender could render the exploration licence liable to forfeiture.

(e) Retention status

The holder of an exploration licence applied for after 10 February 2006 may apply for retention status for the exploration licence. The Minister may approve the application where there is an identified mineral resource in or under the land the subject of the exploration licence, but it is impractical to mine the resource for prescribed reasons. Where retention status is approved, the minimum expenditure requirements are reduced in the year of grant and cease in future years, however, the Minister has the right to impose a programmed of works or require the holder to apply for a mining lease.

(f) Transfer during first year

During the first year of grant of an exploration licence, a legal or equitable interest in or affecting the exploration licence cannot be transferred or otherwise dealt with, whether directly or indirectly, without the prior written consent of the Minister. Exploration licences can otherwise be transferred without the requirement to obtain the consent of the Minister.

(g) Right to apply for mining lease

The holder of an exploration licence has priority to apply for a mining lease over any land subject to the exploration licence. Any application for a mining lease must be made prior to the expiry of the exploration licence. The exploration licence remains in force until the application for the mining lease is determined.

(h) Rent and expenditure requirements

Annual rent is payable for an exploration licence and the holder of an exploration licence must comply with the prescribed minimum expenditure

conditions unless the holder has been granted an exemption (in whole or part) from those conditions by the Minister. An exemption to the minimum expenditure conditions will only be granted on certain grounds set out in the Mining Act or at the discretion of the Minister. A failure to comply with expenditure requirements, unless an exemption is granted, renders the exploration licence liable to forfeiture or the Minister imposing a monetary penalty as an alternative.

5.2 Mining Leases

(a) Application

- (i) Any person may lodge an application for a mining lease, although a holder of a prospecting licence, exploration licence or retention licence over the relevant area has priority. The Minister decides whether to grant an application for a mining lease.
- (ii) The application, where made after 10 February 2006, must be accompanied by either a mining proposal or a statement outlining mining intentions and a "mineralisation report" indicating there is significant mineralisation in the area over which a mining lease is sought. A mining lease accompanied by a "mineralisation report" will only be approved where the Director, Geological Survey considers that there is a reasonable prospect that the mineralisation identified will result in a mining operation.

(b) Rights

The holder of a mining lease is entitled to mine for and dispose of any minerals on the land in respect of which the lease was granted. A mining lease entitles the holder to do all acts and things necessary to effectively carry out mining operations.

(c) Term and transfer

A mining lease has a term of 21 years and may be renewed for successive periods of 21 years. Where a mining lease is transferred before a renewal application has been determined, the transferee is deemed to be the applicant. The consent of the Minister is required to transfer a mining lease.

(d) Conditions

Mining leases are granted subject to various standard conditions, including conditions relating to expenditure, the payment of prescribed rent and royalties and observance of environmental protection and reporting requirements. An unconditional performance bond may be required to secure performance of these obligations. A failure to comply with these conditions may lead to forfeiture of the mining lease. For the purpose of this Report, we have only summarised material conditions and endorsements relating to the Tenements in Schedule 1.

(e) Royalty

A royalty is payable to the State of Western Australia in relation to minerals obtained from the land that is the subject of a mining lease granted under the Mining Act. In Western Australia, there are two systems used to collect mineral royalties:

- (i) *specific rate* - calculated as a flat rate per tonne produced and generally applies under legislation to low value construction and industrial minerals. The rates on production between 1 July 2015 and 30 June 2025 are 73 cents per tonne and 117 cents per tonne; and
- (ii) *ad valorem* - calculated as a percentage of the 'royalty value' of the mineral, which applies under the Mining Regulations. The royalty value is broadly calculated as the quantity of the mineral in the form in which it is first sold, multiplied by the price in that form, minus any allowable deductions. The ad valorem royalty rate takes into account price fluctuations and material grades as follows:
 - (A) bulk material (subject to limited treatment) - 7.5% of the royalty value;
 - (B) concentrate material (subject to substantial enrichment through a concentration plant) - 5% of the royalty value; and
 - (C) metal - 2.5% of the royalty value.
- (f) Mining Rehabilitation Fund

The holders of all mining tenements, except those tenements covered by special agreements with the State of Western Australia not listed in the *Mining Rehabilitation Fund Regulations 2013* (WA), are required to participate in the Mining Rehabilitation Fund. This is a pooled fund to which Western Australian mining operators contribute and the money is used to rehabilitate abandoned mine sites in Western Australia. Tenement holders with an annual rehabilitation liability of \$50,000 or less are not required to contribute.

6. Native title

6.1 General

- (a) On 3 June 1992, the High Court of Australia held in *Mabo v. Queensland (No. 2)* (1992) 175 CLR 1 that the common law of Australia recognises a form of native title. The Native Title Act came into effect on 1 January 1994, largely in response to the decision in *Mabo v. Queensland (No. 2)* (1992) 175 CLR 1.
- (b) The law in Australia recognises that Aboriginal people may hold native title rights and interests in respect of their land. Native title exists where Aboriginal people have maintained a traditional connection to their land and waters, provided it has not been extinguished.

- (c) The grant of a mining tenement also creates rights in respect of land. Those mining tenement rights may affect (ie be inconsistent with) certain native title rights and interests. As a general statement, those mining tenement rights will be invalid as against any native title rights, unless made valid by certain procedures in the Native Title Act.

6.2 Native title claims

- (a) The Native Title Act sets out a process by which Aboriginal people may seek a determination by the Federal Court that they hold native title rights and interests. Whilst the Federal Court is assessing the claimed native title rights and interests, a Registrar of the NNTT will assess whether the native title claim meets certain registration requirements set out in the Native Title Act, and if so, the native title claim will be entered on the Register of Native Title Claims (**RNTC**). If the Federal Court determines that the claimed native rights and interests exist, details of the determined native title claim (and the determined native title rights held) are then entered on the National Native Title Register (**NNTR**).
- (b) If a claim for native title is entered on the RNTC, or a determined claim is entered on the NNTR, the Native Title Act provides the claimants / holders with certain rights, including procedural rights where a 'future act' is proposed. An example of a 'future act' is the grant of a mining tenement.
- (c) The Native Title Act sets out when 'acts' will be 'valid' in the event they affect (ie are inconsistent with) native title, however, this process need only apply where native title exists (a determined native title claim entered on the NNTR) or is claimed to exist (a native title claim entered on the RNTC). The 'acts' can be a proposed activity or development on land and waters. A common example in Western Australia is the proposed grants of mining tenements by the Department.

6.3 'Past Acts' (ie grants of mining tenements): Prior to 1 January 1994

The Native Title Act permits, and all States and Territories of Australia have passed, legislation validating certain 'acts' which were done before 1 January 1994. In Western Australia, that legislation is the *Titles (Validation) and Native Title (Effect of Past Acts) Act 1995* (WA). It provides that all 'acts' (eg grants of mining tenements) prior to 1 January 1994 are valid to the extent they affect native title.

6.4 'Future Acts' (ie proposed grants of mining tenements): After 1 January 1994

- (a) Generally, a 'future act' is an 'act' (eg grant of mining tenement) occurring after 1 January 1994 which affects native title.
- (b) The Native Title Act sets out the circumstances in which, and procedures by which, 'future acts' will be valid should that 'act' affect native title.
- (c) Such circumstances include if the 'act' was done in certain circumstances between 1 January 1994 and 23 December 1996 (called 'Intermediate Period Acts'), or if the 'act' is permitted by an Indigenous Land Use Agreement (**ILUA**), or if certain procedures are to be followed where a claim

for native title is entered on the RNTC, or a determined claim is entered on the NNTR. Such procedures include the 'Right to Negotiate Procedure' and the 'Expedited Procedure'. The key elements of these processes are outlined below.

6.5 Right to Negotiate Procedure

- (a) Under the Right to Negotiate Procedure the native title party whose details are registered on the RNTC or NNTR, the applicant for the mining tenement and the relevant State or Territory (collectively, the **Negotiation Parties**) are required to negotiate in good faith with a view to the native title party agreeing to the proposed future act.
- (b) The scope of the negotiations includes any matters relating to the effect of the grant of the future act on the claimed or determined native title rights and interest. Where the future act is the proposed grant of an exploration or prospecting licence, usually an agreement is reached which aims to protect Aboriginal heritage. This is because exploration licences confer only limited rights to the registered holder of the licence, conferring rights to conduct exploration and disturb the land for that purpose.
- (c) Where the future act is the proposed grant of a mining lease, the negotiations and resulting agreement are usually more complex, as the nature of rights granted for a mining lease contemplates substantial ground disturbance over a portion of the area granted. Such an agreement may address employment and training, environmental rehabilitation, Aboriginal heritage protection, cultural awareness and the payment of compensation.
- (d) If the Negotiation Parties negotiate in good faith but cannot reach agreement as to the doing of the future act, then provided at least 6 months have elapsed since the S29 Notice, any party (in most cases the applicant for the mining tenement) may apply to the NNTT for a determination as to whether the future act may be done, and if so, on what conditions.

6.6 Expedited Procedure

- (a) If the proposed future act (ie grant of the tenement) is not likely to interfere with the activities or sites of significance of the registered native title party or involved major disturbances to land or waters, a simplified process may apply (known as the Expedited Procedure). A registered native title party may object to this process and, if it does, the NNTT must determine the validity of the objection (which may result in the Expedited Process not being able to be followed).
- (b) Current Department policy is that it will process applications for exploration and prospecting licences through the Expedited Process once the applicant provides evidence by way of a statutory declaration / affidavit that a regional standard heritage agreement (**RSHA**) exists or has been signed by the proponent and sent to any affected registered Native Title Claimant (**NTC**) group (if any) or that an alternative heritage agreement exists between the NTC group and the explorer. If this cannot be demonstrated, the Right to Negotiate Procedure will apply.

6.7 **ILUA**

An ILUA is an agreement which has been authorised by the native title claimant group and has been registered with the NNTT. An ILUA binds the parties to the ILUA and also all persons holding native title to the relevant area that may not be a party. If an ILUA provides that any particular mining tenement(s) may be granted, then the relevant mining tenement(s) may be granted as provided for by the ILUA, generally without following other procedures, including the Right to Negotiate Procedure or the Expedited Procedure.

6.8 **Compensation**

In certain circumstances holders of native title (a determined native title claim that is registered on the NNTR) may be entitled to apply under the Native Title Act to the Federal Court for compensation for any effect on their native title. The Mining Act provides that holders of mining tenements are liable for such compensation where awarded by reason of their mining tenements having affected native title. Consequently, if it has been, or is in the future, determined that native title exists over any of the land the subject of a mining tenement (or granted future act) and the holders of the native title apply to the Federal Court for compensation, the holder of the tenement may be liable and directed to pay any compensation determined.

6.9 **Native title claims and determinations affecting the Tenements**

The NNTT Searches in respect of the Tenements indicate that all of the Tenements wholly (100%) lie within the registered determined native title claim of Yamatji Nation (NNTT file number WCD2020/001). This claim was determined on 7 February 2020 and came into effect on 26 October 2020.

The existence of any native title claims over the area covered by the Tenements, or a subsequent determination of native title over the area, will not impact the rights and interests of the holder under the Tenements provided they have been validly granted.

However, the grant of any future tenure over areas that are covered by a registered claim or a positive determination of native title will require engagement with the relevant claimants or native title holders (as relevant) in accordance with the Native Title Act.

6.10 **Indigenous Land Use Agreements**

The Searches indicate that all of the Tenements are wholly (100%) subject to the Yamatji Nation Indigenous Land Use Agreement (**Yamatji Nation ILUA**) which was registered on 30 July 2020. The ILUA is a standard agreement that is binding on the parties (which includes the State of Western Australia) and acts as an alternative to a determination of native title over the area.

The Yamatji Nation ILUA was negotiated between the people of the Yamatji Nation and the Western Australian State Government, primarily, and provides the people of the Yamatji Nation with a package of benefits that compensates them for acts that have impaired or extinguished their native title. In exchange for the benefits awarded

to the people if the Yamatji Nation, the future act regime has been removed from the area of the Yamatji Nation ILUA.

Under the Yamatji Nation ILUA, any mining tenements granted after the registration of the Yamatji Nation ILUA, will be subject to a condition which will require the tenement holder, prior to exercising any rights under the tenement, to execute and enter into either an Aboriginal heritage agreement with the Yamatji Southern Regional Corporation (**Regional Entity**) or a Yamatji Proponent Standard Heritage Agreement (**YPSHA**) with the Regional Entity and maintain such agreement for the term of the tenement. The Aboriginal heritage agreement and YPSHA are standard and uniform documents which are intended to assist the parties in complying with the WA Heritage Act and provides a clear, timetabled framework about their various Aboriginal heritage obligations.

A statutory declaration will need to be provided to the Minister once the Aboriginal heritage agreement or YPSHA (as the case may be) has been signed and offered to the Regional Entity, as evidence that the condition imposed on the relevant tenement has been complied with.

E70/5314, has been granted with the condition requiring the tenement holder to enter into an Aboriginal heritage agreement or YPSHA in respect to the Yamatji Nation ILUA. In respect to this condition, we are advised that the YPSHA for E70/5314 with the Regional Entity has been entered in to on 18 June 2021.

6.11 Compliance with the Validity of Tenements

With respect to the Tenements, we have assumed that, prior to grant, the Department was satisfied that the Native Title Act had been complied with. Provided that the Tenements are validly granted in accordance with the Native Title Act, they will be valid as against native title rights and interests.

7. Aboriginal heritage

7.1 General

Aboriginal heritage is protected by both Commonwealth legislation as well as legislation in each State and Territory of Australia.

7.2 Commonwealth Legislation

The Commonwealth Heritage Act is aimed at the preservation and protection of any Aboriginal objects that may be located on the Tenements.

Under the Commonwealth Heritage Act, the Minister for Aboriginal Affairs may make interim or permanent declarations of preservation in relation to significant Aboriginal areas or objects, which have the potential to halt exploration activities. Compensation is payable by the Minister for Aboriginal Affairs to a person who is, or is likely to be, affected by a permanent declaration of preservation.

It is an offence to contravene a declaration made under the Commonwealth Heritage Act.

We have not undertaken any searches in respect of the Commonwealth Heritage Act for the purposes of this Report.

7.3 **Western Australian legislation**

The provisions of the WA Heritage Act are endorsed on all tenements in Western Australia.

The WA Heritage Act protects all Aboriginal sites in Western Australia which meet the criteria in section 5 of the WA Heritage Act.

It is an offence under the WA Heritage Act to excavate, destroy, damage, conceal or in any way alter an Aboriginal site or any object on or under an Aboriginal site, unless the person or company is acting with the authority of the registrar or the consent of the relevant Minister. The offence applies regardless of whether the Aboriginal site has been entered on the Register of Aboriginal sites. It is a defence if the person (or company) charged can prove that he did not know and could not reasonably be expected to have known, that the place or object was protected by the WA Heritage Act.

A holder of a Western Australian mining tenement has the legislative right to submit an application under the WA Heritage Act seeking approval to disturb or destroy an Aboriginal site.

7.4 **Proposed Aboriginal Heritage Bill**

On 2 September 2020, the WA State Government released the draft *Aboriginal Cultural Heritage Bill 2020 (ACH Bill)* which is intended to replace the current WA Heritage Act. The ACH Bill proposes that proponents of resources projects will (depending on the type of activity to be carried out on the tenements) need to apply for an Aboriginal Cultural Heritage Permit or obtain approval of an Aboriginal Cultural Heritage Management Plan.

The ACH Bill also establishes an Aboriginal Cultural Heritage Council, with broader functions, intended to replace the current Aboriginal Cultural Material Committee, introduces a 'tiered' approvals system and a 'continuous disclosure' obligation, gives broad ministerial powers to issue orders to stop activities, prohibit activities or enforce remediation, and imposes harsher penalties for carrying out activities which harm Aboriginal cultural heritage, failing to report on Aboriginal cultural heritage or non-compliance.

Public consultation on the ACH Bill closed on 9 October 2020 and around 157 submissions were received in relation to the ACH Bill, the vast majority of which did not support the ACH Bill. The WA State Government has not yet indicated a date on which the ACH Bill will be passed into law.

7.5 **Aboriginal sites and other heritage places on the Tenements**

The AHIS Searches of the Tenements identified ten registered Aboriginal heritage sites within Tenements E66/102, E70/5130 and E70/5161, as shown in the below table.

Registered Aboriginal Sites				
Tenement affected	Site ID	Site name	Status	Type
E66/102	5467	Woolawar Gully	Registered	Artefacts / Scatter, Skeletal Material / Burial
	5560	Northampton	Registered	Skeletal Material / Burial
	24416	Bowes River	Registered	Mythological, Natural Feature
E70/5130	4491	Lynton Station	Registered	Artefacts / Scatter, Skeletal Material / Burial
	4732	Graves	Registered	Skeletal Material / Burial
	5672	Hutt River	Registered	Painting
E70/5161	4940	Bowes River Mouth, South	Registered	Artefacts / Scatter, Midden / Scatter, Skeletal Material / Burial, Camp, Other
	5558	Horrocks Beach	Registered	Artefacts / Scatter, Camp
	5559	Willi Gulli Complex	Registered	Painting, Other: PA 37
	17164	Horrocks Beach	Registered	Artefacts / Scatter, Shell, Water Source
	24416	Bowes River	Registered	Mythological, Natural Feature

The AHIS Searches of the Tenements also identified eight 'other heritage places' which are either located or have been lodged within the Tenements, as shown in the below table.

Other Aboriginal Heritage Places				
Tenement affected	Site ID	Site name	Status	Type
E66/102	5630	Bowes River 1	Stored Data / Not a Site	Midden / Scatter
	15859	Coronation Beach Area	Lodged	Camp, Hunting Place
	32064	Howatharra Isolated Find	Lodged	Other: One isolated artefact
E70/5130	1027	Gill Hill	Stored Data / Not a Site	Artefacts / Scatter
	4790	Errinringy Pool	Lodged	Artefacts / Scatter
E70/5161	5630	Bowes River 1	Stored Data / Not a Site	Midden / Scatter
	5749	Bowes River, Northampton	Lodged	Skeletal Material / Burial
	17464	Horrocks-Northampton Road	Lodged	Skeletal Material / Burial
	18433	Horrocks Midden	Lodged	Artefacts / Scatter, Midden, Scatter, Ochre

A total of six of the other Aboriginal heritage places summarised above have been lodged but are not registered. As of the date of this Report, it has not been assessed to determine whether these places meet the criteria to be registered as an Aboriginal site or heritage place.

In respect to Aboriginal heritage sites, the AHIS search results do not mean that there are no other Aboriginal sites within the area of the Tenements. It is only an indication that no other Aboriginal sites have been registered in the area to date.

7.6 Aboriginal heritage agreements affecting the Tenements

As discussed above at paragraph 6.6, Department policy provides that applications for exploration licences will generally not be processed for grant through the Expedited Procedure unless the applicant for the licence provides evidence that an appropriate Aboriginal heritage agreement has been entered into with any affected registered Native Title Claimant (**NTC**) (if any).

Aboriginal heritage agreements will generally include a process of engagement between the parties to protect Aboriginal heritage. This process includes the

undertaking of heritage surveys to identify Aboriginal site. A procedure is usually included for the parties to consider the proposed works on the tenements, and decide on the best course of action given any potential impacts the proposed works may have on Aboriginal sites.

The Company has provided us with the following information in relation to the regional standard heritage agreements (**RSHA**) (or other heritage agreements) that relate to the Tenements:

Tenement(s)	RSHA details	Key provisions
E66/102 E70/5130 E70/5160 E70/5161	Heritage Agreement (Pre - Native Title Determination) dated 25 October 2018 between Peter Romeo Gianni and The Yamatji Marlpa Aboriginal Corporation as agent for the Hutt River Claimant Group (as amended by variation deed dated 9 November 2018).	Gianni must not enter or conduct any exploration activities or other activities within the external boundaries of the following areas: • 200 metre buffer zone around the Woolawar Gully Site (ID 5467) located on Tenement E66/102; • 200 metre buffer zone around the Northampton Site (ID 5560) located on Tenement E66/102; and • 300 metre buffer zone around the Bowes River Site (ID 24416) located on Tenements E66/102 and E70/5161. Gianni must not make an application to enter or excavate from exclusion zones above pursuant to sections 16 and 18 of the WA Heritage Act.

The entry into Aboriginal heritage agreements is not a requirement of the WA Heritage Act but is an industry standard means of managing the risk of contravention of the WA Heritage Act where there is a NTC or other claim group with a recognised connection to the relevant land.

8. Land access

8.1 File Notation Areas

File Notation Areas (**FNAs**) are generally an indication of areas:

- (a) where Government has proposed some change of land tenure that is being considered or endorsed by the Department for possible implementation; or
- (b) areas of some sensitivity to activities by the mineral resource industry that warrants the application of specific tenement conditions.

The existence of an FNA will not, of itself, prevent the grant of a tenement or preclude exploration or mining activities.

FNAs may relate to land in respect of which Ministerial approval is sought under section 16(3) of the Mining Act. Section 16(3) requires prior Ministerial approval be obtained for any Crown land that is in a mineral field to be leased, transferred in fee simple, or otherwise disposed of under the provisions of the *Land Administration Act 1997* (WA).

The Searches indicates that the following Tenements are overlapped by various FNA as further detailed in the table below.

FNA	Tenement (% overlap)	Description shown on Tengraph Search
14543	E66/102 (100%) E70/5130 (100%) E70/5160 (100%) E70/5161 (100%) E70/5314 (100%)	File Notation Area - Yamatji Nation Indigenous Land Use Agreement Area (formerly GASA) Geraldton Alternative Settlement Agreement.
2168	E66/102 (24.04%) E70/5130 (16.12%) E70/5161 (17.71%)	File Notation Area - Coastal Squatter Control.
8059	E66/102 (1.95%)	File Notation Area - Port of Geraldton.
15762	E70/5130 (0.01%)	File Notation Area - Proposed new lease, over UCL Lot 12110 and UCL (PIN 987671), Yallabatharra. Section 16(3) clearance.
14947	E70/5130 (0.08%)	File Notation Area - Proposed Section 91 LAA Licence, for 'Access for off Road Tours', over portions of Reserves 35206 and 36615 and unnumbered UCL and UCL Victoria LOC 7901, Lot 350, LOT 11441, Gregory Town Lots 1, 2 and 5, road and closed road and unnumbered UCL, Gregory and Yallabatharra.
15045	E70/5130 (19.3%) E70/5160 (17.13%)	File Notation Area - Yamatji Nation - Proposed Unclassified Conservation Park Geraldton Alternative Settlement Agreement (GASA).

FNA	Tenement (% overlap)	Description shown on Tengraph Search
15090	E70/5130 (2.21%) E70/5314 (39.9%)	File Notation Area - Proposed LAA Part IV Reserve with power to lease for social, cultural and/ or economic benefit Geraldton Alternative Settlement Agreement (GASA).
15458	E70/5130 (0.57%) E70/5161 (2.94%)	File Notation Area - Highest priority extraction areas for BRM. SGS identified by DMIRS as strategic, long-term supplies of BRM requiring protection. State Planning Policy 2.4 (draft) Signif. Geological Supplies.
15515	E70/5130 (0.08%) E70/5161 (0.48%)	File Notation Area - Proposal to amend management order of Reserve 49842, being Lot 300, to include power to lease, Sandy Gully. Section 16(3) clearance.
8035	E70/5130 (18.14%)	File Notation Area - Section 91 licence for sea power generation - Geraldton site.
8696	E70/5130 (1.08%) E70/5160 (17.13%)	File Notation Area - Proposed Nature Reserve - Hutt Lagoon.
8700	E70/5130 (22.28%)	File Notation Area - Proposed Nature Reserve Lot 50 & Victoria LOCS 11182 & 11183.
13749	E70/5161 (0.06%)	File Notation Area - Proposed compulsory acquisition of Lot 501, to create a reserve for a waste water treatment plant with management order to Water Corporation, Little Bay Road, Sandy Gully, Shire of Northampton. Section 41 and 46 LAA Section 16(3) clearance. Notice of intention to take area - refer to DPLH.
2744	E70/5161 (0.2%)	File Notation Area - Horrocks Wastewater Pumping Station & Treatment Facility & Land Requirements.
11835	E70/5314 (10.92%)	File Notation Area - Proposed reservation of portion of Lot 11831 PL 3114/1219 Northampton Section 16 (3) Clearance.

8.2 Rare Flora and Threatened Ecological Communities

The Searches indicate that Tenements E70/5161 and E70/5314 encroach on sites (being site 93020 for E70/5161 and site 91305 for E70/5314) which have been gazetted as "rare flora" under the *Wildlife Conservation Act 1950* (WA). These are sensitive sites and details are not generally released to the public and are not displayed on Tengraph. E70/5161 and E70/5314 are subject to endorsements which place the onus on the tenement holder to contact the DBCA to receive the population details and information on the management of the rare flora present within the tenement area.

E70/5161 also encroaches a threatened ecological community (specific details have not been obtained). A threatened ecological community is an ecological community

which is at risk of extinction. E70/5161 is also subject to an endorsement whereby the tenement holder is required to contact the Threatened Species and Communities Unit of the DBCA for detailed information on management on the threatened ecological community.

8.3 Dieback Risk Zones

Tenements E66/102, E70/5130 and E70/5161 encroach on areas which are dieback risk zones, as shown in the below table.

Tenement	Dieback Risk Zone encroachment (%)
E66/102	99.06%
E70/5130	48.64%
E70/5161	96.66%

These tenements are subject to conditions whereby prior to commencing exploration activities, a dieback management plan must be provided to the Department for assessment and approval. Once the dieback management plan is approved, all exploration activities must comply with the dieback management plan.

The Company has advised that it is preparing a dieback management plan for E66/102, E70/5130 and E70/5161 in accordance with the 'Management of Dieback Disease in Mineral Exploration' guidelines issued by the Department.

8.4 Crown Reserves

Our Searches indicate that the land the subject of E66/102, E70/5130, E70/5160 and E70/5161 overlap several Crown Reserves, as shown in the below table.

ID	Tenement (% overlap)	Description shown on Tengraph Search
R 12003	E66/102 (0.01%)	"C" Class Reserve - Trigonometrical Station.
R 25300	E66/102 (1.95%)	"C" Class Reserve - for the purposes of the <i>Port Authorities Act 1999</i> (WA).
R 43137	E70/5130 (0.04%)	"C" Class Reserve - Historic Building and Farm.
R 43472	E70/5130 (<0.01%)	"C" Class Reserve - Public recreation.

R 44181	E70/5130 (0.06%)	"C" Class Reserve - Historic Building and Farm.
R 44328	E70/5130 (0.01%)	"C" Class Reserve - Historic Quarry and Farm.
R 48569	E70/5130 (0.01%)	"C" Class Reserve - Historic Church Site.
R 48584	E70/5130 (0.32%)	"C" Class Reserve - Foreshore.
R 49842	E70/5130 (0.08%)	"C" Class Reserve - Recreation, camping and foreshore protection.
R 46843	E70/5160 (0.02%)	"C" Class Reserve - Water.
R 21450	E70/5161 (0.05%)	"C" Class Reserve - Recreation.
R 29151	E70/5161 (0.12%)	"A" Class Reserve - Recreation.
R 29152	E70/5161 (0.05%)	"C" Class Reserve - Caravan Park.
R 37037	E70/5161 (<0.01%)	"C" Class Reserve - Water.
R 37038	E70/5161 (0.01%)	"C" Class Reserve - Public Recreation.
R 43807	E70/5161 (0.04%)	"C" Class Reserve - Rubbish Disposal Site.
R 48726	E70/5161 (<0.01%)	"C" Class Reserve - Public Recreation.
R 48817	E70/5161 (0.01%)	"C" Class Reserve - Emergency Services Centre.
R 49643	E70/5161 (0.02%)	"C" Class Reserve - Public Recreation.
R 49842	E70/5161 (0.48%)	"C" Class Reserve - Recreation, Camping and Foreshore Protection.

A Crown Reserve refers to land set aside or “reserved” for a designated purpose (ie for parks, recreation, drainage or church sites) and is managed by the State of Western Australia or designated management authority/agency.

There are three different categories of Crown Reserves, with Class A having the highest form of protection, Class B having a medium form of protection and Class C, which forms the vast majority of reserves, having a lower level of protection.

The existence of a Crown Reserve may require additional approvals or plans to be implemented by the Company in order to progress with exploration activities on the Tenements. In respect to the above Tenements, although the encroachment on the various Crown Reserves is minimal, conditions have been imposed on the Tenements requiring the prior written consent of the Minister before commencing any exploration activities on the reserves.

9. **Sale Agreement - Peter Romeo Gianni (Mining Equities Pty Ltd) and Mozmin Resources Pty Limited**

For the a summary of the Sale Agreement, please refer to Section 6.1(a) of the Prospectus.

10. **Definitions**

In this Report:

ACH Bill means the *Aboriginal Cultural Heritage Bill 2020*.

AHIS Searches has the meaning given in paragraph 2(d).

ASX means the ASX Limited (ABN 98 008 624 691).

Commonwealth Heritage Act means the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth).

Company means to be renamed Heavy Minerals Limited (ACN 647 831 883).

DBCA means the Department of Biodiversity Conservation and Attractions.

Department or **DMIRS** means the Western Australian Department of Mines, Industry Regulation and Safety.

DMIRS Searches has the meaning given in paragraph 2(a).

Federal Court means the Federal Court of Australia.

FNA means a File Notation Area.

Gianni means Peter Romeo Gianni.

ILUA has the meaning given in paragraph 6.4(c).

Material Contracts means any agreements summarised in paragraph 9.

Mining Act means the *Mining Act 1978* (WA).

Mining Equities means Mining Equities Pty Ltd (ACN 627 501 491).

Mining Regulations means the *Mining Regulations 1981* (WA).

Minister means the Minister under the Mining Act.

Mozmin means Mozmin Resources Pty Ltd (ACN 165 833 358).

Native Title Act means the *Native Title Act 1993* (Cth).

Negotiation Parties has the meaning given in paragraph 6.5(a).

NNTT means the Australian National Native Title Tribunal.

NNTT Searches has the meaning given in paragraph 2(c).

NTC has the meaning given in paragraph 6.6(a).

Prospectus has the meaning given in the opening paragraph of this document.

Report means this document, including any schedule or annexure to this document.

RNTC has the meaning given in paragraph 6.2(a).

Sale Agreement means the tenement sale agreement between Mozmin and Gianni (Mining Equities) dated 30 March 2020 and as varied by a letter deed dated 22 March 2021.

Searches means the searches referred to in paragraph 2.

Tenements means the tenements set out in Schedule 1 and Tenement means any one of them.

Tengraph Searches has the meaning given in paragraph 2(b).

WA Heritage Act means the *Aboriginal Heritage Act 1972* (WA).

11. Qualifications and assumptions

11.1 General

This is a high level report covering material legal issues affecting the Tenements and does not purport to cover all possible issues which may affect the Tenements. This Report is given only as to, and based on, circumstances and matters of fact existing and known to us on the date of this Report.

11.2 Assumptions

This Report is based on, and subject to, the following assumptions (in addition to any assumptions expressed elsewhere in this Report):

- (a) any instructions, documents and information given by the Company or any of its officers, agents or representatives are accurate and complete;
- (b) that the registered holder of a Tenement has valid legal title to the Tenement;
- (c) unless apparent from the Searches or the information provided to us, we have assumed compliance with the requirements necessary to maintain each Tenement in good standing;
- (d) where a Tenement has been granted, the future act provisions of the Native Title Act have been complied with;

- (e) all information obtained from the Department, the NNTT and any other governmental or regulatory department referred to in this Report is accurate and complete;
- (f) the Company has complied with the terms and conditions of the relevant legislation and any applicable agreements;
- (g) this Report does not cover any third party interests, including encumbrances, in relation to the Tenements that are not apparent from the Searches and the information provided to us;
- (h) all facts stated in documents, and responses to requests for further information, and other material on which we have relied in this Report are and continue to be correct, and no relevant matter has been misstated or withheld from us (whether deliberately or inadvertently);
- (i) that there are no other documents or materials other than those which were disclosed to us and which we were instructed to review, which related to the matters examined;
- (j) the Material Agreements have been duly executed and the copies of the Material Agreements made available to us are accurate, complete and conform to the originals of the Material Agreements and there have been no material breaches of the Material Agreements.

11.3 **Qualifications**

This Report is subject to the following qualifications:

- (a) there may be native title, Aboriginal heritage or other third party agreements of which we are not aware;
- (b) the information in Schedule 1 is accurate as at the date of the relevant Searches. We do not comment on whether any changes have occurred in respect of the Tenements between the date of the Searches and the date of this Report;
- (c) this Report is based only upon the information and materials which are described in this Report. There may be additional information and materials (of which we are unaware) which contradict or qualify that which we have described;
- (d) a recording in the mining tenement register of a person's holding in a mining tenement is not absolute proof of that person's entitlement to the tenement. The mining tenement system is not based on a system of indefeasibility by registration;
- (e) a registered mining tenement holder's entitlement to a tenement can be defective if there were procedural defects in the original grant of a tenement or if there are any subsequent dealings with a tenement. We are unable to confirm whether there are any such defects in the Tenements disclosed in

this Report without a detailed review of the register for each Tenement and other matters;

- (f) this Report relates only to the laws of Western Australia and the Commonwealth of Australia in force at the date of this Report and we do not express or imply any opinion as to the laws at any other time or of any other jurisdiction;
- (g) in the performance of our enquiries for this Report, we have acted on the Company's written and oral instructions as to the manner and extent of enquiries to be conducted;
- (h) this Report is strictly limited to the matters it deals with and does not extend by implication or otherwise to any other matter;
- (i) we have relied upon information provided by third parties, including various departments, in response to searches made, or caused to be made, and enquiries by us and have relied upon that information, including the results of Searches, being accurate, current and complete as at the date of its receipt by us;
- (j) references in the Schedules are taken from details shown on the Searches we have obtained from the relevant departments referred to in paragraph 2 above. We have not undertaken independent surveys of the land the subject of the Tenements to verify the accuracy of the Tenement areas or the areas of the relevant native title claims;
- (k) where compliance with the terms and conditions of the Tenements and all applicable provisions of the mining legislation and regulations in Western Australia and all other relevant legislation and regulations, or a possible claim in relation to the Tenements is not disclosed on the face of the searches referred to above, we express no opinion as to such compliance or claim;
- (l) where Ministerial consent is required, we express no opinion as to whether such consent will be granted, or the consequences of consent being refused, although we are not aware of any matters which would cause consent to be refused;
- (m) we have not conducted searches of the Database of Contaminated Sites maintained by the Department of Environment Conservation;
- (n) native title may exist in the areas covered by the Tenements. Whilst we have conducted searches to ascertain what native title claims, if any, have been lodged in the Federal Court in relation to the areas covered by the Tenements, we have not conducted any research on the likely existence or non-existence of native title rights and interests in respect of those areas. Further the Native Title Act contains no sunset provisions and it is possible that additional native title claims could be made in the future; and
- (o) Aboriginal heritage sites, sacred sites or objects (as defined in the WA Heritage Act or under the Commonwealth Heritage Act) may exist in the

areas covered by the Tenements regardless of whether or not that site has been entered on the relevant Register or is the subject of a declaration under the Commonwealth Heritage Act. We have not conducted any legal, historical, anthropological or ethnographic research regarding the existence or likely existence of any such Aboriginal heritage sites, sacred sites or objects within the area of the Tenements.

11.4 **Disclaimer**

HWL Ebsworth Lawyers has prepared this Report for the purposes of the Prospectus only, and for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Yours faithfully

A handwritten signature in blue ink that reads "HWL Ebsworth" followed by a stylized flourish.

HWL Ebsworth Lawyers

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Schedule 1 Tenement Summary

Tenement	Registered Holder (100%)	Status	Area	Application Date	Grant Date	Expiry Date	Minimum expenditure commitment (Current Year)	Notes
E66/102	Peter Romeo Gianni	Live	22 Blocks	12 February 2018	31 October 2018	30 October 2023	\$22,000 (2021)	1, 3, 4, 8, 9, 14
E70/5130	Peter Romeo Gianni	Live	25 Blocks	12 February 2018	19 November 2018	18 November 2023	\$25,000 (2021)	1, 5, 8, 10, 14, 15
E70/5160	Peter Romeo Gianni	Live	6 Blocks	12 April 2018	8 January 2019	7 January 2024	\$20,000 (2022)	1, 6, 11, 14
E70/5161	Peter Romeo Gianni	Live	15 Blocks	12 April 2018	9 May 2019	8 May 2024	\$20,000 (2022)	1, 3, 7, 8, 12, 14, 16
E70/5314	Mining Equities Pty Ltd	Live	3 Blocks	23 October 2019	2 December 2020	1 December 2025	\$15,000 (2021)	2, 13, 14, 17, 18

Notes:

The notes below refer to particular conditions and endorsements attached to the Tenements and other findings from the DMIRS Searches and Tengraph Searches. It is not an exhaustive list. For all conditions and endorsements attached to the Tenements, a search of the Department register should be consulted. For details of overlapping tenure and other interests, the Tengraph system should be consulted.

1. **Pending transfer of tenement:** Pursuant to the Sale Agreement, the Tenement will be transferred from Gianni to Mozmin.
2. **Pending transfer of tenement:** Pursuant to the Sale Agreement, the Tenement will be transferred from Mining Equities to Mozmin.
3. **No construction:** No construction of any building within a 500 metre strip from the coast line, without the prior written approval of the Minister being obtained.
4. **Minister consent - E66/102:** The prior written consent of the Minister is to be obtained before commencing any exploration activities on Trigonometrical Station Reserve 12003, for the purposes of the *Port Authorities Act 1999* (WA) Reserve 25300 and Foreshore, Seabed and Navigable Waters.
5. **Minister consent - E70/5130:** The prior written consent of the Minister is to be obtained before commencing any exploration activities on Public Recreation Reserve 43472, Historical Building and Farm Reserve 44181, Foreshore Reserve 48584, Recreation, Camping and Foreshore Protection Reserve 49842, Lynton Townsite and Foreshore, Seabed and Navigable Waters.
6. **Minister consent - E70/5160:** The prior written consent of the Minister is to be obtained before commencing any exploration activities on Water Reserve 46843.
7. **Minister consent - E70/5161:**
 - (a) the prior written consent of the Minister is to be obtained, with the concurrence of the Minister for Environment, before entering or commencing any prospecting or exploration activity on Recreation Reserve 29151; and
 - (b) the prior written consent of the Minister is to be obtained before commencing any exploration activities on Water Reserves 61 and 37037, Recreation Reserve 21450, Caravan Park Reserve 29152, Public Recreation Reserves 37038, 48726 and 49643, Rubbish Disposal Site Reserve 43807, Emergency Services Centre Reserve 48817, Recreation, Camping and Foreshore Protection Reserve 49842 and the Foreshore.

8. **Dieback management plan:** In areas of native vegetation within the tenement, no exploration activities commencing until the licensee provides a plan of management to prevent the spread of dieback disease (*Phytophthora* sp) to the Executive Director, Resource and Environmental Compliance, the Department for assessment and until written approval is received. All exploration activities thereafter must comply with the management plan.
9. **No interference, mining width and depth restrictions - E66/102:** No interference with Geodetic Survey Stations Teakle, Geraldton 109, Yarra and Number 17 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
10. **No interference, mining width and depth restrictions - E70/5130:** No interference with Geodetic Survey Stations DMH4, Geraldton 104 and Geraldton 105, Gill, Hutt and Menai and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
11. **No interference, mining width and depth restrictions - E70/5160:** No interference with Geodetic Survey Station Geraldton 162 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
12. **No interference, mining width and depth restrictions - E70/5161:** No interference with Geodetic Survey Stations Woollya, Terry, Geraldton 110 and 112 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
13. **Yamatji Nation ILUA - E70/5314:** The Yamatji Nation Indigenous Land Use Agreement applies to this Exploration Licence, and, before exercising any of the rights, powers or duties pursuant over the area of the licence the subject of the Yamatji Nation ILUA, the licensee must execute and enter into an Aboriginal Heritage Agreement with the Regional Entity or enter into a YPSHA (as defined in the Yamatji Nation ILUA) with the Regional Entity
14. **Water resource endorsements:**
 - (a) E66/102 is subject to certain endorsements in respect of water resource management areas and proclaimed ground water areas.
 - (b) E70/5130 is subject to certain endorsements in respect of water resource management areas.
 - (c) E70/5160, E70/5161 and E70/5314 are subject to certain endorsements in respect of water resource management areas and proclaimed ground water areas (Gascoyne).
15. **Heritage Places - E70/5130:** the land the subject of this licence affects a Heritage Place No. 1915 registered pursuant to the *Heritage of Western Australia Act 1990* (WA).

16. **Threatened Ecological Communities and Rare Flora Site - E70/5161:**
- (a) the land the subject of this licence may affect a Threatened Ecological Community. The licensee is advised to contact the DBCA - Threatened Species and Communities Unit for detailed information on management; and
 - (b) the land the subject of this licence affects a Rare Flora site (including Rare Flora Site 93020) declared under the *Wildlife Conservation Act 1950* (WA). The Licensee is advised to contact the DBCA to receive the population details and information on the management of Declared Rare Flora (or Priority Listed Flora) present within the tenement area.
17. **Rare Flora Site - E70/5314:** The land the subject of this licence affects a Rare Flora site (including Rare Flora Site 91305) declared under the *Wildlife Conservation Act 1950* (WA). The Licensee is advised to contact the DBCA to receive the population details and information on the management of Declared Rare Flora (or Priority Listed Flora) present within the tenement area.
18. **Land Administration Act - E70/5314:** The Licensee's attention is drawn to the provisions of section 55 of the *Land Administration Act 1997* (WA).

Annexure C Solicitor's Report (Inhambane Project)

Our reference
2109.003/CO0269/KMM/2021

21 July 2021

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Mozmin Resources (Mauritius) Limited

2nd Floor, Ebene House
33 Cybercity
72201 Ebene
Mauritius

(together, the "Addressees")

Subject: **LEGAL OPINION ON THE STANDING OF THE
APPLICATION FOR MINING CONCESSION No.
10255C, EMERGING FROM EXPLORATION
LICENSE No. 4658L**

Dear Sir or Madam:

We have been instructed by Mozmin Resources Pty Limited (hereinafter, the "Company") to issue a legal opinion concerning the legal framework for mining in Mozambique and the standing of the above-subject mining title, the applicant for which is +258 Limitada, a company incorporated under the laws of Mozambique, 70% of the equity capital of which is held by the Company (the "Mozambican Subsidiary").

This letter is issued in connection with the intention of Heavy Minerals Limited which, we are informed by the Company, is the Company's parent to apply for admission to official listing on the Australian Securities Exchange.

A SAL & Caldeira Advogados, Lda. é uma sociedade por quotas de responsabilidade limitada, constituída e registada em Moçambique sob o nº 100166070, que presta serviços jurídicos a partir do seu escritório principal na Av. Marginal Nº 4985, 1º andar - Prédio ZEN - Cx Postal 2830, Maputo, Moçambique

A SAL & Caldeira Advogados, Lda. é membro da DLA Piper Africa, a Swiss Verein composto por sociedades de advogados independentes de África que colaboram com a DLA Piper. A SAL & Caldeira Advogados, Lda. está registada junto à Ordem dos Advogados de Moçambique (<http://www.oam.org.mz/>).

I. LEGISLATION AND DOCUMENTS

For the purposes of this legal opinion, we examined the laws and regulations applicable in the Republic of Mozambique, specifically:

- a. Law No. 20/2014, of 18 August (“Mining Law”);
- b. Law No. 28/2014, of 23 September (“Mining Tax Law”);
- c. Decree No. 28/2015, of 28 December (“Mining Tax Law Regulation”);
- d. Decree No. 31/2015, of 31 December (“Mining Law Regulation”);
- e. Decree No. 54/2015, of 31 December (“Environmental Impact Assessment Regulation”); and
- f. Decree No. 26/2004, of 20 August (“Environmental Regulation for Mining Activities”),

as well as the documents related to the Mining Title listed in Schedule I (the “Documents”).

In this legal opinion, the following terms have the meaning attributed to them below:

"Binding Term Sheet"	means the binding term sheet between the Company, and +258 Limitada (formerly known as Pretty Company Limitada) dated 28 October 2013, as amended on 19 April 2016 to include Galilei as a party.
"DUAT"	means the right of use and enjoyment of land.
"Government"	means the Government of the Republic of Mozambique.
"INAMI"	means the National Institute of Mines.
"Mozambican Subsidiary"	means +258, Limitada.
"Exploration License"	means the Exploration License no. 4658L.
"Mining Concession Application"	means the application for Mining Concession no. 10255C emerging from Exploration License no. 4658L.
"Minister"	means the Minister of Mineral Resources and Energy.
"MIREME"	means the Ministry of Mineral Resources and Energy.

2. STATUS OF OPINION

We are qualified to practice law in Mozambique. The opinions given herein relate to Mozambican law as it exists and is interpreted at the date of this letter. We express no opinion as to the laws of any other jurisdiction and none is to be implied.

This opinion is governed by and shall be construed in accordance with Mozambican law. The opinions herein are given on the basis of the assumptions set out in Section 3 (Assumptions) and are subject to the qualifications set out in Section 6 (Qualifications).

In this Legal Opinion, the term “enforceable” means only that the relevant obligation is of a type which the Mozambican courts, generally, enforce. It does not mean that those obligations will necessarily be enforceable, or enforced, in all circumstances or in accordance with the terms of the Documents from which those obligations arise or that any particular remedy will be available.

3. ASSUMPTIONS

For the purposes of this Legal Opinion, we have assumed that:

- a) all documents provided to us as originals are authentic and complete, all signatures, stamps and seals on the documents submitted to us are genuine, and all documents provided to us as copies are complete and conform to the original documents;
- b) the signatures appearing on the documents examined by us are genuine;
- c) the parties to the documents have legal personality, are duly incorporated or organized, and are validly existing under the laws of their respective places of incorporation or organization, as the case may be;
- d) the parties to the Documents have the capacity, power and authority to execute and perform their obligations under the Documents;
- e) disregarding any matters arising under Mozambican law, the provisions of the Documents which are expressed to be subject to a law other than the law of the Republic of Mozambique are valid, legally binding and enforceable under the law to which they are expressed to be subject;
- f) the parties entered into the Documents in good faith and for *bona fide* commercial reasons and on arm’s length commercial terms;
- g) there are no other arrangements between the parties to the Documents which modify or supersede any of the terms thereof; and
- h) the execution and delivery of the Documents by each of the parties was a proper use of the powers of that party’s directors, acting in accordance with their duties and in good faith to promote the success of the relevant company for the benefit of its members as a whole, and:
 - i. the entry into and the exercise of its rights and performance of its obligations under the Documents to which it is a party will be of commercial benefit to the parties thereof; and
 - ii. none of the parties is or will be seeking to achieve any purpose not apparent from any of the Documents which might render any of them illegal or void.

4. LEGAL FRAMEWORK FOR MINING IN MOZAMBIQUE

4.1 The granting of an Exploration License in Mozambique

An exploration license may be granted either on application by an interested entity or through a public tender, to a legal person incorporated and registered in Mozambique, following an application letter to the Minister, submitted through INAMI.

This application must include:

- a) complete identification of the applicant, the headquarters, equity capital, the identification, nationality and domicile of the legal representative (*mandatário*);
- b) the mineral resources intended to be covered by the license;
- c) the intended area, identifying the cadastral units;
- d) the intended duration, which shall not exceed two years for mineral resources used in construction and five years for other mineral resources;
- e) the licensing form acquired at the place of submission of the application, duly filled in;
- f) proof of technical and financial capacity of the applicant;
- g) copy of the Official Gazette with the publication of the Articles of Association, or a notarized copy of the company incorporation certificate, including the identification of shareholders and the corresponding amount of the subscribed share capital and eventual modifications;
- h) work programs including the environmental management plan and the corresponding budget;
- i) proof of payment of the processing fee;
- j) applicant's Taxpayer Identification Number (*Número Único de Identificação Tributária – NUIT*);
- k) tax quitclaim; and
- l) any other relevant information that the applicant may wish to include.

4.2 Validity and Extension of an Exploration License

An exploration license is valid from its date of issuance until the term for which it is granted, which may not be longer than five years, renewable once for a further period of up to three years at the title holder's request, submitted at least 60 days before the expiry of the license. The approval of renewal is subject to the title holder having fulfilled all the statutory obligations applying to the license.

4.3 Rights and Duties of Exploration License holders

Subject to law, exploration license holders are permitted to:

- a) access the area and exclusively carry out prospecting and research activities;

- b) collect, remove, transport and export samples that do not exceed the acceptable limits and volumes for laboratory analysis according to patterns and criteria set out in specific legislation;
- c) carry out sampling and mining treatment tests in order to determine its content whenever the acceptable limits and volumes defined in the specific legislation are not exceeded;
- d) occupy the land, open access roads and build temporary facilities, campsites, constructions or buildings necessary for conducting the prospecting and research activities;
- e) use water, wood and other necessary materials for prospecting and research operations according to the applicable law and the observance of good mining and social and environmental practices;
- f) apply, with right of preference, for the licence which authorizes the prospecting and research of identified mineral resources for construction, identified in the area subject to the Exploration Licence; and
- g) apply, with right of preference, for the right to use and enjoy associated methane gas in the area subject to the prospecting and research licence for coal.

Pursuant to the mining legislation, the exploration license holder is required to, among other obligations:

- a) carry out at least 60% (sixty percent) of the annual work program approved for the exploration activities;
- b) submit by 28 February of each year the annual report of activities carried out in the previous calendar year, drafted in Portuguese, bound and in electronic copy;
- c) pay the taxes due;
- d) communicate through INAMI within 24 hours of any discovery of minerals to the Minister prior to public disclosure;
- e) progressively, release part of the initial area covered by the Exploration License; and
- f) submit by 30 March of each year of the exploration license, a work program to be conducted in the following year and the corresponding budget.

4.4 The granting of a Mining Concession in Mozambique

The holder of an exploration license has the right to the award of one or more mining concessions in relation to any area subject to that license. The mining concession shall be valid for 25 (twenty-five) years from the issuance date, renewable once for up to an equal period, not exceeding 50 (fifty) years in total.

To apply for a mining concession, whether directly or arising from an exploration license, the applicant shall submit the following:

- a) application form duly filled in and signed;
- b) an application letter addressed to the Minister;
- c) proof of technical and financial capacity;
- d) applicant's Articles of Association published in the official gazette (*Boletim da República*);
- e) final geological report;
- f) technical and financial feasibility study which must contain, among other items, the mining plan, information related to the work force, price, market and production scale studies and financial information;
- g) proof of payment of the processing fee;
- h) applicant's tax number (NÚT); and
- i) tax quitclaim.

4.5 Rights and Duties of the Holder of a Mining Concession

Subject to law, the mining concession holders are permitted to:

- a) access the covered area and carry out exclusively the extraction, development and processing of the mineral resources found, quantified and evaluated in the exploration phase;
- b) use and occupy the land for the purpose of carrying out the necessary operations and work, including building the required facilities and infrastructure for conducting the mining operations;
- c) use, for the purpose of the mining operations, water, wood and other forest materials observing the applicable law for use of these resources;
- d) store, transport, and process the mineral resources and treat contaminated waste in accordance with the respective environmental management legislation;
- e) perform mining activities in accordance with the approved mining plan and observing good mining and social and environmental practices;
- f) sell or alienate in another form the mineral products emerging from mining activities and operations;
- g) abandon, totally or partially, the area covered by the mining concession, according to the rehabilitation and mine closure plan;
- h) use part of the area of the mining concession required for agriculture and animal farming, in adequate proportions for personal consumption.

Under the mining legislation, the mining concession holder is required, among other obligations, to:

- a) commence the activities and mining operations within a maximum period of 24 months, counting from the issuance date of the mining concession;
- b) commence mining production within a maximum period of 48 months, counting from the issuance date of the mining concession;
- c) demarcate the area by means of concrete marks easily identifiable, within a maximum period of 365 days in accordance with the applicable law, from the issuance date of the rights of use and enjoyment of land or resizing of the area;
- d) conduct the mining exploration activities in accordance with the mining plan;
- e) submit reports of the mining activity;

- f) pay the taxes due; and
- g) submit by 30 March each year, a work program and the corresponding budget to be implemented in the following year, as well as the mineral products sales plan.

4.6 Compensation

In instances in which an exploration license or a mining concession is issued in respect of an area in which another person already has land rights, such person's rights will be deemed terminated once fair compensation is paid by the license or concession holder to the holder of such prior rights.

4.7 Termination of Mining Titles

Mining titles can be terminated as follows:

- a) by expiration;
- b) total abandonment of the area;
- c) revocation by the Government on grounds available under the Mining Law and Mining Law Regulation, when, with 60 days' prior notice, the titleholder is notified of the intention to revoke the title and the underlying reasons;
- d) cancellation of the mining title if upon 60 days' notice that the mining title has been granted, the applicant does not collect it.

4.8 Fees for Applications and Renewals

The fees relating to applications and renewals of exploration licenses are as follows:

PROCESS	AMOUNT (MT) ¹
Fee for registration of application	4,000.00
Issuance fee	4,000.00
Fee for late submission of application for renewal	10,000.00
Fee for renewal	10,000.00

The fees relating to applications and renewals of mining concessions are as follows:

PROCESS	AMOUNT (MT) ²
Fee for registration of application	5,000.00
Issuance fee	7,000.00
Fee for late submission of application for renewal	20,000.00

¹ At the date of this opinion the exchange rate is approximately 63,50 MT / 1.00 USD

² Ibid.

Fee for renewal	50,000.00

4.9 Fees for Amendments, including Transfers

The fees relating to amendments of exploration licenses, including transfers thereof, are as follows:

PROCESS	VALUE(MT) ³
Fees for application of transfer of title	200,000.00
Fees for registration of transfer of titles	150,000.00
Fees for an application for extension of area	200,000.00
Fees for registration of extension of area	20,000.00

The fees relating to amendments of mining concessions, including transfers thereof, are as follows:

PROCESS	VALUE(MT) ⁴
Fees for application of transfer of title	300,000.00
Fees for registration of transfer of titles	200,000.00
Fees for of application for extension of area	300,000.00
Fees for registration of extension of area	30,000.00

4.10 Surface Tax

Surface tax is an annual tax levied in respect of mining titles, including exploration licenses. It is payable by the holders of such titles. Surface tax is calculated on the basis of the number of hectares of the area under license. Rates vary according to the type of the mining title, the nature of the mineral resource and the period the license has been held.

The surface tax relating to exploration licenses are set forth in the table below:

MINERAL RESOURCES	AMOUNT (MT) ⁵
All minerals	1 st and 2 nd year: 17.50/ ha

³ Ibid.

⁴ Ibid.

⁵ Ibid.

	3 rd year: 43.75/ha
	4 th and 5 th year: 91.00/ha
	6 th year: 105.00/ha
	7 th and 8 th year: 210.00

The surface tax relating to mining concessions are set forth in the table below:

MINERAL RESOURCES	VALUE(MT) ⁶
Mineral water	85.000,00/mining title
Other mineral resources	1 st to 5 th year: 30.00/ha
	6 th year onwards: 60.00

4.11 Production Tax (Royalties)

Production tax is levied on the value of the quantity of mineral products extracted within Mozambican territory, regardless of the eventual sale, export or other disposition of such mineral products. In general, the value of the product is considered to be its sales price (or, if it is not sold in the relevant tax period, its market price).

Currently applicable rates of production tax are as follows.

Percentage of the value of the mineral product	
Description	Rate
Diamonds	8%
Precious metals and stones	6%
Semi-precious stones	6%
Base minerals	3%
Coal and other products	3%

The Mining Tax Law sets forth the limited tax and customs incentives available to mining in Mozambique. New mining projects are exempt, for a five-year period from beginning of activities, from:

- customs duties on the import of equipment (whether for exploration or for mining) that is classified as Class K of the Customs Tariffs Schedule;
- customs duties on the import of certain specific equipment that is not so classified but is considered analogous to Class K goods; and
- VAT and specific consumption tax, if any, that would otherwise be payable on the imports cited above.

To be eligible for the limited benefits described above, a taxpayer must:

- have been authorized by the competent authority to undertake mining activities;

⁶ At the date of this opinion letter the exchange rate is 63,50 MT / 1.00 USD

- b) hold a taxpayer identification number (NUIT);
- c) keep organized accounts in accordance with the General Chart of Accounts (*Plano Geral de Contabilidade*) and the relevant tax code; and
- d) not have committed tax crimes or other offenses recognized by the Tax Authority.

4.12 Performance Bond

The titleholder is required to post a performance bond (financial guarantee) equivalent to two percent (2%) of the value defined in the work program and minimum expenditure budget submitted as part of the mining title application process. The bond can be in the form of an insurance policy, a bank guarantee or a bank deposit in favour of the Ministry of Mineral Resources and Energy in an account exclusively for the purpose.

4.13 Transfer of Mining Titles

The transfer of a mining title or of mining rights (including an interest in a mining undertaking), whether direct or indirect, is subject to prior authorization from the Government, through MIREME, even if the transfer occurs outside Mozambique at the level of the parent or a group company.

Prior authorization of the Government is still required even if a transfer does not entail a change of control of the company that holds the mining rights.

“Indirect transfer” is understood to mean the sale and purchase of shares or any transfer of mining interests or the equity capital in a company directly or indirectly holding mining rights in Mozambique. “Direct transfer” is the transfer of the mining title itself.

Failure to comply with the foregoing prior approval rule results in such transfer being regarded as null and void and not being recognised by the Government.

The transfer of mining titles and/or mining rights may only occur two years after the beginning of the mining activity for which the titleholder was authorized.

The statutory timeline for the approval of the transfer of a mining title and/or rights is 180 days, counted from the date of submission of the respective application. Moreover, MIREME may seek to ensure that any capital gains tax (“CGT”) due is paid (or organized to be paid). Tax is payable on capital gains in all cases where mining assets and/or interests are transferred and the underlying asset and/or interest is in Mozambique, even where a transaction occurs through a share sale outside Mozambique. The generally applicable rate is thirty-two percent (32%).

For the purposes of applying for Government’s consent, the mining titleholder or its shareholder must submit an application letter addressed to the Minister. Note that the application is lodged at INAMI although addressed to the Minister.

The requirements that the application must meet are as follows:

- a) application letter addressed to the Minister;
- b) report of the activities performed;
- c) declaration of the acceptance of the terms and conditions established in the mining titles by the transferee;
- d) proof of technical and financial capacity of the transferee to conduct the mining operations pursuant to the mining title;
- e) proof of experience of the transferee in the mining sector;
- f) tax quitclaim of the transferee;
- g) articles of association of the transferee published in the Official Gazette, with an express reference of mining activity in its corporate purpose;
- h) shareholders' information, including the respective amount of the equity proportion in the company;
- i) sale and purchase agreement.

INAMI has the discretionary powers to ask for any additional information it deems fit to better assess the application.

The Minister shall approve the transfer of a mining title and/or mining rights within 180 (one hundred and eighty) days counting from the date of submission of the conforming application. During that time, INAMI and MIREME check the status of the mining title and the level of compliance with the statutory obligations.

4.14 Mine Closure and Rehabilitation

A mine closure program shall be included in the submitted work program for the granting of the mining title. The mine closure program shall include methods and procedures to be carried out in the conception, development, construction, operation and closure of the mine, with a goal to deactivate the mine and implement the environmental rehabilitation of the area subjected to mining and the surrounding affected areas, including social, economic and cultural aspects. The financial guarantee which the mining concessionaire posts will also cover decommissioning of the mine.

5. OPINION

5.1 THE COMPANY'S RIGHTS IN RESPECT OF THE MINING TITLE

5.5.1 Status of Mining Title

Details	Exploration License no. 4658L	Application for Mining Concession no. 10255C
Holder / applicant	+258, Limitada	+258, Limitada
Date of Issuance/ submission	14 th March 2012	11 th March 2020

Validity	14 th March 2020	N/A
Mineral resources	Heavy Sands	Heavy Sands
Area	19.381,05	18.354,71
Location	Inhambane City and Jangamo District, Inhambane Province	Inhambane City and Jangamo District, Inhambane Province
Status	Expired	Pending approval

- a. According to the information reflected on INAMI's online mining cadastre, as consulted on 11 July 2021, the Mining Concession Application is currently pending approval;
- b. We confirm that the Mining Concession Application was filed in accordance with the statutory requirements.
- c. The Mining Concession Application was lodged on 11 March 2020, and should have been approved or rejected within 180 days following its submission.
- d. At the date hereof, the application is still under assessment by INAMI, and until such time as the Mining Concession application is approved, nothing prevents the Company from continuing to lawfully invest on the tenement and enforce the rights granted under the former Exploration License no. 4658L.
- e. The Company has represented to us that it has met the 25% minimum investment expenditure of USD 1,500,000.00 (one million, five hundred thousand United States Dollars) within the contractual time period of 36 months counting from 19 April 2016 in accordance with the terms of the Binding Term Sheet.
- f. The Company would have had until 19 April 2021 to meet the total investment expenditure of USD 1,500,000 pursuant to the Binding Term Sheet but the relevant time period to do so was inferably suspended due to events beyond the control of either party, as provided in clause 9(a) of the Binding Term Sheet.
- g. The Company notified the counterparty to the Binding Term Sheet of the occurrence of events beyond the control of either party, specifically (i) the global Covid-19 pandemic and (ii) the 12-month delay by the Minister in approving the renewal of the Exploration License.
- h. Pursuant to clause 9(a) of the Binding Term Sheet, in case of occurrence of events beyond the control of either party, the prescribed time periods to satisfy the investment amounts extended through the time such events beyond the control of either party remain in effect. On that basis, the Company would have until 19 April 2023 to satisfy the total USD 1,500,000 expenditure requirement.
- i. From the Documents, nothing indicates the existence of an administrative case or appeals, agreement, arrangements or documents registered or filed to challenge the mining rights granted under the Exploration License or that may constitute an impediment for the granting of the Mining Concession.

- j. From the Documents, nothing indicates the existence of any material adverse claims, liabilities or encumbrances, at the date of this opinion, in relation to the former Exploration License and applied Mining Concession.
- k. From the Documents, we understand that all the statutory requirements for the granting of Mining Concession no. 10255C are met.
- l. Until such time as the Mining Concession is granted, the Mozambican Subsidiary and the Company can continue to undertake all activities on the tenement in the same way it could under the Exploration Licence.

5.5.2 Compliance with the Mining Law

- a. The Mining Law will govern Mining Concession no. 10255C, when approved and issued.
- b. Pursuant to the Mining Law, the Mozambican Subsidiary will be entitled to the rights set forth below once the Mining Concession no. 10255C is granted and issued:
 - (i) access to the concession area and carry out with exclusivity, the extraction, development and mining processing of the mineral resources;
 - (ii) use and occupy the land for the purpose of carrying out the necessary mining operations and work, including the building of the required facilities and infrastructures for conducting the mining operations;
 - (iii) store, transport and process the mineral resources as well as sell or dispose in any other way the mineral products resulting from mining activities;
 - (iv) relinquish, total or partially, the mining concession area;
 - (v) use, for the purpose of the mining operations, water, wood and other forest materials in accordance with the applicable law for use of these resources;
 - (vi) use part of the area of the mining concession required for crops and livestock breeding, in adequate proportions to personal consumption.
- c. The granting of Mining Concession no. 10255C does not presuppose the awarding of the corresponding DUAT, which must be applied for and obtained in accordance with the applicable land legislation, upon payment of the relevant compensation to the prior land rights holders.
- d. The Mozambican Subsidiary will be subject to the following obligations that become due once the Mining Concession no. 10255C is issued:
 - (i) pay the Surface Tax;
 - (ii) submit (a) the annual reports of the activities performed in the previous year by 28 February every year, (b) the quarterly report of activities performed in the previous quarter within 15 (fifteen) days after the end

- of each quarter and (c) the monthly information regarding the production and commercialization of mineral products made in the previous month by the fifth day of each month;
- (iii) submit by 30 March every year, the Work Program and the Expenditure Budget of the activities to be performed in the following year;
 - (iv) before commencing any mining activity, obtain the (i) Environmental License, (ii) the DUAT covering the mining concession area, and (iii) the approval of a compensation and resettlement plan, within 24 months from the date of issuance of Mining Concession;
 - (v) start mining activity and operations no later than 24 months from issuance of Mining Concession;
 - (vi) start commercial production within 48 months from the date of issuance of Mining Concession; and
 - (vii) post a performance guarantee to ensure compliance with the terms and conditions of the Mining Concession and mining contract, if any. The performance guarantee may be activated by the State in case of failure to comply the terms and conditions set out in the Mining Concession titles that implies the revocation of the respective Mining Concession.
- e. The failure to pay the Surface Tax more than 90 days from the date it becomes due and the failure to commence production within 48 months are grounds to immediately revoke the Mining Concession.

5.5.3 Title to Mining Rights

- a. Once the Mining Concession no. 10255C is granted, and subject to law, the Mozambican Subsidiary will be entitled to transfer its mining interests and to enter, execute and perform agreements in that regard provided that the legal requirements are met.
- b. The acquisition by the Company of a 70% (seventy percent) participating interest in the Mozambique Subsidiary's equity capital that, as reported to us by the Company, occurred in 2016, is subject to prior Government approval and consequent assessment of any capital gains tax.
- c. The share swap that, as reported to us by the Company, occurred on 24 May 2021 between Heavy Minerals Limited and the Company is also subject to prior Government approval as it entails a transfer of shares, notwithstanding, as the Company represented to us, that the sole purpose of this transfer is to meet Australian Securities Exchange listing requirements.
- d. At the date hereof, the Company has applied for and is awaiting Government approval of the acquisition in 2016 and of the share swap of 24 May 2021, neither of which were applied for before they took place. There are no statutorily tabled fines for late requests for Government approval of transfer.

- e. Pursuant to the Mining Law and other applicable legislation identified in Section I of this Legal Opinion, we confirm that the Company's Mining Concession Application has been filed in accordance with the statutory requirements and we are not aware of any further information necessary to complete the Mining Concession Application.

6. QUALIFICATIONS

The opinions which are expressed in this letter are subject to the following qualifications:

- a. stamp duty is due on certain documents, contracts, books, papers and acts when they are issued or presented within the national territory. The rates vary from 0.1% to 10% of the face value of the relevant document;
- b. for documents executed within the national territory, stamp duty is levied at the time of execution and payable by the 20th day of the next month. For documents executed outside of the national territory, stamp duties only become payable if these documents are presented to a public institution for legal purposes.

7. ADDRESSEES AND PURPOSE

This opinion is limited to matters of Mozambican law in force as of the date hereof. We express no opinion on the laws of any other jurisdiction.

This opinion is addressed to the Addressees as existing at the date hereof and for their sole use and benefit. It may not, without our prior written consent, be relied upon for any other purpose or by any other person. This opinion may not be disclosed to any other person save that it may be disclosed without our consent to:

- a) any person to whom disclosure is required to be made (i) by applicable law or court order, or (ii) pursuant to the rules or regulations of any supervisory or regulatory body, or (iii) in connection with any judicial proceedings;
- b) the officers, employees, auditors and professional advisers of the Addressees; and
- c) any person, not otherwise an addressee of this Opinion Letter, who (i) becomes a quotaholder in the Company or (ii) is a potential transferee or assignee of any party to the Binding Term Sheet,

on the basis that (i) such disclosure is made solely to enable any such person to be informed that an opinion has been given and to be made aware of its terms but not for the purposes of reliance, and (ii) we do not assume any duty or liability to any person to whom such disclosure is made and, in preparing this opinion, we only had regard to the interests of our clients.

Sincerely,

SAL & Caldeira Advogados, Lda

Schedule I

In connection with this opinion, we have examined copies of the following documents:

I. Mining Title documents:

- a) Copy of the Exploration License no. 4658L, issued on 14 March 2012, valid until 14 March 2020, held +258, Limitada;
- b) Application process for Mining Concession no. 10255C, consisting of the following documents:
 - (i) letter to the Minister, dated 17 February 2020;
 - (ii) application form;
 - (iii) proof of financial resources;
 - (iv) proof of technical resources;
 - (v) copy of the +258, Limitada's Commercial Certificate;
 - (vi) copy of the final geologic report;
 - (vii) copy of the Environmental Pre-feasibility Study;
 - (viii) proof of payment of the processing fee;
 - (ix) copy of +258's tax number (NUIT);
 - (x) copy of +258, Limitada quitclaim certificate as issued on 19 February 2021;
 - (xi) copy of the representative's identification document; and
 - (xii) copy of the +258, Limitada minutes of the General Assembly meeting approving the submission of the application and appointing the representative;
- c) INAMI letter dated 12 March 2020 confirming receipt of the application for Mining Concession no. 10255C; and
- d) Copy of the Binding Term Sheet entered between Mozmin Resources Pty Limited and Galilei Limitada for the establishment of the terms and conditions to govern their shareholdings in +258 Limitada and the acquisition of Exploration License No. 4658L by Mozmin Resources Limited, dated 19 April 2016.
- e) Share Sale Agreement between Heavy Minerals Limited and Mozmin Resources (Mauritius) Limited, dated 24 May 2021.

Annexure D Independent Geologists' Reports (Port Gregory Project)

Independent Geologist Report – Port Gregory Project, Western Australia

Report Prepared for
Heavy Minerals Limited



Report Prepared by



Heavy Minerals Limited

Independent Geologist Report – Port Gregory Project, Western
Australia

Mining Insights Pty Ltd (Mining Insights)

109 Delaney Circuit, Carindale, QLD 4152, Australia

Website: www.mininginsights.com.au

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Phone: (07) 3349 7484

22 July 2021

Project Number P2006

Independent Geologist



Robert Wason, Senior Consultant – Geology
BSc (Geology), MSc (Mining Geology)
MAusIMM
Mining Insights Pty Ltd.

Peer Review



Manish Garg, Director - Advisory
BEng (Minerals Eng.), Master of Applied Finance
MAusIMM, GAICD
Mining Insights Pty Ltd.

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Key Abbreviations

\$ or AUD	Australian Dollar
AS	Australian Standards
AusIMM	Australasian Institute of Mining and Metallurgy
HVY or Company	Heavy Minerals Limited / Mozmin Resources Limited
ha	Hectare(s)
JORC	2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists, and Mineral Council of Australia
K	Thousand
km	Kilometres(s)
km ²	Square kilometre(s)
M	Million
Mt	Millions of tonnes
Mineral Resource	A 'Mineral Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, quality, and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, quality, continuity, and other geological characteristics of a Mineral Resource are known, estimated, or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated, and Measured categories.
Mtpa	Millions of tonnes per annum
Ore Reserve	An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include the application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Reserves are defined, usually, the point where Ore is delivered to the processing plant must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.
Mining Insights	Mining Insights Pty Ltd.
t	Tonne

Executive Summary

Mining Insights Pty Ltd (Mining Insights) was engaged by Heavy Minerals Limited (“HVY” or “Company”) to prepare an Independent Geologist Report (“IGR” or “Report”). The IGR is to be included in a prospectus issued by the Company and dated on or about 27 July 2021 for an initial public offer of 27,500,000 shares at an issue price of \$0.20 each to raise \$5,500,000 (Minimum Subscription) (before costs) on the Australian Securities Exchange (ASX).

The funds raised will primarily be used for the purposes of exploration and evaluation of the Port Gregory Project (Gregory Project or Project) located in Western Australia. The Port Gregory Project comprises five (5) granted exploration licenses (E66/102, E70/5130, E70/5160, E70/5161 and E70/5314).

The Report is complete up to 22 July 2021. A draft of the technical component of the report was provided to HVY, along with a written request to identify any material errors or omissions before lodgement.

Mining Insights has provided and not withdrawn written consent for the inclusion of the Report in the prospectus, and to the inclusion of statements made by Mining Insights and to the references to its name in other sections of the prospectus, in the form and context in which the Report and those statements appear.

Port Gregory Project

Exploration Licences E 66/102, E 70/5130, E 70/5160, E 70/5161 and E 70/5314 form the Port Gregory project covering 71 blocks or 181 km² of the established mineralogical terrain of the Hutt River Garnet area within the Shire of Northampton in the mid-west coastal region of Western Australia. The prospect targets marine and aeolian sequences of the Tamala Limestone. It is situated approximately 45-60 km north of Geraldton, 45-65 km south of Kalbarri, and 40 km north-west from Northampton. Tenements are approximately 5km from GMA’s active Port Gregory garnet mine.

Geology

The heavy minerals in the known deposits in Western Australia were ultimately, but indirectly, derived from the weathering of crystalline igneous rocks in the Archean Yilgarn Block. Heavy mineral grains derived from the Yilgarn Block were initially deposited in thick sequences of Mesozoic sediments that filled the Perth Basin. The tenement area lies in the most northerly part of the Perth Basin, on the western side of the Northampton Block.

The Tamala Limestone, a belt of coastal limestone extends up to 8.0 km inland. It is composed of eolianite, which accumulated originally as coastal sand dunes in the late Pleistocene. This has developed over a basement of late Cretaceous age Winning Group sediments which can be seen outcropping near Yanganooka Well. Several erosional scarps have been developed on the seaward side of the Tamala Limestone, one of which is equivalent to the strand-line mineralisation to the south. Fossil crescent dunes can also be distinguished on top of the large massive limestone area which may be of early Pleistocene age.

The sands contain significant localised enrichments of heavy minerals, notably garnet (almandine variety) and to a lesser extent ilmenite. The heavy minerals are thought to be derived from garnet-bearing Precambrian Granulites and migmatites of the Northampton Shield. The sands appear to have been deposited when the sea level was about 6m higher than today, possibly during the last interglacial peak.

Exploration

Limited exploration has been carried out on these tenements. Most of the exploration activities have been focused on reviewing data and geological mapping. Between 2013 and 2014, GMA completed a 73-hole Air Core (AC) drilling program on the E70/5160 and E70/5314 tenement area.

The historical exploration at the Port Gregory Project is encouraging with reasonable garnet grades identified and its proximity to an operating garnet mine.

Summary

Based on its review of the previous work, Mining Insights considers that the Port Gregory Project has merit and is worthy of further exploration. Mining Insights concludes that the HVY portfolio of tenements is an attractive brownfield exploration opportunity.

HVY's proposed exploration program consists of exploration and drilling & resource evaluation phases along with metallurgical test work and techno-economic assessments. Mining Insights considers the HVY exploration strategy to be justified and appropriate. A summary of the proposed exploration expenditure is shown in the table below.

Exploration Expenditure Budget

Proposed Work	Budget (\$'000)		
	Year 1	Year 2	Total
Geological Assessment & Mapping	150	75	225
Drilling (including Assays)	600	475	1,075
Resource Estimation	60	60	120
Metallurgical Testing	60	120	180
Scoping/ Feasibility Studies	150	250	400
Tenement Management	70	50	120
Exploration Management	100	100	200
Total (\$'000)	1,190	1130	2,320

The proposed budget allocations are considered consistent with the exploration potential of the Port Gregory Project and are considered adequate to cover the costs of the proposed program. The budgeted expenditures are also considered sufficient to meet the minimum statutory expenditure on these tenements.

The Independent Geologist's Report has been prepared on information available up to and including 22 July 2021 and Mining Insights is not aware of any material change to the Company's mineral interests since that date.

1 Introduction

Mining Insights Pty Ltd (Mining Insights) was engaged by Heavy Minerals Limited (“HVY” or “Company”) to prepare an Independent Geologist Report (“IGR” or “Report”). The IGR is to be included in a prospectus issued by the Company and dated 27 July 2021 for an initial public offer of 27,500,000 shares at an issue price of \$0.20 each to raise \$5,500,000 (Minimum Subscription) (before costs) on the Australian Securities Exchange (ASX).

The funds raised will primarily be used for the purposes of exploration and evaluation of the Port Gregory Project (Port Gregory or Project) located in Western Australia. The Port Gregory Project comprises of five (5) granted exploration licences (E66/102, E70/5130, E70/5160, E70/5161 and E70/5314).

The Report is complete up to 22 July 2021. A draft of the technical component of the report was provided to HVY, along with a written request to identify any material errors or omissions before lodgement.

1.1 Compliance with JORC and VALMIN Code

This Report has been prepared as a public document, in the format of an independent specialist’s report and in accordance with the guidelines of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – the 2015 VALMIN Code (VALMIN) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – the 2012 JORC Code (JORC).

1.2 Competent Person Statement

The information in this Report that relates to Exploration Results is based on, and fairly represents, information and supporting documentation compiled by Mr Robert Wason BSc (Hons) Geology, MSc (Mining Geology), a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Wason is an employee of Mining Insights. Mr Wason has sufficient experience that is relevant to the Technical Assessment of the Mineral Assets under consideration, the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Practitioner as defined in the 2015 Edition of the “Australasian Code for the public reporting of technical assessments and Valuations of Mineral Assets”, and 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 Wason consents to the inclusion in this Report of the matters that are based on and fairly represent information and supporting documentation prepared by him in the form and context in which it appears.



Mr Robert Wason,
BSc (Hons), MSc, MAusIMM
Senior Consultant – Geology
Mining Insights Pty Ltd, Brisbane

1.3 Consent

Mining Insights has provided and not withdrawn written consent for the inclusion of the Report in the prospectus, and to the inclusion of statements made by Mining Insights and to the references to its name in other sections of the prospectus, in the form and context in which the Report and those statements appear.

1.4 Data Sources

Mining Insights has based its review of the Projects on the information made available to the principal authors by Heavy Minerals Limited along with technical reports prepared by consultants, government agencies and previous tenements holders, and other relevant published and unpublished data. Mining Insights has also relied upon discussions with Heavy Minerals Limited' management for the information contained within this assessment. This Report has been based upon information available up to and including 22 July 2021.

Mining Insights has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy, and completeness of the technical data upon which this Report is based. Unless otherwise stated, information and data contained in this technical report or used in its preparation have been provided by Heavy Minerals Limited in the form of documentation.

Heavy Minerals Limited was provided with a final draft of this Report and requested to identify any material errors or omissions before its lodgement.

Descriptions of the mineral tenure, tenure agreements, encumbrances and environmental liabilities were provided to Mining Insights by Heavy Minerals Limited or its technical consultants. Heavy Minerals Limited has warranted to Mining Insights that the information provided for preparation of this Report correctly represents all material information relevant to the Project. Full details on the tenements are provided in the Solicitor's Report on Tenements elsewhere in the Prospectus.

1.5 Site Visit

Mining Insights did not consider that a site visit was warranted as it was considered that a site visit would not reveal information or data material to the outcome of this Report due to the early nature of the projects. The Independent Geologist is satisfied that there is sufficient current information available to allow an informed evaluation to be made without an inspection.

1.6 Tenement Status Verification

Mining Insights has not independently verified the status of the tenements that are referred to in this report as set out in the Tenement Schedule in this report, which is a matter for independent tenement experts.

Details of the legal ownership of the mineral assets are dealt with in the Solicitor's Report within the Prospectus.

1.7 Independence

This Report was commissioned by Heavy Minerals Limited on a fee-for-service basis according to Mining Insights' schedule of rates based on the consultant's skills and experience. Mining Insights' fee is not contingent on the outcome of the IPO.

The Independent Geologist has no beneficial interest in the mineral assets reviewed. Neither Mining Insights', nor the authors of this Report, has or has had previously any material interest in Heavy Minerals Limited, or the mineral properties in which Heavy Minerals Limited has an interest. Further, neither Mining Insights' nor the authors of this Report have previously reviewed these mineral assets.

Mining Insights' relationship with Heavy Minerals Limited is of a professional nature between a client and an independent consultant.

1.8 Disclaimer and Warranty

The statements and opinions contained in this report are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of the 22 July 2021 and could alter over time depending on exploration results, mineral prices, and other relevant market factors.

For the purposes of the ASX Listing Rules, Mining Insights is responsible for this IGR as part of the Prospectus and declares that it has taken all reasonable care to ensure that the information contained in this IGR is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import, and that no material change has occurred between 22 July 2021 and 27 July 2021 (the Publication Date) that would require any amendment to the IGR. Mining Insights consents to the inclusion of this IGR and reference to any part of the report in the Prospectus.

This Report was commissioned by Heavy Minerals Limited on a fee-for-service basis on the prescribed schedule of rates. Mining Insights' fee is not contingent on the outcome of its statement or the success or failure for the purpose for which the Report was prepared.

A draft section of the Report containing the technical and project description was provided to Heavy Minerals Limited for comment in respect of omissions and factual accuracy. As recommended in Section 39 of the VALMIN Code, Heavy Minerals Limited has provided Mining Insights with an indemnity under which Mining Insights' is to be compensated for any liability and/or any additional work or expenditure, which results from Mining Insights' reliance on information provided by Heavy Minerals Limited and/or independent consultants that are materially inaccurate or incomplete.

The conclusions expressed in this Report are appropriate as of 22 July 2021. The Report is only appropriate for this date and may change in time in response to variations in economic, market, legal or political factors, in addition to ongoing exploration results. Mining Insights is not liable to update the Report upon a change to any of the above-mentioned factors or exploration results.

2 Tenements

2.1 Introduction to HVY

HVY is an unlisted mineral resource company with its current headquarters in Perth, Australia. HVY has acquired a portfolio of mineral sand exploration tenements (jointly Port Gregory) in Western Australia.

HVY is focused on the exploration and development of the mineral sand deposits of the Port Gregory tenement package, located in close proximity to GMA's operating mineral sands mine near Geraldton, Western Australia.

2.2 Company Strategy

The Company is now seeking to list on the ASX to fund the future evaluation and assessment of its exploration projects. HVY's exploration focus in Australia is its Port Gregory Garnet bearing Mineral Sands Project. The Port Gregory Project includes the following exploration tenements:

- E 66/102,
- E 70/5130,
- E 70/5160,
- E 70/5161 and
- E 70/5314.

Figure 2:1 shows the location of the Port Gregory Project.

HVY plans to increase shareholder value by spending up to \$2,320,000 from the funds raised under the Prospectus on an intensive exploration program over the two years following the listing.

The Company has identified several targets on which it will commence immediate work following listing. During the first 12 months, the Company will review historical exploration data to identify and rank new exploration targets before commencing a detailed exploration program.

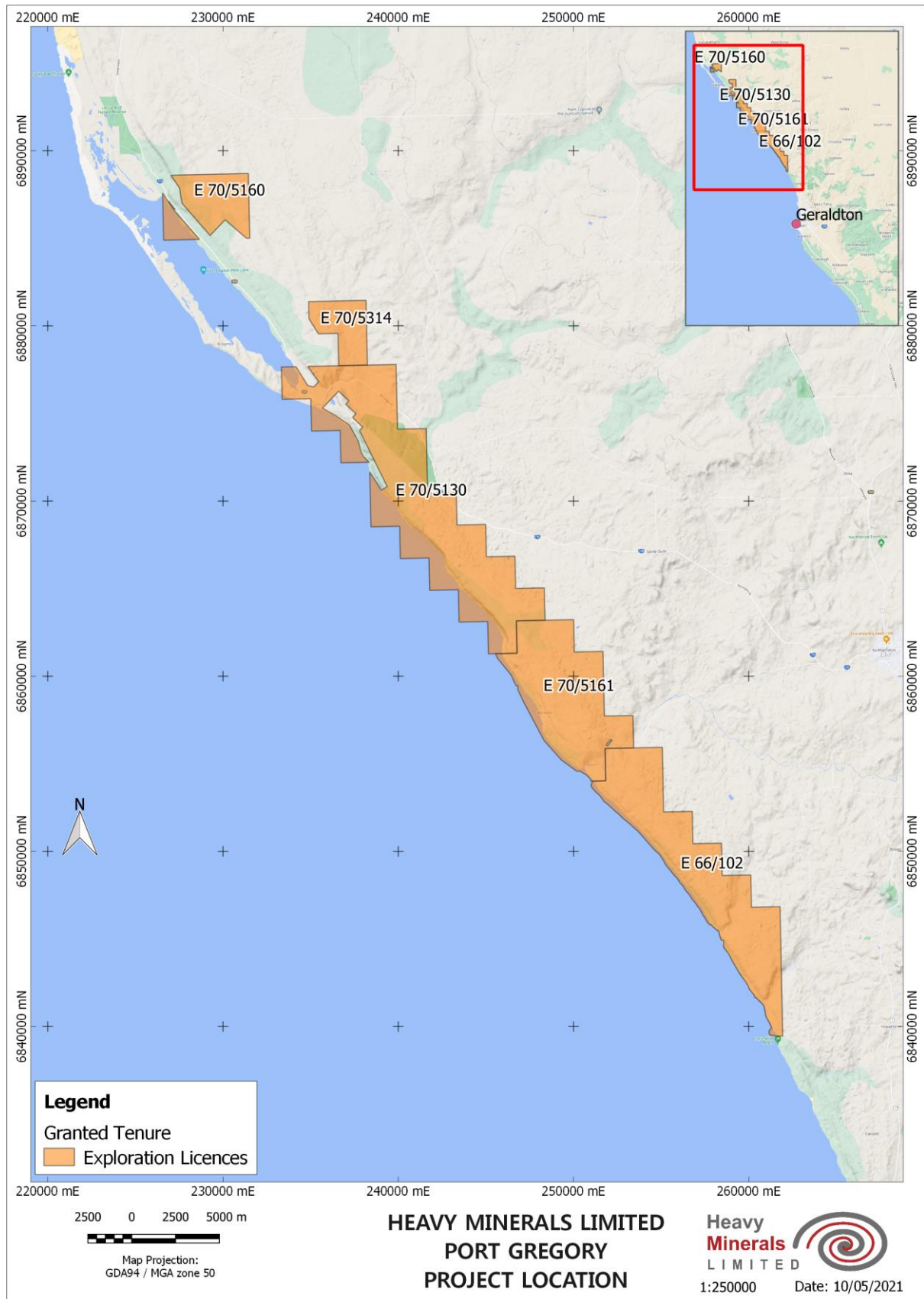


Figure 2:1 Location of Port Gregory Project

2.3 Location

The Port Gregory Project is located on the west coast of Western Australia. The tenure is located approximately 45-60 km north of Geraldton, 45-65 km south of Kalbarri, and 40 km north-west from Northampton. The capital of Western Australia, Perth, is located approximately 450 km to the south of the project.

2.4 Site Access

The area is easily accessible going north from Geraldton, or south from Kalbarri. The Horrocks Road and George Grey Drive transect the project area. The George Grey Drive connects with Gregory Road which goes to Northampton. The project area is approximately 4.5 to 5 hours' drive from Perth.

2.5 Climate and Topography

The climate across Western Australia varies from the semi-continental Mediterranean with relatively cool, wet winters contrasted by hot and dry summers in the southwest and much of the coast, to semi-arid and desert conditions in the east, to tropical in the north.

Daily maximum temperatures range from 30°C to approximately 45°C during the summer months (December to February), falling to minimum temperatures of 15°C to 25°C during winter. The average annual rainfall is in the order of 266 mm, with a large proportion of this rain falling in the winter months. There are 80-100 days of rain per year. Average wind speeds are generally less than 3 m/sec, with the predominant wind direction being from the South to Southwest.

The topography is moderately undulating to steep in places at the coastal edge of the lithified dunes. The vegetation throughout the area is structurally altered with obvious signs of disturbance and comprises sand heaths with emergent Banksia and Actinostrobus, York Gum woodlands on alluvial plains and Acacia scrubs on limestone depending on the depth of the coastal sand mantle and alluvial plains.

2.6 Tenement Status

The tenements under review in this Report and their current status are summarised in Table 2:1.

Table 2:1 Tenement Schedule

Project Name	Tenement ID	Ownership	Status	Grant Date	Term	Blocks	Area (Sq.km)
Port Gregory	E66/102	Peter Romeo Gianni	Granted	31/10/2018	5 yrs	22	49
	E70/5130	Peter Romeo Gianni	Granted	19/11/2018	5 yrs	25	71
	E70/5160	Peter Romeo Gianni	Granted	08/01/2019	5 yrs	6	14
	E70/5161	Peter Romeo Gianni	Granted	09/05/2019	5 yrs	15	38
	E70/5314	Mining Equities Pty Ltd	Granted	02/12/2020	5 yrs	3	9

HVY holds the rights to these tenements (E66/102, E70/5130, E70/5160 and E70/5161) via an option to acquire these tenements from Peter Romeo Gianni. HVY also has an option to acquire the exploration license E70/5314 from Mining Equities Pty Ltd.

The status of the tenements has been verified based on a recent independent inquiry of the Department of Mines and Petroleum, WA, Mineral Titles On-Line database (source: www.dmp.wa.gov.au) by Mining Insights.

Expenditure commitments on the tenements have been expended in full and rent payments are up to the date of this Report. Mining Insights is not aware of any royalty agreement or any outstanding matters that may affect the conduct of exploration on the tenements in a timely manner.

Readers are referred to the Solicitor's report in the Prospectus for further information on the legal status associated with the tenure of the Project.

2.7 Adjacent Property

GMA Garnet Pty Ltd (GMA) operates a garnet mine that is adjacent to the HVY's E70/5160 tenement and close to other leases of the Port Gregory Project (Figure 2:2).

GMA reported annual production of 1.8 Mt of Run-of-Mine Ore during 2011-2012 (Wamex Report a94492) Table 2:2 details the GMA's Ore reserves and Mineral Resources at that time.

The mineral deposit consists of recent coastal sand that was deposited when the sea level was about 5 - 6 m higher than today, probably during the last interglacial peak about 20,000 years ago. The deposits lap up against older coastal sands of the Tamala Limestone which is in the form of a wave-cut escarpment on its western exposure. The sands are mostly of dunal deposition and display typical aeolian cross-bedding in pit sections. Some remnant strandline zones are present within lower sections of the sands. Lime-cemented nodules are common, having formed through in-situ precipitation of calcium carbonate dissolved from shell grains by rainwater percolation.

GMA's ore is mined by standard open-cut sand mining methods using front-end loaders, excavators and dump trucks. The treatment plant is a typical mineral sands wet gravity separation plant consisting of spirals and hydro-sizers that are used to produce garnet and ilmenite enriched concentrates. Tailings are returned to the trailing side of the pits which are progressively rehabilitated following contouring and soil replacement. The dewatered concentrates are stockpiled on-site for further draining before being trucked to GMA's Geraldton dry processing plant. Garnet and ilmenite products plus zircon concentrate (sold for further processing) are produced at GMA's dry processing plant using standard mineral sands separation equipment.

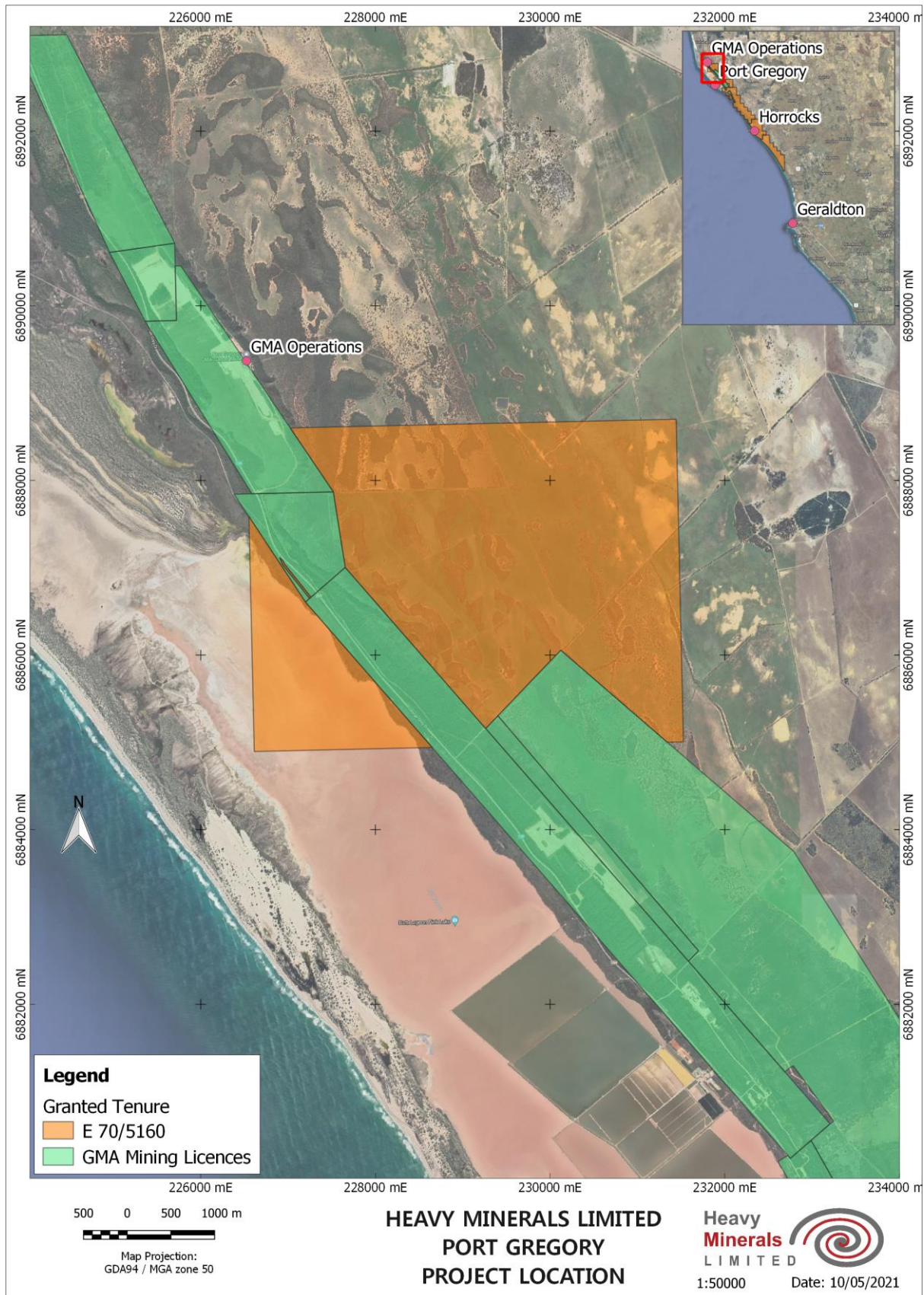


Figure 2:2 Location of Adjacent Operating Mine

**Table 2:2 Historical Mineral Resources & Ore Reserves for neighbouring GMA Project
as of 30 June 2012**

Ore Reserves (JORC)								
Area	Raw Ore (tonnes)	Ore Sand (tonnes)	%HM (of ore sand)	HM Sand (tonnes)	Garnet % (of HM)	Garnet (tonnes)	Ilmenite (% of HM)	Ilmenite (tonnes)
M70/856 (Hose) (proved ore reserve)	2,293,251	2,178,588	20.0%	435,718	95%	413,932	3%	13,072
M70/926 (Brealey) (proved ore reserve)	3,900,000	3,705,000	15.2%	563,000	94%	529,000	3%	16,500
M70/204 (Lynton) (proved ore reserve)	11,190,389	10,071,350	39.2%	3,947,969	91%	3,592,652	7%	276,358
M70/259 (South Lynton) (proved ore reserve)	40,582	36,524	35%	17,783	85%	10,868	12%	2,134
M70/927 (Utcha) (proved ore reserve)	6,418,000	5,776,500	14.4%	830,500	95%	789,000	3%	25,500
Total	26,187,500	23,970,000	26%	6,303,000	94%	5,814,000	6%	356,000

Mineral Resources (JORC)								
Area	Raw Ore (tonnes)	Ore Sand (tonnes)	Est. %HM (of ore sand)	Est. HM Sand (tonnes)	Est. Garnet (% of HM)	Est. Garnet (tonnes)	Est. Ilm (% of HM)	Est. Ilm. (tonnes)
M70/203 (Beach) (indicated mineral resource)	26,000,000	25,500,000	6%	1,500,000	70%	1,000,000	20%	300,000
Total	26,000,000	25,500,000	6%	1,500,000	70%	1,000,000	20%	300,000

Source: Wamex Report a94492

3 Geological Settings

3.1 Regional Geology

The heavy minerals in the known deposits in Western Australia were ultimately, but indirectly, derived from the weathering of crystalline igneous rocks in the Archean Yilgarn Block. Heavy mineral grains derived from the Yilgarn Block were initially deposited in thick sequences of Mesozoic sediments that filled the Perth Basin. There was some local degree of concentration of heavy minerals in these sediments relative to the primary source areas, in places reaching potential ore grades. For example, the Beenup deposit is thought to be Mesozoic in age. Erosion and reworking of the relatively soft Mesozoic sediments, particularly those parts of the stratigraphic sequence dominated by coarse sandstones and grits, subsequently released the heavy minerals into the strand deposits.

The tenement area lies in the most northerly part of the Perth Basin, on the western side of the Northampton Block.

The Tamala Limestone, a belt of coastal limestone extends up to 8.0 km inland. It is composed of eolianite, which accumulated originally as coastal sand dunes in the late Pleistocene. This has developed over a basement of late Cretaceous age Winning Group sediments which can be seen outcropping near Yanganooka Well. Several erosional scarps have been developed on the seaward side of the Tamala Limestone, one of which is equivalent to the strand-line mineralisation to the south. Fossil crescent dunes can also be distinguished on top of the large massive limestone area which may be of early Pleistocene age.

Mobile coastal dunes, equivalent to the Safety Bay Sand, are extensively developed and in the northern part transgress over the Tamala Limestone. They are divided into a coastal zone of large mobile longitudinal and crescent dunes, from an inner zone of older, stabilized and more sparsely distributed crescent dunes.

3.2 Project Geology

The local geology is dominated by dunal accumulations of grey to brown to white sand and Limesand. These sediments are thought to be Quaternary in age and overlay Silurian aged Tumblagooda Sandstone which is composed of a Red-bed sequence of sandstone; siltstone; and minor conglomerate. They locally appear to have been deposited in an embayment eroded into the Tumblagooda Sandstone.

The Limesand has been partially indurated with carbonate cementation and sandy limestone is locally developed. The older the formation the more induration appears to be developed.

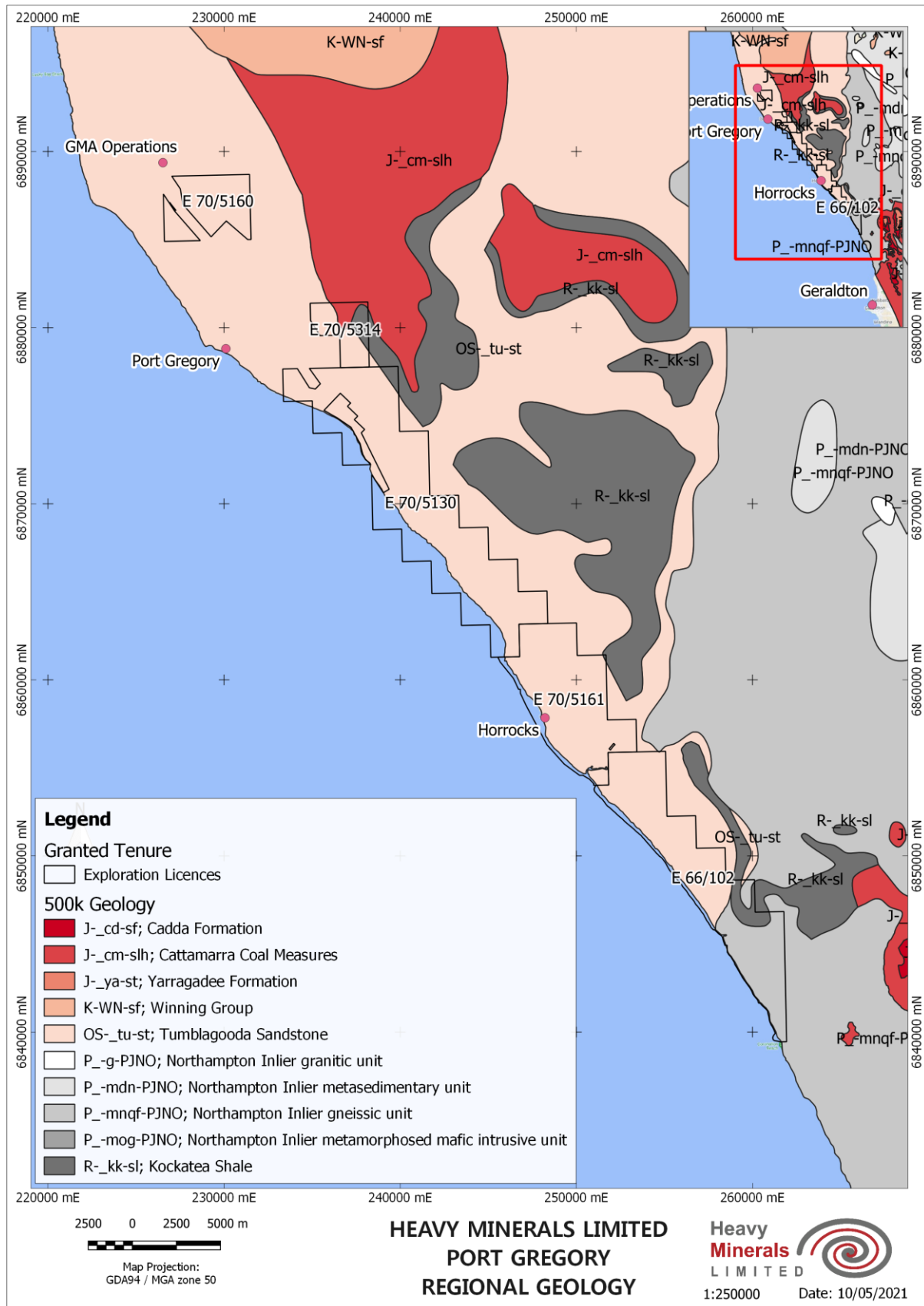


Figure 3:1 Regional Geology

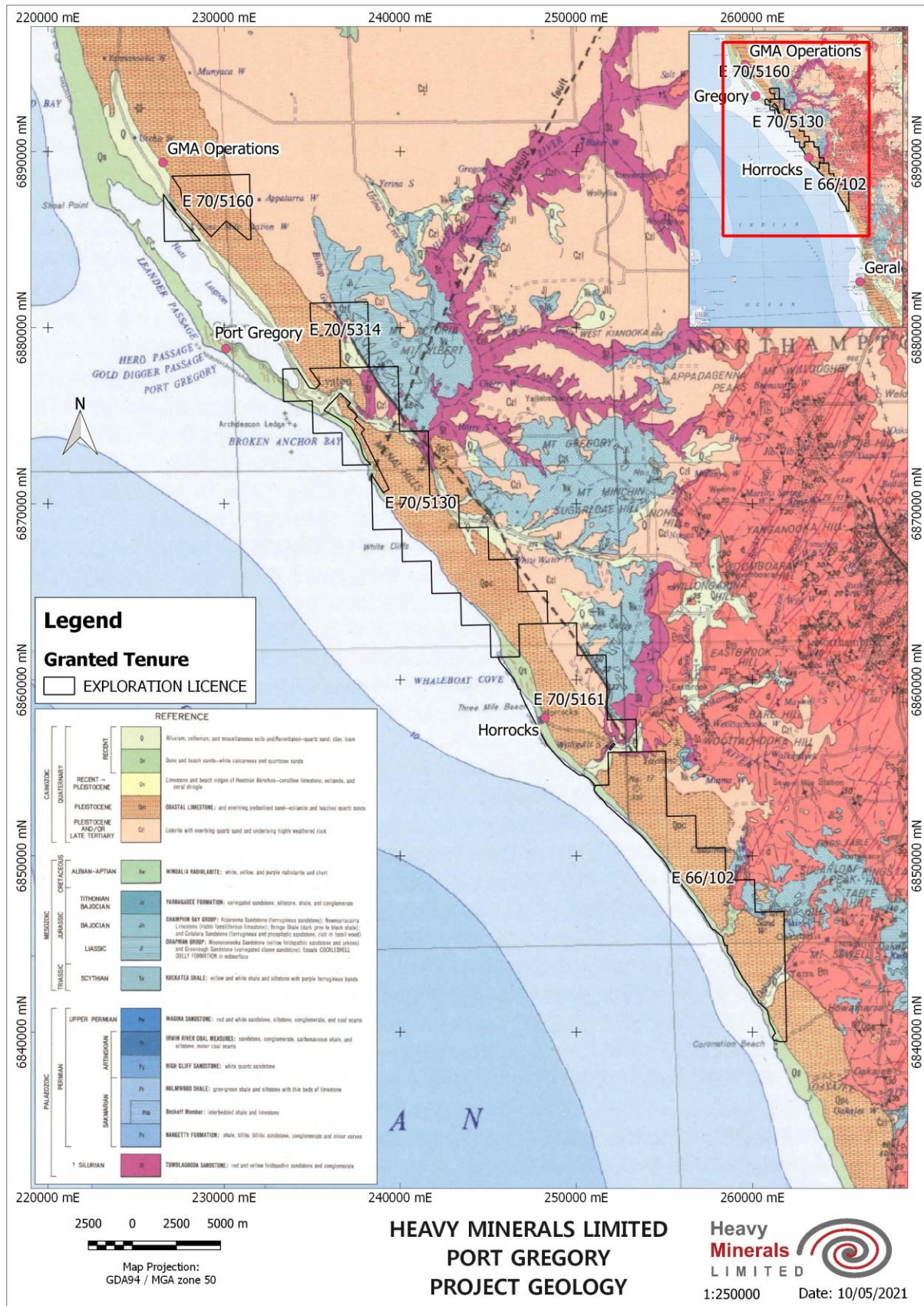


Figure 3:2 Project Geology – Port Gregory Project

3.3 Mineralisation

The sands contain significant localised enrichments of heavy minerals, notably garnet (almandine variety) and to lesser extent ilmenite. The heavy minerals are thought to be derived from garnet-bearing Precambrian granulites and migmatites of the Northampton Shield. The sands appear to have been deposited when the sea level was about 5 to 6 m higher than today, possibly during the last interglacial peak.

Heavy mineral concentrations form in 2 main coastal settings (strand deposits and Dunal deposits) which are believed to be present within the exploration area:

Strand deposits form on the beach itself, mainly in the mid to back-beach sections, above the normal zone of wave action (Figure 3:3). They are characterised by:

- High grades.
- Relatively coarse grain size.
- Well sorted and rounded grains.
- Low to moderate clay content.
- Excellent long-shore continuity.

Transportation of sands from south to north along the coast naturally concentrates the heavy minerals forming these potentially narrow but laterally extensive strand deposits (Strand deposits that maybe only 50-200 m wide can be 10-20 kilometres long).

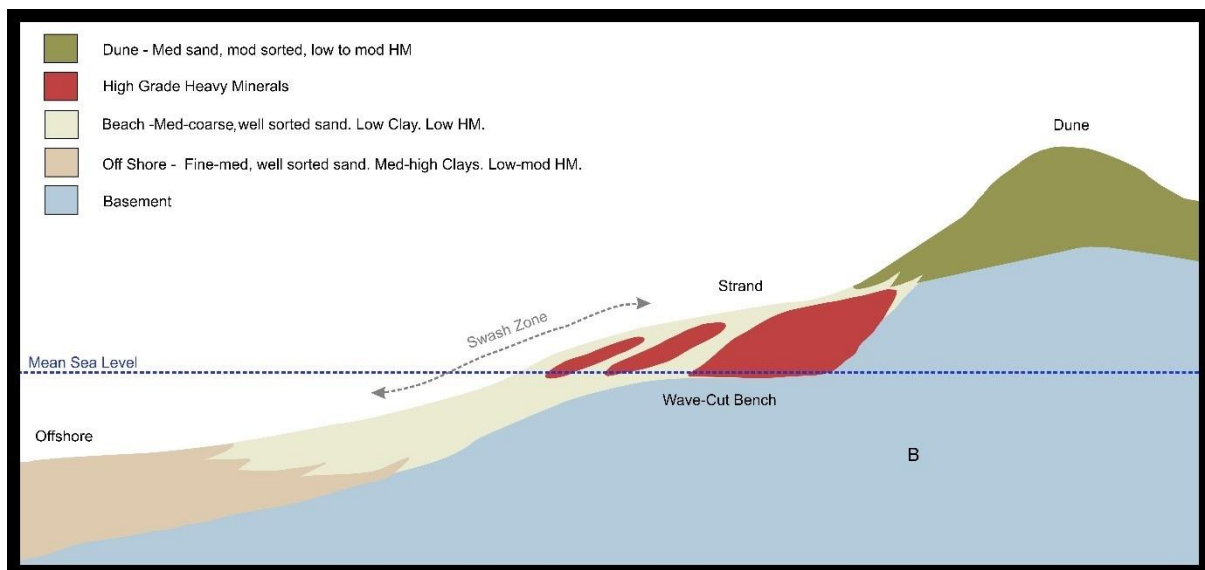


Figure 3:3 Typical WA Idealised section of a Beach Profile

Source: Wamex Report a72216

Dunal deposits develop behind the beach. Heavy minerals tend to concentrate on exposed dune faces or in hollows where mobile sand drops its heavier components (Figure 3:3). These dune systems are typically:

- Low to moderate grade.
- Finer grained.
- Less well sorted.

- Higher in fine silt and clays ("slimes").

Dunal deposits are less regular and continuous in form than strands, but sometimes large.

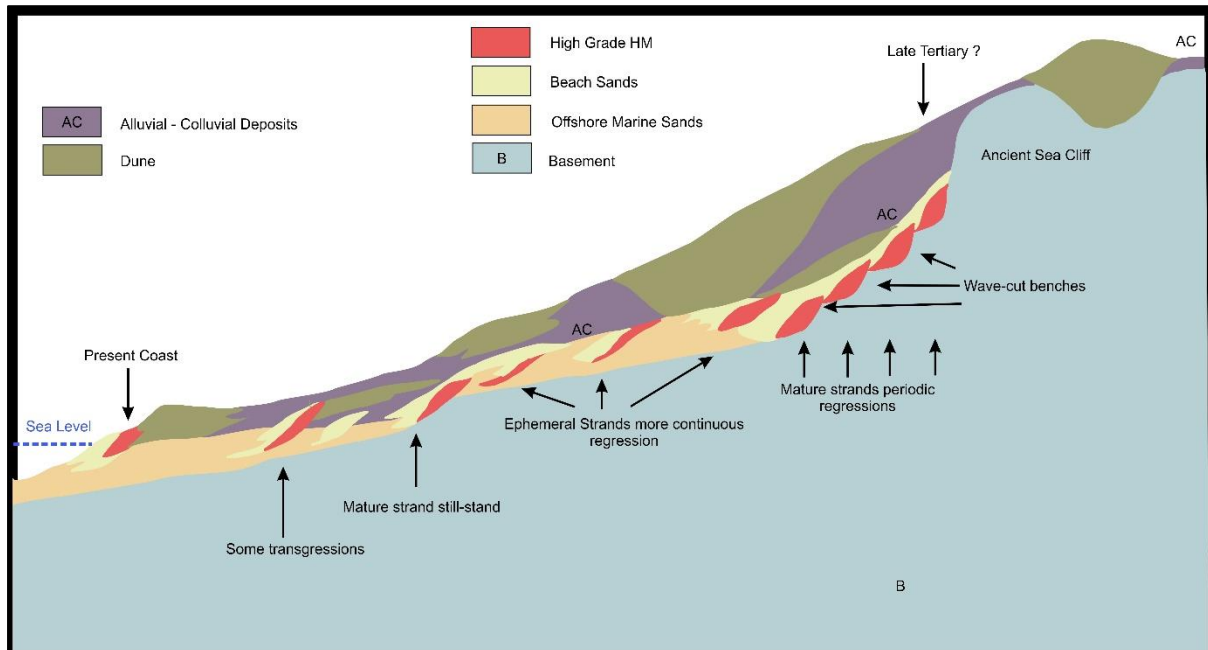


Figure 3:4 Schematic Section of WA Strands

Source: Wamex Report a72216

Deposits can also form in lagoonal or estuarine environments behind the beach and some deposits form in riverbed sediments. The exploration licence backs onto the Hutt Lagoon which may be a prime target for heavy mineral deposition.

The formation of substantial strand deposits is dependent on the form of the coastline. In simple terms, deposits will accumulate where there is an obstacle to long-shore sediment migration or where a large embayment disrupts major current flows and wave directions. When this is combined with changing sea levels over time it can allow for the formation of multiple strandlines and a potentially very significant concentration of heavy minerals, as demonstrated in Figure 3:4.

4 Previous Exploration Work

Limited exploration has been carried out on these tenements. Most of the exploration activities were focused on data reviews and geological mapping surrounding the GMA's Garnet Mine (outside the tenement covered in this Report).

Between 2013 and 2014, GMA completed a 73-hole Air Cored (AC) drilling program on the current E70/5160 and E70/5314 tenement area.

Table 4:1 Historical Exploration Activities

Exploration Activity	Exploration Details
Data & Literature Review	Open File Review
Geological Mapping	Reconnaissance
AC Drilling	73 holes for 2441.5m

4.1 Drilling

GMA completed a 73-drill hole Air Cored (AC) drilling program for a total of 2441.5 m on tenements E70/510 and E70/5314 (Table 4:2).

Table 4:2 Drilling, GMA (2013,2014)

Tenement	No of Drill Holes	Drilling Metres (m)	Depth (m)
E70/5160	51	1680	7.5 - 63
E70/5314	22	761.5	6 - 62

Source: Wamex a117125

The drilling had the primary objective of:

- Testing continuity of known mineral sand zones
- Extension of mining activities

All holes were drilled at 90°. Drilling was conducted by Wallis Drilling Pty Ltd using a 4x4 truck mounted NQ size AC drilling rig. Samples were taken at 3 m vertical intervals except for the top 0.3 m of soil and where tightly cemented limestone calcrete (caprock) or hard basement (Tumblagooda Sandstone) was encountered. All drilling was above the water table with an average drilling depth of 35 m. Three (3) metre samples were collected and analysed by GMA.

Significant intersects included:

- E09-05: 39 m @ 3.6 % Garnet
- E10-01: 27 m @ 10.6% Garnet
- E25-18: 20 m @ 7.8% Garnet

Further details are included in JORC Table 1 (Appendix A). Details of the drill hole information and significant assay results from drilling (>1.5% Garnet in the total sample) are included in Table 1 and Table 2 respectively in Appendix B.

4.2 Exploration Target

Previous exploration activities by GMA were carried out on tenement E 70/5160, with a total of 52 holes for 1725 m and 589 assays completed. These assays included total heavy minerals (HM), slimes (SL) and Oversize (OS) as well as mineralogy assays (magnetics, ilmenite and garnet). The drill hole and assay information was used to develop a 3D block model in Datamine using the following steps:

- The 52 holes were constrained with an upper topography surface generated from the collar coordinates.
- The end of hole was used as the lower basement constraint. These constraints were selected to prevent assay grades from being interpolated
- A perimeter string was developed around the drill hole collar locations with an offset of approximately 200 m north and south and 80-100 m east and west.
- A block model was created by filling cells between the two constraining surfaces using a parent cell size of 50 x 100 x 3 m in XYZ.
- An assumed bulk density of 1.7 g/cm³ was used to estimate model tonnages.
- Assay grades were interpolated into the block model using inverse distance weighting (cubed).

The cut-off grade and distance from drill data were applied to the extrapolated block model which is the basis for the Exploration Target. The Exploration Target is based on the current geological understanding of the mineralisation geometry, subsurface geochemistry and regional geology. Figure 4:1 shows the block model while Figure 4:2 shows the plans for the grade and thickness from the block model.

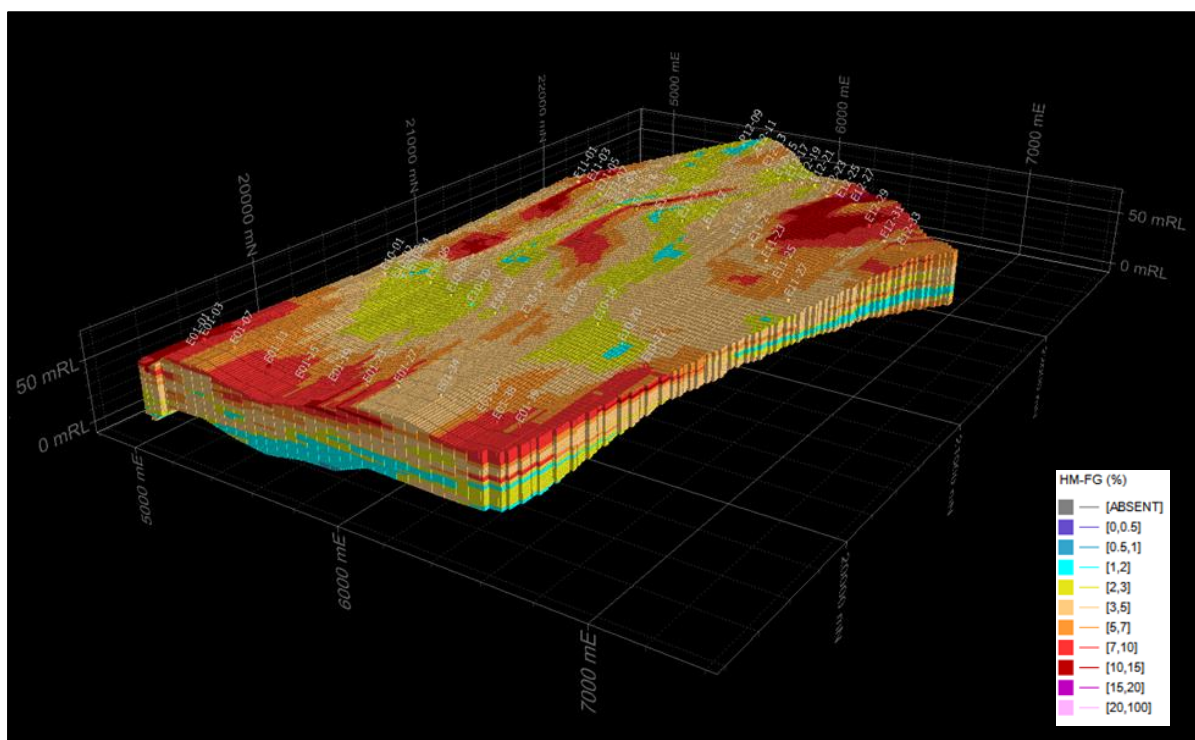


Figure 4:1 E70-5160: Block Model coloured on HM grade

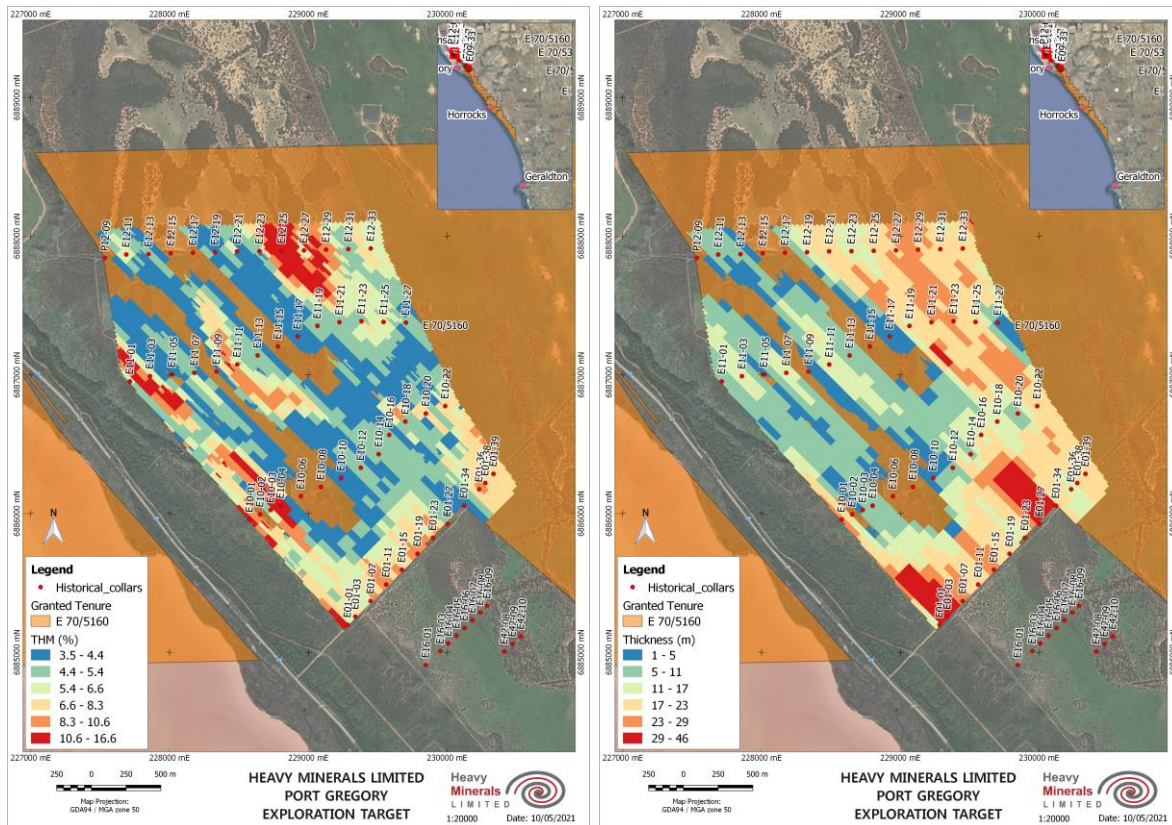


Figure 4:2 E70-5160: Block Model Plans – Grade (LHS) and Thickness (RHS)

An Exploration Target was estimated by reporting tonnages between two grade cut-off ranges, the lower at 1.5% HM and the upper at 2.5% HM. No assumed minimum thicknesses or other constraints were used to estimate the Exploration Target. This Exploration Target takes into consideration the natural variation of the garnet grade. A summary of the Exploration Target is presented in Table 4:3.

Table 4:3 E70/5160 Tenement - Exploration Target

Range	HM Cut-off Grade (%)	Material (Mt)	In Situ HM (Mt)	In Situ Garnet (Mt)	HM Grade (%)	SL (%)	OS (%)	HM Assemblage*		
								Garnet (%)	Ilmenite (%)	Trash (%)
Lower	2.5	170	7	3.5	3.5	10	20	46	1	53
Upper	1.5	250	9	4.5	4.5					

*Mineral assemblage is reported as a percentage of in situ HM content.

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

The Exploration Target, being conceptual in nature, takes no account of geological complexity, possible mining method or metallurgical recovery factors. The Exploration Target was estimated in order to provide an assessment of the potential scale of exploration at E70/5160. The Company intends to test the Exploration Target with further drilling over the next 12-month period.

5 Project Risks

Mineral exploration and development are high-risk undertakings. There can be no assurance that the exploration of acquired projects will result in the discovery of an economic mineral resource.

Mining Insights has identified a range of risk elements or risk factors that may affect the future exploration and operational performance of the Project. The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

Some of the risk factors are completely external and beyond the control of management. However, project-specific risks can be mitigated by taking the proper measures in advance. Key project risks that have been identified are discussed below.

5.1 Historical Exploration Work

Much of the existing data in this Report is based on historical records, primarily sourced from WAMEX database and reports. Whilst Mining Insights' review has been thorough, it is possible under certain circumstances that not all reports were covered. In some instances, WAMEX references could not be validated by the data provided, particularly for older exploration programs.

5.2 Exploration Risk

The exploration risks associated with the project are generic and common to most greenfield exploration projects, and in Mining Insights' opinion do not pose a significantly higher risk than any other early-stage exploration project.

5.3 Resources & Reserve Risk

No Mineral Resource or Ore Reserve has been reported within the tenements. Moving forward it may be possible that further exploration, geological and metallurgical assessment may result in no mineral resource being delineated which would have a material impact on the technical value of the concession.

5.4 Processing Risk

No mineral processing studies have been conducted so far. Tests would need to be carried out in the future to ensure processing was economically viable.

5.5 Commodity Price Risk

As with any mining project, market factors such as commodity price and demand play a significant role in the profitability and potential viability of a project. Some of these factors are out of the companies control but some risks can be mitigated through careful planning. HM prices and their demand are traditionally cyclical in nature and subject to significant fluctuations.

5.6 Mine Infrastructure Associated Risk

Fortunately, accessibility to the project is relatively good, a significant mine infrastructure facility including process plant and power infrastructure would need to be developed before the commencement of mining activity. Alternatively, access to these facilities including accommodation camp and processing plant could potentially be negotiated with other companies in the vicinity.

5.7 Approvals, Tenure, and Permits

The Project already has an approved Exploration Permits, however, during actual mining operations, many permits and approvals may be required to commence mining operations and the associated infrastructure facilities. Any delays associated with obtaining the required approvals may affect the production and the mine plan.

5.8 Environmental and Social Risks

While some of the environmental and social risks have been identified as part of Exploration Lease approval, further work would be required prior to the Mining Lease approval. Failure to comply with the environment criteria or failure to maintain good relationships with the local community could impact project advancement.

6 Proposed Exploration Program

6.1 Recommendations

Western Australia is a well-endowed region for a variety of commodities, including heavy minerals, gold, iron ore, nickel and base metals. As a result, there is a well-established infrastructure, including ports at Geraldton and Port Hedland, as well as numerous mining centres for skilled labour supply.

The project in this Report has shown evidence of mineralisation proximal to an existing mining operation, however, the project tenements also cover a significant area in line with the neighbouring mining operations deposits that have yet to be properly explored. Given the typical behaviour of these types of mineral deposits to be laterally extensive along the coastline, there is good potential for further high-grade heavy mineral sand deposits to be discovered. The combination of these factors means the prospect of obtaining significant mineralisation is considered good.

In Mining Insights' opinion, the historical work carried out by GMA has been highly encouraging and warrants follow up exploration. The area of these tenements (E 66/102, E 70/5130, E 70/5160, E 70/5161 and E 70/5314) contains known occurrences of mineral sands endowed with Garnet and minor Ilmenite with AC drilling returning encouraging results. The local mineral sands mine operated by GMA produces high-grade Garnet concentrates in the Project vicinity.

The project area is considered to be prospective for Garnet bearing mineral sands. Further work which could advance the project includes:

- Geological mapping and sand sampling;
- Acquisition of detailed airborne magnetic data to map areas of magnetic mineral accumulations;
- Drilling in known prospects (AC);
- Mineral Resource estimation;
- Metallurgical test work;
- Engineering and infrastructure studies;
- Exploration of the previously unexplored tenements to try and find extensions of the deposit being mined by GMA.

The Independent Geologist believes the Project has sufficient technical merit to justify ongoing exploration and development.

6.2 Proposed Exploration Program

HVY has proposed a staged program of exploration for its Western Australian projects over a two (2) year period following its listing on the ASX. HVY's program going forward will mainly focus on drilling, resource modelling, metallurgical test work and techno-economic assessment. The following exploration activities are proposed during the next two (2) year period:

6.2.1 Desktop Studies

HVY plans to continue rigorous desktop evaluation of the project area over the coming 12 months. This will include the evaluation and re-interpretation of historical geological data for additional target generation.

6.2.2 Geological Mapping

HVY plans to complete some basic geological reconnaissance and sampling along the known mineralisation area.

6.2.3 Drilling Program

Mining Insights shares the opinion of HVY, that the previous AC drilling completed was limited in extent and is currently insufficient to delineate a large HM deposit. HVY envisages an initial program of drilling consisting of 300 exploration holes for 12,000m (average 40m depth) to a maximum depth of 70 m.

Exploratory drilling in the “undrilled tenements” of approximately 250 holes for 10,000m will be guided by geological mapping carried out in the initial phases post-listing.

6.2.4 Mineral Resource Estimation

HVY plans complete mineral resource estimation and reporting in accordance with the JORC Code, 2012 after completion of additional drilling.

6.2.5 Metallurgical Test Work

The metallurgical test work program is proposed in both years. Test work will use representative samples collected during the drilling program. Metallurgical test work will focus on grade and recovery along with identification of an optimised process route.

6.2.6 Techno-Economic Studies

HVY envisages completing a techno-economic assessment of the project after completion of additional drilling, resource modelling and metallurgical test work to evaluate the techno-economic viability of the project.

6.3 Planned Work Expenditure

HVY has planned a systematic exploration program targeting the prospective stratigraphy and exploration activities will initially focus on key targets within the granted tenure. Activities will include geological mapping, drilling, mineral resource modelling, metallurgical test work and project techno-economic scoping studies.

Broader, regional exploration programs to investigate mineral occurrences outside the key prospect targets within the granted Concessions will be targeted later. Table 6:1 shown the proposed exploration expenditure over the next two years. Exploration expenditure budget is the same for the minimum to maximum capital raise subscription.

Table 6:1 Exploration Expenditure Budget

Proposed Work	Budget (\$'000)		
	Year 1	Year 2	Total
Geological Assessment & Mapping	150	75	225
Drilling (including Assays)	600	475	1,075
Resource Estimation	60	60	120
Metallurgical Testing	60	120	180
Scoping/ Feasibility Studies	150	250	400
Tenement Management	70	50	120
Exploration Management	100	100	200
Total (\$'000)	1,190	1130	2,320

Summarised budget for exploration expenditure on a project level is shown in Table 6:2.

Table 6:2 Exploration Expenditure Budget Summary

Project	Budget (\$'000)		
	Year 1	Year 2	Total
Port Gregory	1,190	1,130	2,320
Total (\$'000)	1,190	1,130	2,320

Mining Insights considers that the exploration programs and budgets proposed by the Company are appropriate given the relatively early development stage of the Project, having regard to the strategy and priorities of the Company and are based on sound technical merit.

7 Conclusions

Mining Insights concludes that the HVY portfolio of projects presents exposure to an attractive range of greenfield exploration opportunities. The tenements are well-positioned and hold the potential for the discovery of potentially viable heavy mineral sand deposits. Further exploration and evaluation work are warranted on each of the exploration tenement areas.

The proposed budget allocations are considered consistent with the exploration potential and are considered adequate to cover the costs of the proposed programmes. The budgeted expenditures are also considered sufficient to meet the minimum statutory expenditure on these Exploration Tenements.

The Independent Geologist's Report has been prepared on information available up to and including 22 July 2021 and Mining Insights is not aware of any material change to the company's mineral interests since that date.

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Appendix A: JORC Table 1

Section 1 Sampling Techniques and Data		
Criteria	Explanation	Comment
Sampling techniques	<i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	<i>The deposit was sampled using Air-Core (AC), top drive rotary open hole drilling.</i>
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	<i>An estimate was made of the approximate size of the samples expected based on the drilling interval, the size of the drill rod and the split taken from the drill rig sampling cyclone. The size of the split was in line with expectations.</i>
	<i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i>	<i>AC drilling was used to obtain 3m samples unless harder intervals were encountered. Drillbit size was NQ.</i>
Drilling techniques	<i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	<i>AC drilling accounts for 100 per cent of the total drilling. All holes are drilled vertically with no downhole surveying to confirm hole direction</i>

Criteria	Explanation	Comment
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed.	Information was not available in WAMAX reports.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Information was not available in WAMAX reports.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	Information was not available in WAMAX reports.
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.	GMA collected detailed qualitative logging of geological characteristics to allow a robust geological interpretation to be carried out.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Logging of AC samples recorded total magnetic minerals, estimated slimes, Ilmenite percentage, Garnet percentage, oversized particles, lithology, dominant grain size, sorting, estimated rock and estimated HM.
	The total length and percentage of the relevant intersections logged.	All drill holes were logged in full and approximately 100 per cent of samples were assayed and used in the resource estimation exercise.
Sub-sampling techniques and	If core, whether cut or sawn and whether quarter, half or all core taken.	No core samples were taken due to the unconsolidated nature of the material being drilled and sampled as well as the disaggregation process during air core drilling.

Criteria	Explanation	Comment
sample preparation	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	<i>Information was not available in WAMAX reports.</i>
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	<i>Information was not available in WAMAX reports.</i>
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	<i>Information was not available in WAMAX reports.</i>
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	<i>Information was not available in WAMAX reports.</i>
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	<i>Information was not available in WAMAX reports.</i>
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	<i>Information was not available in WAMAX reports.</i>
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	<i>Information was not available in WAMAX reports.</i>
	<i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	<i>Information was not available in WAMAX reports.</i>

Criteria	Explanation	Comment
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	<i>Verification of intersections was limited to checking for variance between logged estimates of grade and the assayed grades. No significant variances were identified that warranted any re-assay.</i>
	<i>The use of twinned holes.</i>	<i>No holes were twinned during the drilling program.</i>
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	<i>Information was not available in WAMAX reports.</i>
	<i>Discuss any adjustment to assay data.</i>	<i>Information was not available in WAMAX reports.</i>
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	<i>Information was not available in WAMAX reports.</i>
	<i>Specification of the grid system used.</i>	<i>The grid system used is GDA94 spheroid and the grid is MGA Zone 50.</i>
	<i>Quality and adequacy of topographic control.</i>	<i>Information was not available in WAMAX reports.</i>
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	<i>Based on the experience of Mining Insights, the data spacing and distribution through the drill hole programs is considered adequate. Holes were drilled at approximately</i>

Criteria	Explanation	Comment
		<i>160 m across strike of mineralisation and between 450 m to 1000 m along strike.</i>
	<i>Whether sample compositing has been applied.</i>	<i>No sample compositing or de-compositing has been applied. The majority of sampling was taken on 3m intervals.</i>
<i>Orientation of data in relation to geological structure</i>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	<i>Sample orientation is vertical and approximately perpendicular to the dip and strike of the mineralisation resulting in true thickness estimates. Drilling and sampling were carried out on a regular rectangular grid that is broadly aligned to the strike of the orebody mineralisation.</i>
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	<i>No bias caused by the orientation of drill holes is anticipated from drilling vertical holes into a mineral sands deposit.</i>
<i>Sample security</i>	<i>The measures are taken to ensure sample security.</i>	<i>Information was not available in WAMAX reports.</i>
<i>Audits or reviews</i>	<i>The results of any audits or reviews of sampling techniques and data.</i>	<i>Information was not available in WAMAX reports.</i>

Section 2 Reporting of Exploration Results

Criteria	Explanation	Comment
<i>Mineral tenement and land tenure status</i>	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	<i>The mineral deposit lies within the granted exploration licences.</i>
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	<i>At the time of reporting all tenure was secure and any administrative costs or fees were fully paid up.</i>
<i>Exploration done by other parties</i>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	<i>Previous tenement holders in the area, GMA, conducted AC drilling over the tenement.</i>
<i>Geology</i>	<i>Deposit type, geological setting and style of mineralisation.</i>	<i>The deposit style is a combination of dunal and fluvial/marine sediments. Heavy mineral accumulations are preserved throughout the stratigraphic sequence.</i>

Criteria	Explanation	Comment
Drill hole Information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: - easting and northing of the drill hole collar - elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar - dip and azimuth of the hole - down hole length and interception depth - hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Independent Geologist should clearly explain why this is the case.	All drill hole collar locations and significant drill results have been identified in Appendix B of this report. No relevant material data has been excluded from this report.
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.	No grade cutting was undertaken, nor compositing or aggregation of grades made prior or post the grade interpolation into the block model. Selection of the bottom basal contacts of the mineralised domains were made based on discrete logging and grade information collected and assayed by GMA.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	Not applicable - all samples are 3 m long, unless harder intervals were encountered

Criteria	Explanation	Comment
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	<i>No metal equivalents were used for reporting of Mineral Resources.</i>
<i>Relationship between mineralisation widths and intercept lengths</i>	<i>These relationships are particularly important in the reporting of Exploration Results.</i>	<i>All drill holes are vertical and perpendicular to the dip and strike of mineralisation and therefore all interceptions are approximately true thickness.</i>
	<i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i>	<i>Drill holes are inferred to intersect the mineralisation approximately perpendicularly.</i>
	<i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i>	<i>The deposit is flat-laying and so the vertical holes are assumed to intersect the true width of any mineralisation.</i>
<i>Diagrams</i>	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	<i>Refer to main body of report.</i>
<i>Balanced reporting</i>	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	<i>Reporting of results is restricted to reporting of drilling results only.</i>

Criteria	Explanation	Comment
<i>Other substantive exploration data</i>	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	<i>Samples have not yet been tested for in situ density.</i>
<i>Further work</i>	<i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i>	<i>Further work via infill mineral assemblage composite sampling is recommended.</i> <i>Exploration by geophysical and drilling is planned on other parts of the tenement.</i>
	<i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	<i>Refer to the main body of the report.</i>

Appendix B: Port Gregory Project - Drilling

Table 1 Port Gregory Project – All Drill Hole Collars

Hole ID	MGA E	MGA N	Elevation	Total Depth	Drill Type	Zone	Dip
E01-01	229283	6885198	46.65	42	AC	50	-90
E01-03	229339	6885257	58.37	42	AC	50	-90
E01-07	229449	6885369	59.45	42	AC	50	-90
E01-11	229561	6885488	52.21	42	AC	50	-90
E01-15	229674	6885595	48.63	42	AC	50	-90
E01-19	229787	6885710	54.49	42	AC	50	-90
E01-23	229897	6885825	61.76	48	AC	50	-90
E01-27	230003	6885925	69.85	45	AC	50	-90
E01-34	230121	6886057	71.60	18	AC	50	-90
E01-36	230231	6886175	65.30	42	AC	50	-90
E01-38	230275	6886220	63.80	9	AC	50	-90
E01-39	230334	6886286	65.93	42	AC	50	-90
E07-38	234952	6879844	95.81	90	AC	50	-90
E07-42	235075	6879956	93.32	87	AC	50	-90
E07-46	235186	6880061	94.37	45	AC	50	-90
E07-50	235304	6880169	98.95	45	AC	50	-90
E07-54	235425	6880276	98.90	54	AC	50	-90
E08-01	236691	6879058	79.18	14.5	AC	50	-90
E08-05	236803	6879172	69.71	20.5	AC	50	-90
E08-09	236915	6879287	57.07	22.5	AC	50	-90
E08-29	236606	6879016	84.77	54	AC	50	-90
E09-05	236675	6877800	99.89	60	AC	50	-90
E09-09	236836	6877830	87.70	13.5	AC	50	-90
E09-13	236906	6877990	79.94	33.5	AC	50	-90
E09-17	237022	6878100	69.94	9	AC	50	-90
E09-21	237143	6878205	61.23	29	AC	50	-90
E09-25	237261	6878313	53.26	15	AC	50	-90
E09-29	237380	6878420	44.05	6	AC	50	-90
E09-33	237498	6878528	42.48	9	AC	50	-90
E10-01	228577	6885957	42.01	48	AC	50	-90
E10-02	228653	6885995	39.85	34.5	AC	50	-90
E10-03	228729	6886026	45.44	34	AC	50	-90
E10-04	228801	6886057	56.91	41	AC	50	-90
E10-06	228946	6886124	60.04	42	AC	50	-90
E10-08	229091	6886191	58.70	41	AC	50	-90
E10-10	229237	6886256	60.82	7.5	AC	50	-90
E10-12	229378	6886330	64.93	13.5	AC	50	-90
E10-14	229507	6886428	70.71	13.5	AC	50	-90
E10-16	229583	6886567	74.74	12.5	AC	50	-90

Hole ID	MGA E	MGA N	Elevation	Total Depth	Drill Type	Zone	Dip
E10-18	229699	6886663	77.35	21	AC	50	-90
E10-20	229847	6886721	73.25	22.5	AC	50	-90
E10-22	229986	6886775	68.11	19.5	AC	50	-90
E11-01	227714	6886952	57.61	48	AC	50	-90
E11-03	227859	6886990	63.92	51	AC	50	-90
E11-05	228018	6887002	64.07	51	AC	50	-90
E11-07	228178	6887014	66.32	54	AC	50	-90
E11-09	228338	6887024	72.09	32.5	AC	50	-90
E11-11	228488	6887074	78.96	13	AC	50	-90
E11-13	228635	6887140	84.51	15	AC	50	-90
E11-15	228781	6887205	86.14	19	AC	50	-90
E11-17	228923	6887277	88.93	19.5	AC	50	-90
E11-19	229066	6887353	88.20	15.5	AC	50	-90
E11-21	229224	6887379	93.14	51	AC	50	-90
E11-23	229383	6887386	91.63	26.5	AC	50	-90
E11-25	229542	6887381	86.66	15.5	AC	50	-90
E11-27	229703	6887376	84.91	23	AC	50	-90
E12-11	227688	6887867	72.22	63	AC	50	-90
E12-13	227848	6887870	66.80	57	AC	50	-90
E12-15	228008	6887876	68.01	12.5	AC	50	-90
E12-17	228169	6887880	75.90	63	AC	50	-90
E12-19	228328	6887884	82.84	29.5	AC	50	-90
E12-21	228487	6887890	90.35	28.5	AC	50	-90
E12-23	228648	6887891	90.22	23	AC	50	-90
E12-25	228808	6887894	96.51	33.5	AC	50	-90
E12-27	228969	6887897	103.33	19	AC	50	-90
E12-29	229128	6887903	96.23	38	AC	50	-90
E12-31	229288	6887906	93.70	32	AC	50	-90
E12-33	229450	6887911	99.25	43	AC	50	-90
E15-23	234924	6880714	94.61	16	AC	50	-90
E23-11	235455	6879598	96.91	48	AC	50	-90
E23-13	235598	6879668	104.05	49	AC	50	-90
E23-15	235744	6879732	101.84	57	AC	50	-90
E23-17	235894	6879793	105.09	51	AC	50	-90
E25-18	236672	6878464	86.41	62	AC	50	-90
E25-20	236815	6878536	75.28	48	AC	50	-90
P12-09	227533	6887842	73.91	42	AC	50	-90

Table 2 Port Gregory Project – Significant Drill hole intersections >1.5% Garnet

Hole ID	Sample ID	Depth From	Depth To	Thickness	Sample Interval	Ilmenite % (total sample)	Garnet % (total sample)	Laboratory
E01-01	E01-01/0-3	0	15	15	3.0	0.24	2.90	GMA
E01-01	E01-01/18-21	18	21	3	3.0	0.08	1.58	GMA
E01-01	E01-01/30-33	30	33	3	3.0	0.02	1.63	GMA
E01-01	E01-01/39-42	39	42	3	3.0	0.21	1.62	GMA
E01-03	E01-03/0-3	0	36	36	3.0	0.19	2.79	GMA
E01-03	E01-03/39-42	39	42	3	3.0	0.08	3.40	GMA
E01-07	E01-07/0-3	0	15	15	3.0	0.26	2.43	GMA
E01-07	E01-07/18-21	18	21	3	3.0	0.26	1.50	GMA
E01-07	E01-07/24-27	24	39	15	3.0	0.17	1.79	GMA
E01-11	E01-11/0-3	0	15	15	3.0	0.40	3.61	GMA
E01-11	E01-11/27-30	27	33	6	3.0	0.22	2.06	GMA
E01-15	E01-15/0-3	0	24	24	3.0	0.25	2.38	GMA
E01-19	E01-19/0-3	0	18	18	3.0	0.31	2.79	GMA
E01-23	E01-23/0-3	0	15	15	3.0	0.35	3.57	GMA
E01-27	E01-27/0-3	0	30	30	3.0	0.36	3.04	GMA
E01-34	E01-34/0-3	0	18	18	3.0	0.21	1.90	GMA
E01-36	E01-36/0-3	0	9	9	3.0	0.32	3.17	GMA
E01-36	E01-36/18-21	18	24	6	3.0	0.31	2.10	GMA
E01-36	E01-36/36-39	36	39	3	3.0	0.69	1.72	GMA
E01-38	E01-38/0-3	0	9	9	3.0	0.47	2.28	GMA
E01-39	E01-39/0-3	0	21	21	3.0	0.53	3.01	GMA
E07-38	E07-38/0-3	0	12	12	3.0	0.32	3.34	GMA
E07-38	E07-38/18-21	18	21	3	3.0	0.15	1.69	GMA
E07-38	E07-38/27-30	27	33	6	3.0	0.16	1.68	GMA
E07-38	E07-38/81-84	81	87	6	3.0	0.19	2.69	GMA
E07-42	E07-42/3-6	3	6	3	3.0	0.18	1.55	GMA
E07-42	E07-42/9-12	9	12	3	3.0	0.17	2.11	GMA
E07-42	E07-42/15-18	15	18	3	3.0	0.07	1.96	GMA
E07-42	E07-42/27-30	27	30	3	3.0	0.09	1.62	GMA
E07-42	E07-42/60-63	60	63	3	3.0	0.30	2.41	GMA
E07-42	E07-42/72-75	72	81	9	3.0	0.26	2.59	GMA
E07-46	E07-46/6-9	6	21	15	3.0	0.35	2.28	GMA
E07-46	E07-46/24-27	24	30	6	3.0	0.45	2.32	GMA
E07-50	E07-50/0-3	0	21	21	3.0	0.54	3.58	GMA
E07-54	E07-54/6-9	6	9	3	3.0	0.32	1.50	GMA
E07-54	E07-54/12-15	12	15	3	3.0	0.31	4.67	GMA
E07-54	E07-54/18-21	18	21	3	3.0	0.25	1.74	GMA
E07-54	E07-54/36-39	36	42	6	3.0	0.17	2.65	GMA
E08-05	E08-05/9-12	9	15	6	3.0	0.35	2.36	GMA
E08-09	E08-09/12-15	12	21	9	3.0	0.31	2.06	GMA
E08-29	E08-29/6-9	6	18	12	3.0	0.15	1.81	GMA

Hole ID	Sample ID	Depth From	Depth To	Thickness	Sample Interval	Ilmenite % (total sample)	Garnet % (total sample)	Laboratory
E08-29	E08-29/30-33	30	39	9	3.0	0.13	1.67	GMA
E09-05	E09-05/0-3	0	39	39	3.0	0.28	3.57	GMA
E09-09	E09-09/0-3	0	3	3	3.0	0.48	1.59	GMA
E09-09	E09-09/6-9	6	13.5	8	2.7	0.40	2.49	GMA
E09-13	E09-13/15-18	15	21	6	3.0	0.18	1.65	GMA
E09-13	E09-13/30-33	30	33.5	4	2.6	0.29	1.84	GMA
E09-29	E09-29/0-3	0	3	3	3.0	0.27	3.47	GMA
E09-33	E09-33/3-6	3	6	3	3.0	0.24	4.75	GMA
E10-01	E10-01/21-24	21	48	27	3.0	0.37	10.55	GMA
E10-03	E10-03/6-9	6	9	3	3.0	0.21	2.42	GMA
E10-03	E10-03/12-15	12	21	9	3.0	0.10	1.55	GMA
E10-04	E10-04/3-6	3	12	9	3.0	0.42	6.63	GMA
E10-04	E10-04/15-18	15	18	3	3.0	0.09	1.57	GMA
E10-04	E10-04/30-33	30	33	3	3.0	0.10	1.73	GMA
E10-08	E10-08/24-27	24	27	3	3.0	0.10	1.50	GMA
E10-12	E10-12/3-6	3	6	3	3.0	0.17	2.42	GMA
E10-14	E10-14/0-3	0	3	3	3.0	0.21	2.46	GMA
E10-16	E10-16/0-3	0	12.5	13	2.9	0.14	1.98	GMA
E10-18	E10-18/6-9	6	21	15	3.0	0.13	2.55	GMA
E10-20	E10-20/9-12	9	18	9	3.0	0.17	3.33	GMA
E10-22	E10-22/0-3	0	18	18	3.0	0.18	2.85	GMA
E11-01	E11-01/0-3	0	6	6	3.0	0.22	1.89	GMA
E11-01	E11-01/15-18	15	18	3	3.0	0.11	1.68	GMA
E11-03	E11-03/0-3	0	12	12	3.0	0.22	4.17	GMA
E11-03	E11-03/27-30	27	30	3	3.0	0.03	3.93	GMA
E11-07	E11-07/0-3	0	12	12	3.0	0.13	2.97	GMA
E11-07	E11-07/15-18	15	18	3	3.0	0.11	1.55	GMA
E11-09	E11-09/27-30	27	30	3	3.0	0.28	1.61	GMA
E11-11	E11-11/0-3	0	9	9	3.0	0.18	3.39	GMA
E11-13	E11-13/3-6	3	12	9	3.0	0.22	3.54	GMA
E11-15	E11-15/3-6	3	9	6	3.0	0.06	1.54	GMA
E11-15	E11-15/12-15	12	15	3	3.0	0.12	1.55	GMA
E11-17	E11-17/0-3	0	3	3	3.0	0.17	1.85	GMA
E11-19	E11-19/0-3	0	15.5	16	2.9	0.12	1.96	GMA
E11-21	E11-21/0-3	0	12	12	3.0	0.13	2.21	GMA
E11-21	E11-21/15-18	15	21	6	3.0	0.37	2.58	GMA
E11-21	E11-21/30-33	30	33	3	3.0	0.35	2.65	GMA
E11-23	E11-23/0-3	0	21	21	3.0	0.18	2.35	GMA
E11-25	E11-25/0-3	0	15.5	16	2.9	0.16	2.18	GMA
E11-27	E11-27/9-12	9	15	6	3.0	0.12	2.15	GMA
E12-11	E12-11/0-3	0	6	6	3.0	0.16	2.62	GMA
E12-13	E12-13/3-6	3	9	6	3.0	0.19	2.45	GMA

Hole ID	Sample ID	Depth From	Depth To	Thickness	Sample Interval	Ilmenite % (total sample)	Garnet % (total sample)	Laboratory
E12-19	E12-19/0-3	0	18	18	3.0	0.12	2.13	GMA
E12-21	E12-21/3-6	3	24	21	3.0	0.13	2.35	GMA
E12-23	E12-23/0-3	0	9	9	3.0	0.24	2.46	GMA
E12-23	E12-23/15-18	15	18	3	3.0	0.14	2.08	GMA
E12-25	E12-25/0-3	0	18	18	3.0	0.38	3.83	GMA
E12-27	E12-27/0-3	0	12	12	3.0	0.42	4.11	GMA
E12-29	E12-29/0-3	0	18	18	3.0	0.30	2.71	GMA
E12-29	E12-29/21-24	21	24	3	3.0	0.16	2.06	GMA
E12-31	E12-31/0-3	0	6	6	3.0	0.14	1.76	GMA
E12-31	E12-31/9-12	9	24	15	3.0	0.29	2.79	GMA
E12-33	E12-33/0-3	0	15	15	3.0	0.22	2.63	GMA
E12-33	E12-33/21-24	21	24	3	3.0	0.45	3.24	GMA
E12-33	E12-33/36-39	36	43	7	2.7	0.20	2.28	GMA
E15-23	E15-23/6-9	6	9	3	3.0	0.10	1.54	GMA
E15-23	E15-23/12-15	12	16	4	2.5	0.11	1.82	GMA
E23-11	E23-11/3-4	3	30	27	2.9	0.15	2.72	GMA
E23-11	E23-11/33-36	33	36	3	3.0	0.11	1.82	GMA
E23-11	E23-11/39-42	39	42	3	3.0	0.19	2.42	GMA
E23-13	E23-13/0.3-3	0	9	9	2.6	0.33	1.88	GMA
E23-13	E23-13/12-15	12	24	12	3.0	0.12	3.20	GMA
E23-13	E23-13/27-30	27	36	9	3.0	0.12	2.50	GMA
E23-13	E23-13/42-45	42	45	3	3.0	0.00	1.74	GMA
E23-15	E23-15/5-6	5	21	16	2.9	0.15	2.32	GMA
E23-15	E23-15/24-27	24	33	9	3.0	0.16	1.83	GMA
E23-15	E23-15/42-45	42	45	3	3.0	0.07	1.85	GMA
E25-18	E25-18/6-9	6	27	21	3.0	0.18	3.26	GMA
E25-18	E25-18/33-36	33	39	6	3.0	0.32	1.57	GMA
E25-18	E25-18/42-45	42	62	20	2.9	0.26	7.80	GMA
E25-20	E25-20/9-12	9	12	3	3.0	0.12	1.84	GMA
E25-20	E25-20/15-18	15	24	9	3.0	0.13	2.33	GMA

Annexure E Independent Geologists' Reports (Inhambane Project)

Independent Geologist's Report on the Inhambane Heavy Minerals Sands Project

Report prepared for

Heavy Minerals Limited



Report prepared by



SRK Consulting (Australasia) Pty Ltd

MOZ001

July 2021

Independent Geologist's Report on the Inhambane Heavy Minerals Sands Project

Heavy Minerals Limited

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July 2021

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The Directors
Mozmin Resources Pty Ltd
Level 11, 216 St Georges Terrace
Perth WA 6000

Dear Directors

Heavy Minerals Limited (HVY or the Company) has commissioned SRK Consulting (Australasia) Pty Ltd (SRK) to provide an Independent Geologist's Report (IGR) on the Inhambane mineral sands project located in Mozambique. It is SRK's understanding that this Report is to be included in a Prospectus to be issued in support of a proposed listing on the Australian Securities Exchange (ASX). The purpose of this Prospectus is to offer 27,500,000 shares at an issue price of A\$0.20 per share to raise A\$5.5 Million, before the costs of issue (Prospectus).

The objective of this Report is to present and comment on the reasonableness of the information supporting HVY's Inhambane Project, with a particular focus on tenure, geological setting, Mineral Resources, previous mining and/or exploration work, development plans, infrastructure, environment, social, opportunities and uncertainties, as well as an opinion on the exploration potential and commentary on HVY's proposed costed exploration programs over the next 2 years.

Standard of the Report

This IGR summarises the findings of SRK's independent technical review and has been prepared in order to satisfy the rules and requirements of the ASX.

This Report has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment Report under the guidelines of the 2015 edition of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code). The VALMIN Code incorporates the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

It should be noted that the authors of this Report are Members of either the Australasian Institute of Mining and Metallurgy (AusIMM) or the Australian Institute of Geoscientists (AIG) and, as such, are bound by both the VALMIN Code and the JORC Code. For the avoidance of doubt, this Report has been prepared according to:

- The 2015 edition of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code)
- The 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

This Report is not a Valuation Report and does not express an opinion regarding the value of the mineral assets or tenements involved, nor the fairness and reasonableness of any transaction between HVY and any other parties.

Information basis of this Report

Data and information on the assets used to prepare this Report are referenced throughout the Report.

SRK has derived the technical information on which this Report is based from information provided by HVY. SRK has supplemented this information, where necessary, with information from its own geological databases, or information available within the public domain. However, where discrepancies have arisen and no alternative comments have been provided, the data and interpretations provided by HVY prevail. The past exploration history for the tenements has been derived from reports by previous explorers, as provided by HVY and verified by SRK, as well as government records of exploration activities within the project area.

The principal sources of information are included in a reference list at the end of the Report. The Report includes information available up to the date of this Report. HVY has stated that all information provided by HVY may be presented in the Report and that none of the information is regarded as being confidential.

Activities undertaken as part of this assignment included visiting HVY's Inhambane Project in Mozambique on Thursday 7 September 2017. SRK conducted background research, including searches of government datasets and public domain data sources. The work included a review of HVY's proposed exploration program and budget.

Legal matters

SRK has not been engaged to comment on any legal matters.

SRK notes that it is not qualified to make legal representations in regard to the ownership and legal standing of the mineral assets that are the subject of this Report. SRK has not attempted to confirm the legal status of the tenements with respect to ownership, acquisition or joint venture agreements, local heritage or potential environmental or land access restrictions. Instead, SRK has relied on information provided by HVY. SRK has prepared this IGR on the understanding that all the tenements of HVY are currently in good standing or pending, and that there is no cause to doubt the eventual granting of any tenement applications.

SRK understands that the current ownership status and legal standing of the tenements are dealt with in a separate Solicitor's Report contained elsewhere within this Prospectus.

While SRK has exercised all due care in reviewing the supplied information, SRK does not accept responsibility for finding any errors or omissions contained therewithin and disclaims any liability for any consequences of such errors or omissions.

This Report includes technical information, which required subsequent calculations to derive subtotals, totals and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error. Where such errors occur, SRK does not consider them to be material.

Project team

This Report has been prepared by a team of consultants from SRK's offices in Brisbane, London and Perth, Australia. SRK's Project Manager for this Project was Jeames McKibben, a Principal Consultant (Project Evaluation) with over 25 years' experience.

Table L-1: Team members and allocated scope topics

Consultant Name/Position	Role
Michel Armitage Corporate Consultant (Resource Geology)	Mozambique Exploration Results and Mineral Resources (Sections 5.4 to 5.7 inclusive)
Andrew Lawrence Principal Consultant (Geology)	Site visit
Jeames McKibben Principal Consultant (Project Evaluation)	Project management, report compilation
Rodney Brown Principal Consultant (Geosciences)	Peer review
Mark Noppé Corporate Consultant (Geology)	Project Sponsor

Details of the qualifications and experience of the consultants who have carried out the work in this Report, who have extensive experience in the mining industry and are members in good standing of appropriate professional institutions, are set out below.

Dr Armitage, Mr McKibben, Mr Brown and Mr Noppé are permanent employees of SRK, and Mr Lawrence is a casual employee.

Mike Armitage, PhD, BSc (Hons), MIMM, FGS - Corporate Consultant

Dr Mike Armitage is a previous Managing Director and Chairman of SRK (UK) and also served six years as the Chairman of the SRK Group. He has over thirty years' experience in the industry. Prior to joining SRK, he worked on gold mines in South Africa and Zimbabwe and also completed a PhD assessing alternative methods of reserve estimation at Renco Gold Mine in Zimbabwe. At SRK, he is responsible for managing feasibility studies and stock exchange CPRs on behalf of mining and exploration companies and also audits and due diligence studies on behalf of investment institutions or in support of mergers and acquisitions. He has written several papers on resource and reserve estimation methodology and spent several years as joint course co-ordinator of an MSc in Mineral Resources at Cardiff University and then as external examiner for the MSc in Metals and Energy Finance at Imperial College, University of London. He has also been a council member and Vice President of the Geological Society.

Projects include gold, diamond, mineral sands, base metal, uranium, industrial mineral, coal/oil shale and iron ore prospects and mines in Europe, North and South America, the Former Soviet Union, Africa and the Middle East.

He has been project manager of several feasibility study audits carried out on behalf of banks and financial institutions for projects in Russia, Southern and Western Africa and North and South America and also CPRs prepared to support listings on stock exchanges in Australia, UK, Ireland, South Africa and Canada.

Andrew Lawrence, BSc (Hons), MAusIMM, MGSA, MAIG – Principal Consultant

Andrew Lawrence is a geologist with 40 years' experience in the exploration and mining industry, comprising 23 years consulting in resource estimation, 6 years technical support of mining operations, and 11 years' mineral exploration and project assessment. His key skills include management of geological data, analysis and interpretation of geological data, resource estimation and resource audits. He has experience with many commodities including iron ore, mineral sands, copper, lead, zinc, lateritic nickel, gold, coal and phosphate, in a variety of geological terrains in countries including Australia, Indonesia, Papua New Guinea, Europe, Africa, Saudi Arabia, and South America.

Rod Brown, BSc (Geology), Dip. Met, MAusIMM, MAIG – Principal Consultant

Rodney Brown is a geologist with over 29 years' experience in the mining industry, comprising 18 years in consulting and 9 years in operations. Rodney has experience in a variety of terrains and commodities, including iron ore, gold, bauxite, mineral sands, silver, lead, zinc, copper, molybdenum, manganese, nickel, rare earth elements, and industrial minerals. He has conducted due diligence reviews, ore body modelling, mineral resource and reserve estimation, statistical and geostatistical analyses, and mine geology studies for deposits in a number of regions, including Australia, Africa, Russia, Europe, the Middle East, South America, North America, India, Central Asia, and Southeast Asia. Rodney is highly proficient in various mining related software systems. He also has several years' experience as a metallurgist in the steel industry.

Jeames McKibben, BSc (Hons), MBA, Registered Valuer Surveyor (MRICS), FAusIMM(CP), MAIG – Principal Consultant

Jeames McKibben is an experienced international mining professional who has operated in a variety of roles including consultant, project manager, geologist and analyst, over more than 25 years. He has a strong record in mineral asset valuation, project due diligence, independent technical review and deposit evaluation. As a consultant, he specialises in mineral asset valuations and Independent Technical Reports for equity transactions and in support of project finance. Jeames has been responsible for multi-disciplinary teams covering precious metals, base metals, bulk commodities (ferrous and energy) and other minerals in Australia, Asia, Africa, North and South America and Europe. He has assisted numerous mineral companies, financial, accounting and legal institutions and has been actively involved in arbitration and litigation proceedings. Jeames has experience in the geological evaluation and valuation of mineral projects worldwide. Jeames is a current member of the VALMIN and IMVAL committees.

Mark Noppé, MSc (Exploration Geology), FAusIMM CP(Geo) – Corporate Consultant

Mark Noppé is a geoscientist with over 30 years' mining industry experience in exploration, mining geology, practical geostatistical applications, resource estimation and reporting, mine reconciliation, feasibility studies, technical audits and due diligence. Mark has worked in South Africa, Western Australia and Queensland as a geologist and consultant and provides advice, training and mentoring in all aspects of orebody knowledge. His technical experience covers a wide range of projects, geological and mining settings, and commodities, including bauxite, diamonds, coal, copper, cobalt, iron ore and magnetite, lead-zinc, sulphide and laterite nickel, niobium, potash, phosphate, PGE and gold projects in Australia, New Zealand, South Africa, Botswana, Zambia, Mali, Tanzania, UK, Indonesia, China, Canada, Chile, Jordan, Uzbekistan, Kyrgyzstan and the Russian Far East.

Statement of SRK independence

Neither SRK nor any of the authors of this Report have any material present or contingent interest in the outcome of this Report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK and the authors have no prior association with HVY or the mineral assets that are the subject of this Report. SRK notes that Mr Adam Schofield, a director of HVY, has previously been employed as an associate mining engineer of SRK, but has not acted in this capacity over the past 5 years. SRK has no beneficial interest in the outcome of the technical assessment being capable of affecting its independence.

Consulting fees

SRK's estimated fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK's knowledge of the assets and availability of data. The fee payable to SRK for this engagement is estimated at approximately A\$90,000. The payment of this professional fee is not contingent upon the outcome of the Report.

Warranties and indemnities

HVY has warranted, in writing to SRK, that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true. As recommended by the VALMIN Code, HVY has provided SRK with an indemnity under which SRK is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required:

- which results from SRK's reliance on information provided by HVY or from HVY not providing material information, or
- which relates to any consequential extension workload through queries, questions or public hearings arising from this Report.

Consent

SRK and the authors consent to this Report being included, in full, in HVY's Prospectus, in the form and context in which the technical assessment is provided, and not for any other purpose. SRK provides this consent on the basis that the technical assessments expressed in the Summary and in the individual sections of this IGR be considered with, and not independently of, the information set out in the complete Report and the Cover Letter.

Competent Person Statement and Consent

The information presented in this report that relates to the Inhambane Exploration Results and Mineral Resources is based on activities carried out by Mr Paul Leandri and Mr Greg Jones as set out in the Inhambane Mineral Resource Estimation and Geological Report dated May 2021 (as made available on the Company website). Mr Jones takes overall responsibility for the Mineral Resource Estimate, and Mr Leandri takes responsibility for the integrity of the data supplied for the estimation. Mr Jones is a Fellow of AusIMM and Mr Leandri is a Member of the AusIMM and AIG. Both have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. The Competent Persons consent to the inclusion in this Report of the matters based on the information in the form and context in which it appears.

Practitioner Consent

The information in this report that relates to Technical Assessment of the Exploration Results and Mineral Resources is based on and fairly reflects information compiled and conclusions derived by Mr Mike Armitage, who is a Competent Person and Member of the Institute of Mining and Metallurgy as well as a Fellow of the Geological Society. Mr Armitage is an independent consultant and employed by SRK, an independent mining consultancy. Mr Armitage has sufficient experience that is relevant to the Technical Assessment of the Mineral Assets under consideration, the style of mineralisation and the types of deposit under consideration and to the activity being undertaken to qualify as Practitioners as defined in the 2015 edition of the 'Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets', and as Competent Persons as defined in the 2012

Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Armitage consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

Comment

HVY has advised SRK that it has prepared a funded work program at its Inhambane Project comprising A\$250,000, which will be attributed to geological mapping, aeromagnetic geophysical surveying and geochemical sampling (Funded Works). At present, the Company considers it prudent not to allocate further funding to the Inhambane Project until such time as it is able to confirm the transfer of interests in the Inhambane Project have been recognised by Government of Mozambique (Mozambique Approval).

Pending receipt of the Mozambique Approval, HVY has prepared a further work plan at its Inhambane Project, comprising A\$910,000, which will be attributed to exploration drilling, Resource estimation, limited metallurgical testing and the commencement of initial techno-economic studies (Further Works). The Further Works are currently unfunded and in the event that the Mozambique Approval is received, the Company may resolve to do one or more of the following:

- divert some of the funding from working capital or future acquisition costs to the Inhambane Project; or
- raise new capital to fund the Further Works, or
- resolve not to undertake some or all of the Further Works.

SRK considers this to be a prudent approach and allows for flexibility in the exploration program. The Further Works will allow for HVY to define any additional targets areas that warrant follow up exploration, upgrade the presently defined Mineral Resource and advance their assessment through the commencement of preliminary techno-economic studies.

The Inhambane Project is within a district with established mineral sands resources, and SRK considers there is reasonable potential to establish additional Mineral Resources within the tenements to which HVY has title.

Yours faithfully

 **srk** consulting

This signature has been scanned. The author has given permission to its use for this document. The original signature is held on file

SRK Consulting (Australasia) Pty Ltd

Jeames McKibben MAIG, MAusIMM(CP), MRICS
Principal Consultant (Project Evaluation)

July 2021

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Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Heavy Minerals Limited (HVY or the Company). The opinions in this Report are provided in response to a specific request from HVY to do so. SRK has exercised all due care in reviewing the supplied information. While SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

List of Abbreviations

Term	Meaning
A\$	Australian dollars
AD	After the Gregorian year zero (Anno Domini)
AIG	Australian Institute of Geoscientists
amsl	above mean sea level
ASTER GDEM	Advanced Spaceborne Thermal Emission and Reflection Radiometer Global Digital Elevation Model
ASX	Australian Securities Exchange
AusIMM	The Australasian Institute of Mining and Metallurgy
Bt	Billion tonnes (1,000,000,000 tonnes)
cm	centimetres
DUAT	Direito de Uso e Aproveitamento da Terra. A DUAT is the instrument by which a person or entity is granted the right to use and benefit from a parcel of land in Mozambique
EIA	Environmental Impact Assessment
EL	Exploration Licence
GDP	Gross Domestic Product
GPS	Global Positioning System
HM	Heavy Mineral
HMS	Heavy Mineral Sands
HVY	Heavy Minerals Limited
IGR	Independent Geologist's Report
IMF	International Monetary Fund
IPM	Production Tax (<i>Imposto sobre a produção mineral</i>)
IRPC	Corporate Income Tax (<i>Imposto sobre o rendimento de pessoas colectivas</i>)
IRRM	Resource Rent Tax (<i>Imposto sobre a renda de recurso mineiro</i>)
ISS	Surface tax (<i>Imposto sobre a superfície</i>)
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
km	kilometres
Ma	Million years
mm	millimetres
MSP	Mineral Separation Plant
Mt	Million tonnes
MW	Megawatt or 1,000,000 watts
MZN	Metical (plural Meticais), the currency in Mozambique
OS	Oversize
ppb	parts per Billion
ppm	parts per Million
QEMSCAN	Quantitative evaluation of minerals by scanning electron microscope. QEMSCAN is a registered trademark. The process is also abbreviated as QEMSEM.
RC	Reverse Circulation
ROM	run-of-mine

Term	Meaning
RPEEE	Reasonable prospects for eventual economic extraction
SADC	Southern African Development Community
SL	Slimes
SR	Synthetic rutile
SRK	SRK Consulting (Australasia) Pty Ltd
SRK UK	SRK Consulting (UK) Limited
SRTM	Shuttle Radar Topography Mission
t	metric tonne (1,000 kilograms or 2,204.62 pounds)
tph	tonnes per hour
TZMI	TZ Minerals International Pty Ltd
UN	United Nations
UNESCO	The United Nations Educational, Scientific and Cultural Organization
US\$	US dollars
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets
VAT	Value Added Tax
VHM	Valuable Heavy Mineral
WCP	Wet Concentrator Plant

Glossary

Term	Meaning
Al ₂ O ₃	Aluminium oxide or alumina
Archaean	A geological eon, 4,000 to 2,500 million years ago
Assay	Laboratory test-work on a sample to determine grades of oversize, sand, slimes and heavy minerals
Concentrate (e.g. HM concentrate, ilmenite concentrate)	A product comprising mineral grains with a relatively high density that have been separated from minerals with a lower density that are typically treated as waste
Cretaceous	A period of geological time (65.5 million years ago to 135.5 million years ago)
Deposit	A mineralised body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of valuable minerals to warrant further exploration and/or development expenditures
Drilling	In mineral exploration, boring a hole into prospective ground to recover core or cuttings indicative of rock types and grades of mineralisation
eSwatini	The country known as Swaziland before a change of name was decreed in April 2018
Fault	A fracture in earth materials, along which the opposite sides has been displaced parallel to the plane of the fracture
Geophysics	The study of the Earth using quantitative physical methods to measure its electrical conductivity, gravitational and magnetic fields
GNJ 2019	"Inhambane Mineral Resource estimate" dated July 2019 by Paul Leandri and Greg Jones for Mozmin Resources Pty Limited
GNJ 2021	"Inhambane Mineral Resource estimate" dated May 2021 by Paul Leandri and Greg Jones for Heavy Minerals Limited
Grade	The concentration or quality of an ore or metal content
Granite	An acid intrusive rock
Granulite	An equigranular coarse grained metamorphic rock
Greenstone belt	Precambrian supracrustal rocks that include komatiite, basalt, andesite, and sedimentary rocks
Heavy liquid	A liquid with a density greater than approximately 2.9 g/cm ³
Heavy mineral	Minerals with particle size between a lower bound typically between 45 µm and 75 µm and an upper bound between 500 µm and 2.0 mm, and a density greater than approximately 2.9 g/cm ³
Igneous	A class of rock that has formed by cooling and solidification of hot molten natural materials within the Earth's crust or on the surface of the Earth
Intrusive	An igneous rock formed entirely within the Earth's crust
Meta-	A prefix used to indicate the precursor rock type of a metamorphic rock
Metamorphic rock	A rock altered by temperature and pressure within the Earth
Mineral Resource	A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality) and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge including sampling. Mineral Resources are sub-divided in order of increasing geological confidence into Inferred, Indicated and Measured categories.
Mineralisation	Geological occurrence of mineral of potential economic interest
Open pit	Surface mining in which the ore is extracted from a pit or quarry

Term	Meaning
Oversize	Mineral particles with a particle size greater than 500 µ to 2.0 mm, regardless of their density
Precambrian	The Precambrian is the earliest period of Earth's history. It spans from the formation of Earth about 4.567 billion years ago to the beginning of the Cambrian period about 541 million years ago, when hard-shelled creatures first appeared in abundance.
Quartz	A silicon-bearing mineral comprising SiO ₂
recovery	A term used in process metallurgy to indicate the proportion of valuable material obtained in processing of an ore. It is generally stated as a percentage of valuable material in the ore that is recovered compared to the total valuable material present in the ore.
Sample	The removal of a small amount of rock pertaining to the deposit, which is used to estimate the grade of the deposit and other geological parameters
Siltstone	A fine-grained granular sedimentary rock
SiO ₂	Silicon dioxide or silica
Slimes	Mineral particles with a particle size less than 75 µm to 45 µm, regardless of their density
Tenement or tenure	A general term for an Exploration and/or Mining Licence or Lease
TiO ₂	Titanium dioxide
Volcanic	Formed by or associated with a volcano
ZrO ₂	Zirconium dioxide

Executive Summary

SRK Consulting (Australasia) Pty Ltd (SRK) has been commissioned by Heavy Minerals Limited (HVY or the Company) to prepare an Independent Geologist's Report (IGR) on the Inhambane mineral sands project located in Mozambique. This IGR has been prepared for inclusion in a Prospectus for a proposed listing of HVY on the Australian Securities Exchange (ASX).

This IGR presents the following key technical information as at the Effective Date (25 May 2021):

- Exploration Results and Mineral Resource statements reported in accordance with the terms and definitions of the JORC Code (defined below)
- an independent assessment of the geological setting and exploration potential of the mineral tenements in Mozambique in which HVY holds an interest
- a statement regarding the merit of HVY's proposed work programs and associated budgets for these tenements
- HVY's work programs and associated budgets for a 2-year period following listing.

Background

SRK has been commissioned by HVY to prepare an IGR on the Company's Inhambane Project located in Mozambique.

Requirement and Reporting Standard

The IGR has been prepared in compliance with the following requirements, which together comprise the 'Requirements':

The standard adopted for the reporting of HVY's mineral assets is that defined by the terms and definitions given in the **'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code 2012 Edition)** as published by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. The JORC Code is an internationally recognised reporting code as defined by the Combined Reserves International Reporting Standards Committee. SRK has been informed that the JORC Code is currently adopted by the Company in respect of Exploration Results, Mineral Resource and Ore Reserve reporting.

In addition, this report has also considered the requirements of the **'Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets: The VALMIN Code (2015 Edition)' (the VALMIN Code 2015)**.

Reliance

The IGR is addressed to and may be relied upon by the Company, the Directors of the Company, the Shareholders of the Company and the Advisors of the Company in support of the ASX Listing, specifically in respect of compliance with the Requirements. SRK is responsible for this IGR and for all of the technical information in the Prospectus released by the Company in connection with the Listing and dated the same date as the IGR (the HVY Listing Documents) that has been extracted directly from this IGR. SRK declares that it has taken all reasonable care to ensure that this IGR and the technical information extracted here from and included in the HVY Listing Documents is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

SRK has no obligation or undertaking to advise any person of any development in relation to HVY's Projects which comes to its attention after the date of this IGR or to review, revise or update the IGR or opinion in respect of any such development occurring after the date of this IGR.

The Competent Person who has reviewed the Exploration Results and Mineral Resources pertaining to the Inhambane Project in Mozambique as reported by HVY is Dr Mike Armitage, PhD, BSc (Hons), C.Eng., C.Geol. who is a full-time employee of SRK. Dr Armitage is a geoscientist with over 35 years' experience in the mining industry and has been involved in the evaluation of Mineral Resources on numerous properties during the past 30 years.

The person with overall responsibility for the preparation of this report is Mr Jeames McKibben, BSc (Hons), MBA, FAusIMM (CP), MAIG, MRICS, who is a full-time employee of SRK. Mr McKibben is a geoscientist with over 25 years' experience in the mining and metals industry and has been involved in the preparation of IGRs comprising compliance and listing documents and technical valuations on various mineral assets internationally over more than 15 years.

While SRK has exercised all due care in reviewing the supplied information, SRK does not accept responsibility for finding any errors or omissions contained therein and disclaims liability for any consequences of such errors or omissions.

SRK's assessment of the Exploration Results and Mineral Resources for the Inhambane Project is based on information provided by the Company throughout the course of SRK's investigations, which in turn reflects various technical economic conditions prevailing at the date of this report. This IGR specifically excludes all aspects of legal issues, marketing, commercial and financing matters, insurance, land titles and usage agreements, and any other agreements and/or contracts that HVY may have entered into.

This IGR includes technical information, which requires subsequent calculations to derive subtotals, totals and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error. Where such errors occur, SRK does not consider them to be material.

Review process

SRK has conducted a review (which specifically excludes independent verification by means of re-calculation) and assessment of all material technical issues likely to influence the future performance of HVY's projects, which included the following:

- 1 Inspection visits to the Mozambique Project and associated infrastructure undertaken on 7 September 2017.
- 2 Enquiry of management and key technical personnel between August 2017 and March 2021 in respect of the Project and other related matters.
- 3 Review of the Mineral Resource estimates – while SRK has not re-estimated the Mineral Resources, SRK has performed validation and verification procedures deemed appropriate in order to place reliance on such information.

Overview of the Project

Introduction

The following section includes summary details in respect of the Mineral Assets including mineral tenure, historical technical studies, Mineral Resources and the Company's Work Program.

Title and rights

HVY's equity interests in the Inhambane Project in Mozambique are held via two wholly owned subsidiary companies, Mozmin Resources Pty Ltd (Australia) and Mozmin Resources Limited (Mauritius) (Mozmin), following a transaction between Mozmin and +258 Limitada (hereinafter +258), a Mozambique incorporated company in April 2016. Under the terms of this agreement, Mozmin has

acquired a 70% interest in +258 and thus in its wholly owned Exploration Licence (EL) 4658L – Jangamo which has been converted to an application for a Mining Concession 10255 C, which was lodged on 11 March 2020.

Geology

The Inhambane region contains vast quantities of reworked coastal sands that were deposited by the Limpopo River further south. The Project area is located over a seaward dune system trending towards a landward dune system. The dunes are arcuate and have long inverted 'U' shapes occurring as a series of parabolic dunes representing ancient blowouts with known mineralisation in the adjacent area occurring in both the dune faces and arms of the blowouts.

The bulk of the titanium and zircon sand mineralisation at the adjacent third-party owned Mutamba Project, which is being used by HVY as an analogue for its Inhambane Project, is associated with at least 160 m thickness of older marine-intertidal-aeolian sediments that include three generations of the stable older palaeodunes (referred to as D1, D2 and D3 in Dumouchel et al., 2016), which occur inland of the coastline and overlie a package of marine-intertidal sediments. The combined ilmenite, rutile and zircon heavy minerals (HM) content is 60% to 80% of the HM, with the bulk of the mineralisation hosted by the D2, D3 and Fluvial units. Unit D3 is the most important in terms of economic geology, with an average of 3.3% HM and low slimes content, making it potentially amenable to low-cost dozer trap and/or dredge mining methods. These are overlain by the contemporary aeolian D4 unit and alluvial material.

Mineral Resources

The Company's Mineral Resource estimate is summarised in Table ES-1 (100% equity basis). This estimate comprises Mineral Resources estimated to be present within the small portion of 4658L that HVY tested by drilling in 2014. HVY has advised SRK that the complete report describing this Mineral Resource estimate (GNJ 2021) will be made available at HVY's Corporate website.

As at the Effective Date of the IGR, the total Inferred Mineral Resource (Table ES-1) reported by HVY was 51 Mt grading 3.4% HM, 5% slimes, and containing 1.7 Mt HM on a 100% equity basis.

Table ES-1: Inhambane Inferred Mineral Resource on a 100% equity basis

Category	Material (Mt)	In situ HM (Mt)	HM (%)	SL (%)	OS (%)	HM Assemblage					
						Altered Ilmenite (%)	Primary Ilmenite (%)	Rutile (%)	Leucoxene (HiTi) (%)	Zircon (%)	Trash (%)
Inferred	51	1.7	3.4	5	-	29	31	2	4	5	30
Total	51	1.7	3.4	5	-	29	31	2	4	5	30

*HM = heavy minerals (>45 µm, <2 mm, >2.96 g/cm³), SL = Slimes (<45 µm), OS = Oversize (>2 mm)

SRK has reviewed this estimate and concluded that:

- The quantity and quality of the available data is sufficient to support the Mineral Resource as reported.
- The three main geological zones that are reflected in the resource model and were applied to constrain compositing of the group samples and interpolation of assay grades, appear sound given the quantity of information available for interpretation, and published information about the regional geology.

- The grade interpolation methods applied are conventional for HM deposits (assay grades by inverse distance, and mineral grades by nearest neighbour), particularly for modelling prospects at an early stage of exploration.
- While the interpolation was not constrained by hard geological or grade contacts, and so there is still some potential that the mineralisation may not be as continuous and extensive as currently modelled, this is reflected by the classification of the mineralisation as Inferred.
- The absence of oversize material and the relatively low slimes contents are favourable characteristics.
- While the Mineral Resource is reliant on two significant intersections (from 23 m to 36.5 m which contains 7.8% HM and from 27.5 m to 42.5 m in drill hole IN0030 which contains 8.7% HM), the further drilling required to advance this to an Indicated Mineral Resource level will serve to test the integrity of these data and reduce their influence.

Planned Work Program

SRK considers that while the majority of the currently reported Mineral Resource has potential to be mined, the confidence in this estimate will need to be improved and further Mineral Resources will need to be outlined by the planned exploration work if the Mineral Resource is to form the basis of a viable mining operation.

With this in mind, the Company has developed a dual basis Work Program to cater for timing of the Mozambique Approval process. The Funded Works are sufficient to potentially identify targets that warrant additional exploration. The Further Works include a schedule of both activities and expenditures over the 2 years post-listing, which comprises exploration of the licensed area as a whole, with a view to progressing the project to the Scoping Study stage.

While the planned work will need to be regularly reviewed as results are obtained and changed, SRK considers the Work Plan to be appropriate and justified. Furthermore, SRK considers the Funded Works are sufficient to potentially identify additional targets and the Further Works Budget of A\$910,000 sufficient to enable the completion of further exploration drilling and upgrading of the presently defined Mineral Resource estimate, as well as limited metallurgical testwork and the commencement of initial techno-economic studies.

1 Introduction

1.1 Background

HVY is an unlisted mineral sands exploration and development company registered in February 2021 in Australia. The Company's headquarters is in Perth, Western Australia.

HVY's focus is exploration for and assessment of heavy mineral sand (HMS) deposits including in Mozambique, specifically within the highly endowed Inhambane Province of southern Mozambique. The Company holds the rights to a large tenement in the Inhambane Province of Mozambique. Work at Inhambane during 2014 identified a HMS Mineral Resource, which is the focus of planned exploration activities.

With the pricing for the mineral sands product suite, in particular zircon, having improved between 2018 and 2021, in response to stronger demand driven by urbanisation, global growth and an increasing array of applications and supply shortfalls resulting from mine closures, declining grades and depleting stockpiles, the Company considers there is an opportunity for a mineral sands development and exploration company to meet future demand. In particular, Inhambane offers a large tenement position, and an established zircon and ilmenite resource base with exploration upside.

Africa represents one of the world's largest HMS producing regions. While South Africa has traditionally been a major producer, Tanzania and Mozambique both represent emerging production centres, being the focus of several mineral sands operations and development projects, including Kenmare Resources' Moma, Strandline Resources' Fungoni, and Savannah Resources' Mutamba projects.

Previous exploration programs in the Jangamo district and southern portions of the Inhambane Peninsula in Mozambique have outlined a laterally extensive mineralised zone extending over an approximately 45 km strike length up to 10 km in width along the Indian Ocean coastline. At Mutamba, a consortium involving Rio Tinto and Savannah Resources plc, an AIM listed diversified resource company, is currently evaluating the Jangamo, Dongane and Ravene ilmenite and zircon deposits at a pre-feasibility study level. To date, a global (Indicated and Inferred) Mineral Resource of 4.4 Bt averaging 3.9% total HM has been outlined (Savannah Resources plc, 2020).

1.2 Purpose for which the Report was prepared

SRK has been appointed by HVY to prepare an IGR on the Inhambane Project. SRK understands that this report is to be included in its entirety in a Prospectus to accompany HVY's application for a proposed listing of the Company on the ASX. The purpose of this Prospectus is to offer for subscription 27,500,000 ordinary HVY shares at an issue price of A\$0.20 to raise A\$5.5 Million in order to fund the future assessment of HVY's exploration projects.

The objectives of this report are to:

- Comment on the location, mineral tenure and supporting infrastructure to the project
- Provide an overview of the geological setting of HVY's project areas and the associated mineralisation
- Outline the historical and recent exploration work undertaken at the project
- Present the Exploration Results and Mineral Resource statements for the Inhambane Project reported in accordance with the terms and definitions of the JORC Code (2012) (as defined below)
- Express an opinion on the exploration potential of the Inhambane Project

- Consider the appropriateness of the budgeted Work Programs as developed by the Company and reflecting the planned schedules of activities and expenditures.

This report has been prepared for all of HVY's mineral assets in Mozambique. This report is intended to properly inform readers of HVY's Prospectus about the current status and exploration potential of its project areas and to provide commentary on the Company's proposed future exploration and development program.

For the avoidance of doubt, this IGR does not provide audited Mineral Resources for the Inhambane Project nor a valuation of the Mineral Assets, nor comment on any future expenditure estimates or commitments external to that defined as the 'Work Program' in this IGR. The Work Program is limited to the expenditures necessary to complete the Exploration Program and specifically excludes any expenditures that may be necessary for development of the Projects.

Certain units of measurements and technical terms defined in the JORC Code (2012) (defined below) are defined in the Glossary and List of Abbreviations included in this IGR.

1.3 Reporting Compliance, Reporting Standard and Reliance

This IGR will be published in a Prospectus in support of the Company's strategy to secure a listing on the ASX.

1.3.1 Reporting Compliance

SRK has been informed that this IGR will be included in the Prospectus published by the Company in connection with its proposed listing on the ASX. The Prospectus is dated for distribution of 25 May 2021, hereinafter the Publication Date.

The reporting standard adopted for the reporting of the Mineral Resource estimates and exploration activities undertaken at HVY's Projects is that defined by the terms and definitions given in the **'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code 2012 Edition)** as published by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. The JORC Code is an internationally recognised reporting code as defined by the Combined Reserves International Reporting Standards Committee. SRK has been informed that the JORC Code is currently adopted by the Company in respect of Mineral Resource and Ore Reserve reporting.

In addition, SRK has also considered the requirements of the **'Australasian Code for Technical Assessments and Valuations of Mineral Assets: The VALMIN Code (2015 Edition)' (the VALMIN Code 2015)**.

1.3.2 Reliance on SRK

This IGR is addressed to and may be relied upon by the Company, the Directors of the Company, the Shareholders of the Company, and the Advisors of the Company in support of the Listing, specifically in respect of compliance with the Requirements. Accordingly, SRK agrees that the IGR may be made available to and relied upon by the Company's various financial, legal and accounting advisors (the Advisors). SRK is responsible for this IGR and for all of the technical information in the Prospectus released by the Company in connection with the Listing and dated the same date as the IGR (the HVY Listing Documents) that has been extracted directly from this IGR. SRK declares that it has taken all reasonable care to ensure that this IGR and the technical information extracted here from and included in the HVY Listing Documents is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

SRK notes that its opinion must be considered as a whole and that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the opinions presented in this IGR. The preparation of a IGR is a complex process and does not lend itself to partial analysis or summary.

SRK has no obligation or undertaking to advise any person of any development in relation to HVY's projects which comes to its attention after the date of this IGR or to review, revise or update the IGR or opinion in respect of any such development occurring after the date of this IGR.

1.4 Base Technical Information Date, Effective Date and Publication Date

The effective date of the IGR is 20 July 2021 (the Effective Date). The IGR has been prepared as at the Effective Date with reliance on the 'Mineral Resource statement' and 'Work Program' as well as other historical reports pertaining to the Inhambane Project as provided by HVY (the Base Technical Information) and is reported as at the Effective Date with reliance on:

- The Mineral Resource statement as declared and published by the Company in a report titled "Inhambane Mineral Resource Estimate" and dated May 2021 (referred to as GNJ 2021). This report updates an earlier report of the same title dated July 2019 (referred as GNJ 2019).
- The Work Program and estimated expenditure recorded in a report by the Company dated January 2019, and subsequent revised forecasts of expenditure.

Accordingly, the Base Technical Information Date varies for the individual items noted above. The qualifications to the Company's Mineral Resource statement and Work Program that are recorded in this IGR were developed by SRK during review of these reports provided by the Company and have the same Base Technical Information Dates as the reports that were reviewed.

The Publication Date of the IGR is assumed to be consistent with the Publication Date of the Prospectus. As advised by the Company, as at the Publication Date of the Prospectus, no material change has occurred since the Effective Date of the IGR. This includes, inter alia, no material change to the Mineral Resource statements or Work Program as outlined herein.

1.5 Verification and Validation

SRK has conducted a review (which specifically excludes independent verification by means of re-calculation) and assessment of all material technical issues likely to influence the Mineral Resource statements and the Work Program, which includes the following:

- Inspection visit to the Inhambane Project and associated infrastructure undertaken by Mr Andrew Lawrence on 7 September 2017
- Enquiry of management and key technical personnel between August 2017 and March 2020 in respect of the Inhambane Project, the Mineral Resource estimate and other related matters
- Review of the Mineral Resource estimate and the underlying technical information
- Examination, review and where appropriate reporting of the results of historical technical studies completed in respect of HVY's Inhambane Project and all conclusions and recommendations drawn therefrom.

The Company has provided technical data to SRK for the purpose of this review and inclusion in the IGR. SRK confirms that it has reviewed information provided by HVY to support the opinions expressed in this IGR.

In consideration of all legal aspects relating to the Mineral Assets, SRK has placed reliance on the representations by the Company that the following are correct as at 25 May 2021 and remain correct until the date of the Prospectus:

- Except as disclosed in the Prospectus, the Directors of the Company are not aware of any legal proceedings that may influence the rights to explore for minerals in respect of the Mineral Assets.
- The Company is the legal owner of all mineral and surface rights as reported in the Prospectus.
- Except as expressly mentioned in the Risk Factors or Additional Information section of the main body of the Prospectus, no significant legal issue exists that would affect the likely viability of the Mineral Assets and/or the estimation and classification of the Mineral Resources as reported herein.

1.6 Limitations, Reliance on Information, Declaration, Consent and Cautionary Statements

1.6.1 Limitations

The IGR includes a number of forward-looking statements. These forward-looking statements are estimates and involve a number of risks and uncertainties that could cause actual results to differ materially.

The achievability of the projections is neither warranted nor guaranteed by SRK. The projections as presented and discussed herein have been proposed by HVY's management and adjusted where appropriate by SRK and cannot be assured; they are necessarily based on economic assumptions, many of which are beyond the control of the Company. Future cash flows and profits derived from such forecasts are inherently uncertain and actual results may be significantly more or less favourable. Unless otherwise expressly stated, all opinions and conclusions expressed in this IGR are those of SRK.

1.6.2 Reliance on information

SRK has relied upon the accuracy and completeness of technical, financial and legal information and data:

- Furnished by or through the Company, including historical information and data
- In respect of all aspects relating to HVY's Projects, publicly available information published by previous holders, relevant government authorities and academic institutions from time to time, including and not limited to any Mineral Resource statements and any technical studies contained in such information or data.

The Company has confirmed to SRK that, to its knowledge, the information provided by it (when provided) was complete and not incorrect or misleading in any material respect. SRK has no reason to believe that any material facts have been withheld.

While SRK has exercised all due care in reviewing the supplied information, SRK does not accept responsibility for finding any errors or omissions contained therein and disclaims liability for any consequences of such errors or omissions.

SRK's assessment of HVY's Exploration Results and Mineral Resources is based on information provided by the Company throughout the course of SRK's investigations, which in turn reflect various technical economic conditions prevailing at the date of this report.

This IGR specifically excludes all aspects of legal issues, marketing, commercial and financing matters, insurance, land titles and usage agreements, and any other agreements and/or contracts that HVY may have entered into.

This IGR includes technical information, which requires subsequent calculations to derive subtotals, totals and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error. Where such errors occur, SRK does not consider them to be material.

1.6.3 Indemnities provided by the Company

The Company has provided the following indemnities to SRK:

In the event that the Company discloses or distributes any SRK work product or other deliverable (including reports, results, analysis, opinion or similar) (the SRK Work Products) to any third party, the Company shall procure that such third party complies *mutatis mutandis* with the Company's obligations to SRK that are contained in the engagement letter between the Company and SRK and unless otherwise agreed in writing by SRK, no such third parties shall be entitled to place reliance upon any information, warranties or representations that may be contained within the SRK, and the Company shall indemnify SRK against all and any claims, losses and costs that may be incurred by SRK arising from the breach by the Company of this obligation. This indemnity shall not apply in relation to the provision by the Company of drafts of this IGR to the Advisors and any regulatory authority and in relation to, or following, the public release of this IGR in the Prospectus.

1.6.4 Declaration

SRK will receive a fee for the preparation of this report in accordance with normal professional consulting practice. This fee is not dependent on the findings of this IGR and SRK will receive no other benefit for the preparation of this IGR. SRK does not have any pecuniary or other interests that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Exploration Results, Mineral Resources, and the projections and assumptions included in the various technical studies completed to date, opined upon by SRK and reported herein. Neither SRK, the Competent Persons (identified under Section 1.7) or the Competent Evaluators (identified under Section 1.7) who are responsible for authoring this IGR, nor any Directors of SRK have at the date of this report, nor have had within the previous two years, any shareholding in the Company, (except as detailed below), or any other economic or beneficial interest (present or contingent) in any of the assets being reported on. SRK is not a group, holding or associated company of the Company. None of SRK's principals or officers are officers or proposed officers of any group, holding or associated company of the Company. Further, no Competent Person or Competent Evaluator involved in the preparation of this IGR is an officer, employee or proposed officer of the Company or any group, holding or associated company of the Company.

Consequently, SRK, the Competent Persons and Competent Evaluators and the Directors of SRK consider themselves to be independent of the Company, its directors, senior management and Advisors. In this IGR, SRK provides assurances to the Board of Directors of the Company, in compliance with the Requirements and specifically the Reporting Standard that the Exploration Results, Mineral Resources, proposed work program and associated expenditures as provided to SRK by the Company and reviewed and, where appropriate, modified by SRK are reasonable, given the information currently available.

1.6.5 Consent

SRK has given and has not withdrawn its written consent for the inclusion in the Prospectus of this IGR, and references to this IGR and its name in the form and context in which they appear, and has authorised the contents of those parts of the Prospectus which comprise its report for the purposes of a potential listing on the ASX.

1.7 Qualifications of Consultants, Competent Persons and Competent Evaluators

SRK is an associate company of the international group holding company SRK (Global) Limited. The SRK Group comprises over 1,400 staff, offering expertise in a wide range of resource engineering disciplines with 45 offices located on 6 continents. The SRK Group's independence is ensured by the fact that it holds no equity in any project. This permits the SRK Group to provide its clients with conflict-free and objective recommendations on crucial judgement issues. The SRK Group has a demonstrated track record in undertaking independent assessments of resources and reserves, project evaluations and audits, Mineral Experts' Reports, Independent Geologist's Reports, Mineral Resource and Ore Reserve Compliance Audits, Independent Valuation Reports and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies and financial institutions worldwide. The SRK Group has also worked with a large number of major international mining companies and their projects, providing mining industry consultancy service inputs.

SRK also has specific experience in commissions of this nature.

This IGR has been prepared based on a technical and economic review by a team of consultants sourced from the SRK's offices in Australia and the United Kingdom and associate network over a 4-year period. These consultants are specialists in the fields of geology, resource estimation and classification and project evaluation. Mr Andrew Lawrence visited the Inhambane Project on 7 September 2017. SRK is advised by HVY that there has been no material exploration conducted since this time.

The Competent Person who has reviewed the Exploration Results and Mineral Resources as reported by HVY for its Inhambane Project is Dr Mike Armitage, PhD, BSc (Hons), C.Eng. C. Geol. He is a full-time employee of SRK. Dr Armitage is a geoscientist with over 35 years' experience in the mining industry and has been involved in the evaluation of Mineral Resources on numerous properties during the past 25 years. Dr Armitage has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012). Dr Armitage consents to the inclusion in the Prospectus of the Information in the form and context in which it appears.

Mr Jeames McKibben, BSc(Hons), MBA, MAusIMM(CP), MRICS, MAIG, who is a Principal Consultant with SRK has sufficient experience relevant to the Technical Assessment of the Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Representative Specialist as defined in the 2015 Edition of the VALMIN Code. Mr McKibben consents to the inclusion in the Prospectus of the information compiled under his supervision in the form and context in which it appears.

2 Overview of Heavy Minerals Limited

HVY, Australian Company Number (ACN) 647 831 883, is an Australian domiciled mineral sands exploration and development company, which was incorporated as a Public company on 10 February 2021.

HVY's corporate structure on admission is shown in Figure 2-1.

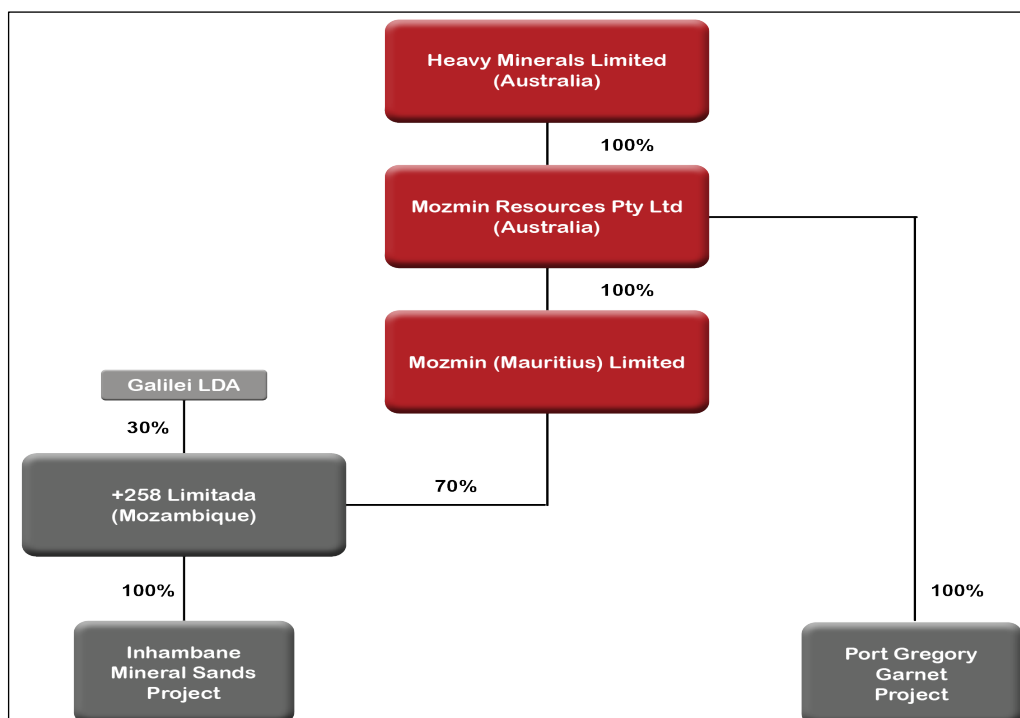


Figure 2-1: Corporate structure of Heavy Minerals Limited

Source: HVY

HVY's corporate strategy is to increase shareholder wealth through the acquisition, exploration and development of industrial mineral resources in mineralised provinces globally. The Company's initial focus is on mineral sands in Mozambique (TiO₂/Zircon) and Australia (Garnet/TiO₂). Other commodities will also be considered where there is an opportunity to create further shareholder value. Of relevance to this report, the Company has identified a number of drilling targets within its Mozambican Project on which it will commence immediate work following listing. During the first 12 months, the Company will use the funds raised to conduct an aero magnetic geophysical survey and undertake targeted drilling with the intention of expanding its existing resource base and testing additional targets within its Inhambane tenure.

2.1.1 Company strategy

Having acquired prospective mineral sands projects in Mozambique and Western Australia, HVY's corporate strategy is to develop a profitable mineral sands exploration, development and mining company through organic growth and corporate action. To this end, HVY's exploration strategy is focused on delineating and assessing an economically viable resource base capable of rapidly transforming the Company from an exploration company to a mineral producer.

HVY's primary exploration focus has been directed towards ilmenite mineralisation in the Inhambane area of Mozambique. Here, HVY proposes to expand the recently defined maiden Mineral Resource, undertake aeromagnetic geophysical surveying (Funded Works) and test additional targets through targeted drill testing (Further Works).

In addition to its interests in Mozambique, HVY also holds interests adjacent to operating garnet mining operations in the Port Gregory area of the midwest coast of Western Australia. Here, HVY is targeting extensions to the known garnet-bearing strandlines and proposes to undertake exploration activities designed to advance the project to resource delineation and evaluation over a 2-year period post-listing.

In addition, HVY proposes to continually assess and add other high-quality third-party owned mineral opportunities for their potential to supplement its current land holdings.

HVY considers the Mozambican and Western Australian political situations and legislative environments to be supportive of mineral sands exploration, and the Company is comfortable with its sovereign risk exposure. As noted previously, HVY considers that its mineral interests in both Mozambique and Western Australia are well located with respect to resources (including power, water, labour) and infrastructure to support any new mine development.

2.2 Location and description of Mineral Assets

This report only considers HVY's mineral interests in Mozambique, with the Company's Western Australian mineral assets being the subject of a separate report.

HVY's Mozambique exploration interests comprise a 70% interest in the Inhambane HMS Project, comprising a single granted exploration licence (currently a mining licence application) covering an area of 183.55 km² to the south of the regional centre of Inhambane in the Inhambane Province of southwestern Mozambique.

2.2.1 Tenement status

HVY's tenement schedule for its Inhambane Project is outlined in Table 2-1.

Table 2-1: Summary of HVY's Mozambican mineral tenure

Type	Licence No.	Granted	Expiry	Area (km ²)	Registered Holder	HVY's Interest	Minerals
Licença de Prospecção e Pesquisa Mineira (Prospecting and Exploration Licence)	4658L	14/03/12	14/03/20	193.8105	+258 Limitada	70%	HMS, potentially dominated economically by TiO ₂ bearing products
Concessão Mineira (Mining Concession)	10255C	Pending		183.5471	+258 Limitada	70%	HMS

Note: For further details regarding the status of these tenements, refer to the Solicitor's Report in the Prospectus.

Having asked the relevant questions of HVY, SRK understands that there are no access, environmental or heritage impediments relating to the project tenements held by HVY or its subsidiary companies other than those discussed herein.

Furthermore, SRK understands that currently there are no royalties payable to third parties in relation to the Inhambane Project, with the exception of the State and relevant landholders, on any production from HVY's project tenement.

For further details regarding the status of HVY's mineral tenure in Mozambique, refer to Sections 5.3 and 1.1 of this report or the Solicitor's Report elsewhere in this Prospectus.

2.2.2 Agreements

SRK notes that Mozmin has entered into the following agreement:

Mozambique: with +258 Limitada (hereinafter +258), a Mozambique incorporated company (Legal Entity 100226014), whose address is Francisco Orlando Magumbwe Avenue, nr 250, R/C, Polana Cimento, 'A', Maputo City, Mozambique, dated 19 April 2016 in relation to the Inhambane Project. Further details are outlined in Section 0 of this IGR.

The key terms of this Agreement are summarised in more detail in the Material Contracts section of this Prospectus.

3 Overview of Heavy Mineral Sands Industry

3.1 Introduction

Mineral sands deposits can be found throughout the world and are often found at or nearby a contemporary coastline. Mineral sands deposits are formed through the weathering of igneous and metamorphic rocks that contain HM. There are many minerals classified as HM (those with a density greater than approximately 2.9 g/cm³) but the majority of these have little commercial value.

The mineral sands industry is dominated by two core product streams: titanium minerals and zircon. Titanium minerals (commonly ilmenite, leucoxene and rutile) are almost always far more prevalent in mineral sands deposits than zircon.

3.2 Titanium dioxide

The dominant titanium-bearing minerals mined are ilmenite, altered ilmenite to leucoxene, and rutile. In 2019, approximately 7.6 Mt of titanium dioxide (TiO₂) contained in these minerals was produced from the world's mines (USGS, 2020). Approximately 90% of this product was used to manufacture titanium dioxide pigment, which is used as a whitening pigment in paints, plastics and paper. Approximately half of all feedstock produced is most suitable as feedstock for production of titanium dioxide by the chloride route, and the remainder by the sulphate route.

The remaining 5% of production is mainly used as feedstock to produce titanium metal. The high strength to weight ratio and high corrosive resistance of titanium metal make it ideal for aerospace, heat exchangers, offshore oil and gas componentry and industrial chemicals and desalination plants.

3.2.1 Ilmenite

Ilmenite (Fe.TiO₃) is the most abundant titanium mineral. It comprises between 35 and 65% titanium dioxide. The lower portion of this range typically comprises primary unaltered ilmenite, and the upper portion comprises ilmenite from which iron has been leached by weathering or other alteration processes, thereby increasing the titanium dioxide content that remains within the leached grains. Ilmenite is black and opaque, slightly magnetic and has a density of between 4.5 and 5.0 g/cm³. Ilmenite is predominantly used as a direct feedstock for sulphate and chloride route titanium dioxide pigment plants. Most (60%) titanium metal is sourced from ilmenite.

Prices are typically negotiated annually under longer term contracts, with the value of ilmenite substantially lower than that of rutile.

3.2.2 Rutile

Rutile (TiO₂) comprises approximately 94% to almost 100% titanium dioxide. The mineral is typically red to black in colour and has a density of 4.25 g/cm³. Rutile is predominantly used as direct feedstock for chloride route titanium dioxide pigment plants and is the preferred feedstock for the highest quality pigments. These pigments have a range of applications (including plastics, paper and toothpaste) but coatings (i.e. paints) are the largest market. Some rutile is also used in the manufacture of welding electrodes.

Historically, prices were set under long-term contracts between producers and consumers, although this has changed more recently.

3.2.3 Leucoxene

Leucoxene (FeTiO₃.TiO₂) is not a primary mineral species, but rather refers to ilmenite from which iron has been leached by weathering or other alteration processes, thereby increasing the titanium dioxide

content that remains within the leached grains. Mineral grains considered to comprise leucoxene typically contain between 65 and 92% titanium dioxide. Leucoxene is predominantly used as a direct feedstock for chloride titanium dioxide pigment plants and in the manufacture of welding electrodes.

3.3 Zircon

Zircon (ZrSiO_4) is a colourless to off-white mineral with a density of 4.6 to 4.7 g/cm³. Zircon is primarily used in the ceramics industry (accounting for roughly 50% of demand), as a speciality glass and as foundry media due to its melting point of over 2,500°C. It is used as a raw material for making foundry mouldings and bricks, and furnace linings. Zircon is the world's major source of zirconium products, which are used as an alloying agent in materials that are exposed to corrosive agents such as space vehicle parts, surgical appliances and explosive primers.

3.4 Geology

Mineral sands deposits are concentrations of HM formed by natural processes that operate at ground surface. There are two categories according to the method of concentration:

- Alluvial (concentrated by water)
- Aeolian (concentrated by wind).

Alluvial deposits are further split into marine beach placers (or strandlines) and lacustrine HM concentrations.

Aeolian deposits are often closely associated with marine beach placers, having been formed by the erosion, transport and deposition of HM from an adjacent marine beach placer by prevailing wind. Mineral sands deposits tend to lag or concentrate during storms when lighter components are carried offshore or alongshore by strong littoral drift. HM accumulation occurs during periods of fair-weather beach building and it is this HM that provides the basis for the thicker HM strandlines formed during major storm events. Repeated erosion and reworking may also progressively enrich a mineral sands deposit, and simultaneously concentrate sand particles with similar size, density and shape characteristics within different portions of the deposit.

The size of mineral sands deposits varies greatly and reported Mineral Resources for these range from a few million to billions of tonnes. Marine placers are typically a few hundred metres in width, up to 15 m thick and can be tens of kilometres in length. Some marine placers comprise strandlines that are deposited in close proximity to each other and as such can form accumulated deposits up to 1 km across strike.

Aeolian sand dune deposits close to the shore tend to be larger, more irregular in dimension and lower grade.

Grade is measured by the concentration of HM in the deposit, and ranges from small percentages to around 90% (but is commonly between 1 and 10% HM). Valuable heavy minerals (or VHM) refers to the grade of potentially saleable minerals within the HM. The proportion of different minerals within HM or VHM is commonly referred to as the assemblage. The assemblage within an HM deposit reflects the type of source rocks from which the HM are derived, and the extent of natural concentration. For example, primary ilmenite grains are common constituents in mafic plutonic rocks, and accessory constituents in other igneous and metamorphic rocks. Primary zircon grains are common accessory constituents in felsic igneous rocks, including granites, and are scarce within mafic igneous rocks. Primary rutile grains are common accessory constituents in plutonic and high metamorphic grade rocks. After liberation by erosion, each of these minerals may be transported then deposited with other grains that are subsequently transformed into sedimentary or metamorphic rocks.

Mineral assemblage, and relative mineralogical recoveries, have a stronger influence on the financial viability of a deposit than the cash cost of production. While rutile and zircon tend to occur in lower quantities than ilmenite in most deposits, they can be between five and ten times more valuable than ilmenite.

3.5 Exploration

Initial exploration largely focuses on provenance studies to identify favourable mineral assemblages and geomorphological studies to identify favourable sedimentary facies and potential sites at which HM may have concentrated.

When a favourable exploration region has been identified, the main exploration method to discover and delineate HM mineralisation is drilling. Drilling using methods that cause minimal disaggregation or liberation of mineral grains are favoured. Drilling by auger or AC methods is typically favoured during initial reconnaissance and for some deposit delineation activities, and sonic drilling methods are favoured for infill drilling in support of resource estimation and geotechnical characterisation. The separation between drill holes to test a deposit depends on several matters, mainly the type of deposit. Drill holes are typically located 10 m to 100 m along lines across the strike of the deposit, with these lines being 50 m to 400 m apart along the strike of the deposit.

Drill-derived samples are logged for estimates of percentages of slimes, oversize (rock/induration) and HM. Attention is also paid to recording the presence of groundwater and estimated hardness of each sampling interval because these are important factors influencing selection of the mining method, and liberation then recovery of HM through a Wet Concentration Plant (WCP), and thereby potential project economics.

Sample assaying is primarily focused on determining the percentage of HM within a given sample. Other results of interest include slimes (generally particles less than 45 µm to 75 µm, so silt and clay size fractions), sand (generally particles from a lower bound between 45 µm and 75 µm to an upper bound between 500 µm and 2.0 mm) and oversize (generally particles greater than 500 µm to 2.0 mm). Sizing criteria are not standardised across industry and companies have developed a range of different sizings, as a result of unique physical sizing characteristics of key deposits, and in response to process metallurgical requirements. The slimes content is particularly important as high slimes contents complicate the mining and processing of the HM.

A range of drying, weighing, gentle disaggregation, soaking and washing stages are used to prepare a sand fraction containing principally quartz and HM, from which HM is then separated using a heavy liquid. The HM is retrieved, dried and weighed and the weight percent estimate is calculated for the original sample. Further metallurgical assessment is commonly conducted using magnetic separation and/or electrostatic separation equipment and heavy liquid solutions (i.e. a liquid with a high density, such as greater than 2.9 g/cm³). These forms of metallurgical/mineralogical assessment can be undertaken using laboratory-scale bench tests and are favoured because they are analogous to the wet concentration and mineral separation at industrial scale.

X-ray diffraction (XRD), QEMSCAN (quantitative evaluation of minerals by scanning electron microscope) and grain counting of polished thin sections and microscope slides can also be undertaken to determine the mineral species within HM concentrates. QEMSCAN can also report other information that is useful to assess mineralisation, such as particle sizes, coarse chemical composition of particles, extent of liberation, and indications of coatings on particles.

Estimation of Mineral Resources in mineral sands is similar to this task for most other mineral commodities. It includes collation of data from drilling, assaying, and HM testing, followed by geological interpretation and modelling and the preparation of a two- or three- dimensional seam or cellular (block) models. Polygonal, nearest neighbour, inverse distance weighted (IDW) and

geostatistical methods are all variously used for interpolation of grades of slimes, oversize, HM and selected species of HM.

3.6 Mining

The mining of mineral sands deposits is conducted either 'wet', by dredging or hydraulic water jets, or 'dry', using earthmoving equipment to excavate and transport the sands. The method of mining is selected according to characteristics of the deposits including:

- The vertical and lateral continuity of mineralisation. In general, dry mining methods can better handle selectively mining ore and waste than wet methods.
- Consistency of HM and slimes grade within the mineralisation. HM recovery by primary concentrators deteriorates if variation of feed HM grade or slimes increases. In general, dry mining methods can better accommodate blending feed to reduce variation than wet mining methods.
- Whether there are hard bands within the material to be mined. In general, dry mining methods can better handle selectively mining hard bands than mining by dredge.
- Whether there are bands of high slimes within the ore. In general, dry mining methods can better handle selectively mining bands with high slimes contents than wet mining methods.
- The availability of relatively fresh water (i.e. not seawater), including whether a mined area can retain water, or the base of mineralisation is at least a few metres below the standing water table.

Common mining methods include:

- **Dredge mining** is best suited to mining laterally continuous deposits where the base of the mineralisation is located below the water table. A floating dredge removes ore from the base of the leading edge of an artificial pond through a large suction pipe. The sand slurry is fed through a primary (or wet) concentrator that is typically floating in the same pond over an area previously mined by the dredge. The dredge slowly advances through the deposit and the primary concentrator recovers the HM and discards the remaining tailings (primarily sand) behind the pond for subsequent rehabilitation of the land surface. The cost of continuously mining large quantities of ore is typically somewhat cheaper using a dredge than alternative mining equipment, so dredge mining is best suited to mining large, long-life deposits with low slimes contents and relatively continuous mineralisation the base of which is below the water table.
- **Hydraulic mining** involves directing a high-volume, high-pressure jet of water at the mining face, thereby cutting into, and loosening, the ore so that the face collapses. The ore is further agitated by the jets of water so that it forms a slurry that flows down to a collection sump. Oversize material is retained by screens at the sump and the slurry is pumped to a primary concentration plant.
- **Dry mining** is suitable where either water is scarce or the mineral deposits are shallow, contain hard bands of rock and/or have a high slimes content and where the mineralisation is discontinuous. Ore is typically mined as:
 - A **dozer trap operation**, whereby dozers or scrapers move the ore into traps (or bins) where the ore is then mixed with water and pumped to a WCP. The ore is typically mined from the top of the mineralisation to the bottom and then across the face to improve the consistency of the HM feed blend and sand-to-slimes composition, thereby improving HM recovery through the primary wet concentrator. This method is best suited to free-flowing and friable ore and a relatively continuous orebody.
 - A **load and carry operation**, whereby front-end loaders dump the mineral-bearing sands into trucks or onto a conveyor belt system that follows behind the mining face (as employed at Namakwa Sands in South Africa).

3.7 Processing

Most mineral sands mined by both wet and dry mining methods are processed by a well-established route commencing with a WCP followed by a Mineral Separation Plant (MSP) to produce high-grade mineral concentrates (often several concentrates each containing over 90% of a particular mineral).

The WCP is typically located close to the faces from which most ore is mined and residue disposal areas in order to minimise transport of the residue, which constitutes most of the ore mined. In the WCP, screened ore is initially disaggregated then deslimed, a process by which fine material is separated from larger mineral particles. The fines are discharged to a residue stream and the larger particles are further washed through a series of separators that use gravity to separate the HM sands from lighter minerals, such as quartz. There are several types of these separators, though spirals are most widely used. Residue (mainly sand) from the concentration process is pumped back into either previously mined areas or dedicated waste dams where it can be rehabilitated. Water used in the process is recovered into a clean water dam to which make-up water may be added before it is recycled through the mining process (if wet mining) and WCP. During the life of a mineral sands mine, the WCP is typically moved many times so that it remains relatively close to advancing mining faces.

MSPs are typically not moved during the life of a mining operation. The HM concentrate produced by a WCP is transported to stockpiles near the MSP, then dried before being processed.

In the MSP, the HM concentrates are typically passed through magnetic, electrostatic, and additional gravity separators to produce final products and/or concentrates each dominated by one type of mineral. Magnetic separation techniques depend on the magnetic properties of the minerals, which are related to their iron content. Magnetic minerals (such as ilmenite) can be separated from non-magnetic minerals (such as rutile and leucoxene) when subjected to a magnetic field. Electrostatic separation relies on differences in the surface conductivity of the minerals to be separated. Conductive minerals (such as ilmenite, rutile and leucoxene) behave differently from non-conductive minerals (such as zircon) when subjected to electrical forces. Gravity separators can be used to remove low density minerals that remain entrained in the concentrates, or to separate minerals that have different density but similar magnetic or conductivity properties. The effectiveness of the separation of HM concentrates into a waste stream plus several product streams comprising selected minerals is influenced by numerous factors in the concentrates and the MSP, including the extent of alteration (most commonly weathering) of the mineral grains, the nature and extent of any natural coatings on the surface of the mineral grains, the presence of grains comprising more than one mineral (e.g. cemented grains), the strength of the magnetic or electrostatic fields applied, the settings and rate of flow in the mineral separation devices, and the number of times each process is applied.

Mineral separation circuits in MSPs vary significantly from operation to operation, depending on the HM grade and mineral assemblage of the concentrates delivered from the WCP as well as the requirements (and specifications) of the off-take agreements. Generally, circuits include a combination of magnetic, electrostatic and gravity separation stages, though the order in which these different types of separation process are applied, which processes are applied to different streams, and the number of applications of each process differ between MSPs. Each product is processed to meet customer specifications then shipped to the customer.

3.8 Production

3.8.1 Titanium and zircon

The United States Geological Survey Mineral Commodity Summaries for 2020 (USGS, 2021) report that global production of TiO_2 from ilmenite (including TiO_2 produced from rutile only in the US) was 7.6 Mt in 2020, with African production accounting for 2.40 Mt, comprising South Africa (1.0 Mt),

Mozambique (0.6 Mt), Kenya (0.19 Mt), Senegal (0.31 Mt) and Madagascar (0.3 Mt). This USGS reference also records that global (excluding the US) production of TiO₂ from rutile was 0.63 Mt in 2020, which includes 0.309 Mt from African countries, comprising Sierra Leone (0.12 Mt), South Africa (0.10 Mt), Kenya (0.074 Mt), Senegal (0.009 Mt) and Mozambique (0.006 Mt). Similarly, global production of zircon was 1.4 Mt in 2020, with African output of 0.535 Mt, comprising South Africa (0.32 Mt), Mozambique (0.125 Mt), Kenya (0.025 Mt) and Senegal (0.065 Mt).

According to TZ Minerals International Pty Ltd (TZMI), a leading international mineral sands consultancy, the world market for titanium-bearing ores has a diverse range of suppliers with the four largest accounting for approximately 30% of global supply.

Recent growth in demand, particularly in China is expected to create an environment favourable for TiO₂ price increases over the medium to longer term. Global TiO₂ demand growth rates tend to track gross domestic product (GDP) growth rates over the medium term; however, this varies by region. Developed markets such as the US and Western Europe exhibit higher absolute consumption but lower demand growth rates, while emerging markets such as Asia exhibit much higher demand growth rates. The TiO₂ industry experiences some seasonality in its sales reflecting the high exposure to seasonal coatings end-use markets. Coating sales generally peak during the spring and summer months in the northern hemisphere, resulting in greater sales volumes during the second and third quarters of the year.

3.9 Markets and pricing

3.9.1 Titanium and zircon

The mineral sands markets are characterised as being small and opaque in nature. End-market demand for both zircon and titanium dioxide are closely linked to industrial and commercial uses with close to 80% of the demand from the Chinese, European and US markets. As such, key indicators of demand for mineral sands products are highly dependent on the European, US and Chinese housing markets, GDP and industrial production.

The global titanium feedstock market was valued at US\$5.5 Billion in 2020. The global TiO₂ pigment market accounts for around 90% of all titanium feedstock demand and is therefore the dominant driver of offtake. TiO₂ pigment is used predominantly in the production of high-quality surface finishes and is essentially a lifestyle product. Historically, its use has developed strongly in the most economically developed countries where it is an essential component of basic consumer products, such as housing, motor vehicles and plastic products.

The other end-use segments of titanium feedstock are titanium metal, welding and other sectors, but they account for a much smaller proportion of annual titanium feedstock consumption.

Despite the negative impacts from the COVID-19 pandemic, which saw many countries and regions of the world imposing lockdowns and restrictions on their citizens and businesses in an effort to control the spread of the coronavirus, global consumption of titanium feedstock recovered strongly in the second half of 2020 as restrictions eased.

With urbanisation and population growth driving greater TiO₂ pigment demand, global titanium feedstock demand is expected to show continued growth through the medium to long term. In particular, demand for sulfate ilmenite is expected to show strong growth, led by China's requirement to meet its fast-growing domestic pigment production.

The continuing strong growth experienced by the Chinese domestic TiO₂ pigment industry, together with a buoyant titanium metal sector and increased focus on ilmenite beneficiation to titanium slag, is further impacting on the country's titanium feedstock demand. China largely remains reliant on

imported feedstocks, predominantly ilmenite but also increasing volumes of titanium slag as part of its total feedstock requirements.

On the supply side, global titanium feedstock production is estimated to be marginally lower than the prior year due to production disruption, as well as scheduled mine closures at some locations.

Zircon, on the other hand, is recovered as a co-product from most titanium mineral operations, although the ratio of zircon to titanium minerals produced varies widely depending on the mineral assemblages of specific deposits. The production of zircon is often fundamental to the economic success of many titanium mineral operations.

Global demand for zircon was estimated at 1.02 Mt for 2020, down 13% year-on-year. The ceramics and foundry sectors were most affected. The largest end use market for zircon is as an opacifier in ceramic glazes. This application accounted for approximately 50% of estimated global zircon consumption in 2020.

Supply remains the greatest cause of uncertainty in the global zircon market, as production from existing operations is set to rapidly decline from 2023 if no new projects are commissioned. Forecasts suggest that without considering additional supply from potential new projects that have yet to receive formal approval to proceed, the global supply/demand balance is likely to show increasing deficits through to 2025 as underlying demand for zircon continues to grow while the supply base declines.

3.9.2 Global concentrate market

The term “concentrate” encompasses a wide range of semi-finished products, including but not limited to heavy mineral concentrate (HMC), zircon concentrate, sulfate ilmenite concentrate, tailings and middlings of varying ZrO_2 and TiO_2 contents. Global trades of concentrate products have become increasingly common since late 2000s.

Recently HMC exportation has been seen by some new project proponents as a faster, lower capital and lower risk market entry strategy. There are several recently commissioned new projects that have adopted this strategy, such as Image Resources’ Boonanarring operation in Australia, East Minerals’ Pebane operation in Mozambique, as well as a number of Chinese owned operations in Africa that are producing HMC or non-magnetic concentrate for export to China for further processing. These operations include HK Greatwall Mining and Hainan Haiyu in Mozambique, as well as Fujian Weiyuan Mining in Mauritania.

There is no real supply/demand analysis specific to these concentrates due to the varying composition of this material. Demand for HMC is, however, a function of in-country demand for individual VHM that is captured in the preceding analysis for each product.

Demand for concentrate is driven by a domestic market demand that cannot be met by local supply, or the import of final products. The concept of exporting HMC was initially driven by the sky-rocketing demand for zircon in China during the late 2000s, prompting Chinese customers to seek alternative sources of supply through the import of semi-finished concentrate products. This has subsequently led to the establishment of many concentrate processing facilities along the eastern seaboard of China, in particular Hainan Island, Guangdong, Fujian, Guangxi and Shandong.

Global concentrate imports amounted to just over 2.0 Mt in 2020, an increase of 11% CAGR during the last decade. Prices of individual shipment vary considerably depending on the mineral assemblage in the concentrate.

4 Overview of Mozambique

4.1 Introduction

Mozambique is located along the east coast of Southern Africa, between latitudes 10°27' S and 26°52' S and longitudes 30°13' E and 40°51' E. It is a moderately sized country with a total area of 799,380 km², which approximates the area of Turkey and is just less than twice the size of California. Mozambique shares extensive borders with South Africa, eSwatini (known as Swaziland before a change of name was decreed in April 2018), Zimbabwe, Zambia and Malawi to the south and west, and Tanzania to the north. It has the longest coastline of any country in Africa, with a sea boundary of 2,470 km along the Indian Ocean and possesses several good natural harbours.

Mozambique consists of three basic geographic divisions: the coastal belt (less than 200 m above mean sea level (amsl)), the middle plateau (200 to 1,000 m amsl) and the plateau highland (average 1,000 m amsl). The western part of the country hosts a series of mountains reaching a height of nearly 2,440 m amsl (i.e. Namuli in Zambézia Province and Binga in Manica Province). The most important rivers are the Zambezi, Limpopo, Save, and Lugenda. The most important lakes are the navigable Lake Malawi (Lake Nyassa), Lake Chuita (impounded by the Cahora Bassa Dam) and Lake Shirwa.

Mozambique's natural resources include hydroelectric power, water, coal, natural gas, HMS, nepheline syenite, tantalite, graphite, iron ore, limestone, phosphates, semi-precious stones and arable land.

Mozambique is largely an agricultural country, with more than 80% of the labour force engaged in farming. Settlement patterns reflect this agrarian focus. Some 5.4% of the land is arable, and permanent crops contribute a further 0.3%. In the river valleys and deltas, the soil is rich and fertile, but southern and central Mozambique has poor and sandy soil and parts of the interior are dry.

Mozambique experiences a predominantly tropical to subtropical climate in the north and central parts to dry semi-arid steppe and dry arid desert climate in the south. The Inhambane area experiences a tropical humid climate. The rainy season extends from November to April, with peak rainfall from December to February. In the north and central areas, average annual precipitation is 1,000 to 2,000 mm. Maximum temperatures during the summer rainy season are 35° to 40°C, decreasing to 15° to 20°C during the dry winter season. The country has experienced a number of droughts and cyclone storms that make landfall from the Mozambique Channel.

Vegetation in the Inhambane region is characterised by deciduous tropical dry woodland, swamp forests and riparian forest interspersed with broad, grassy, seasonally waterlogged areas. Trees seldom grow to heights exceeding 20 m, with the majority probably less than 8 m high. Mangroves occur extensively along the flanks of Inhambane Bay.

Located on the coast in the far south of the country, Maputo is the national capital with a population of approximately 1.2 Million. Other significant population centres include Matola, Beira, Nampula, Nacala, Chimoio, Quelimane and Tete. The most densely populated areas are those with the best soils and climate, including the Lúrio and Ligonha river valleys in the northeast, the intervening coastal plain, and the lower reaches of the Limpopo River valley. In most rural areas, settlements are dispersed and reflect family residence patterns.



Mozambique's first inhabitants were descendants of the San people of southern Africa who were predominantly hunters and gatherers. Subsequently, between the 1st and 4th centuries AD, waves of Bantu peoples migrated from the north through the Zambezi River valley and settled throughout the plateau and coastal areas. Subsequent migrants included Arab traders in the 9th century and Portuguese traders in the late 15th century. During the 16th and 17th centuries, Portuguese trading posts and forts become regular ports of call on the new route to Asia. Later, traders and prospectors explored further inland in search of gold and slaves. Mozambique was officially recognised as a

Portuguese colony in 1885, following the Berlin Conference, which divided Africa up into European colonies.

In the early 20th century, the Portuguese authorities shifted the supervision of much of Mozambique to large private companies, mainly British, who subsequently built some of the first infrastructure projects in the country. Despite many European nations granting independence to their colonies in the 1960s, Portugal continued to treat the majority of its colonies as overseas provinces and a significant number of Portuguese citizens immigrated to these countries. Mozambique's Portuguese population at the time of independence in 1975 was about 250,000.

The drive for Mozambican independence developed at a fast pace through the 1960s as dissatisfaction amongst the indigenous population for foreign rule grew. Several anti-Portuguese groups were formed including the Front for the Liberation of Mozambique (Frelimo). Frelimo initiated an armed campaign against Portuguese colonial rule and the following 10 years saw sporadic warfare and major political change, including the April 1974 coup in Lisbon. Mozambique finally won its independence on 25 June 1975 and Frelimo quickly established a one-party Marxist state and outlawed rival political activity.

The first decade of Mozambican independence was marked by civil unrest and economic instability. The new government gave shelter and support to South African (ANC) and Zimbabwean (ZANU) liberation movements while the governments of first Rhodesia and later apartheid South Africa fostered and financed an armed rebel movement in central Mozambique called the Mozambican National Resistance (Renamo). An estimated 1 Million Mozambicans perished during the civil war between Renamo and Frelimo, 1.7 Million took refuge in neighbouring states, and several million more were internally displaced. In the third Frelimo party congress in 1983, President Samora Machel conceded the failure of socialism and the need for major political and economic reforms. He died, along with several advisers, in a plane crash in 1986.

His successor, Joaquim Chissano, continued the reforms and began peace talks with Renamo. The new constitution enacted in 1990 provided for a multi-party political system, market-based economy, and free elections. The civil war ended in October 1992. In 1994 the country held its first democratic elections and Chissano was elected President with 53% of the vote. A 250-member National Assembly was voted in with Frelimo holding 129 seats. In 1995, Mozambique became the first country that had never had any constitutional link to the British Empire to join the Commonwealth. Chissano was re-elected in 1999. Following Presidential and National Assembly elections in December 2004, Frelimo candidate, Armando Guebuza, won 64% of the popular vote and was inaugurated as President on 2 February 2005. In January 2015 and then again in October 2019, Filipe Jacinto Nyusi of Frelimo was elected President. Frelimo currently hold 184 seats in the National Assembly.

Today, Mozambique continues to be one of only three successful cases of political conflict resolution on the African continent, the others being Namibia and South Africa. More than 1.7 Million Mozambican refugees who had sought asylum in neighbouring countries as a result of war and drought have returned. Additionally, a further estimated 4 Million internally displaced people have returned to their areas of origin.

While the country still faces residual tension, it has sustained over 10 years of relative political stability with an increasing government focus on promoting economic strength and foreign investment.

4.3 Framework

4.3.1 Political attributes

Mozambique was a Portuguese colony for almost five centuries with the country achieving independence on 25 June 1975. Subsequently, large-scale emigration, economic dependence on South Africa, a severe drought, and the prolonged civil war hindered the country's development until the mid-1990s.

Mozambique is a presidential democracy. The President is elected by popular vote for a 5-year term and is eligible for a second term. The President is both the Head of State and the Head of Government. The Prime Minister is appointed by the President. The 2004 Mozambican Constitution provides for the separation of the legislative, executive, and judicial powers. Two hundred and fifty members of parliament are elected at 5-yearly intervals by universal adult suffrage.

Administratively, Mozambique is divided into 10 provinces (*provincias*) and the capital city Maputo, which also has provincial status. The provinces are subdivided into 129 districts (*distritos*). The districts are further divided in 405 'Postos Administrativos' (*Administrative Posts*) and then into 'Localidades' (*Localities*), the lowest geographical level of the central state administration.

The 10 provinces (each with their own capital city) are Cabo Delgado, Gaza, Inhambane, Manica, Maputo, Nampula, Niassa, Sofala, Tete and Zambézia. The provincial governors are appointed by and serve at the discretion of the President. Provincial governments, led by the Governor, are composed of directors who locally exercise the powers and perform the duties of the Ministries to which they belong. Thus, provincial directors are answerable to both the Governor, as the leader of the Provincial Government, and the Minister responsible for their activities.

4.3.2 Economic attributes

At the time of independence in 1975, Mozambique was one of the world's poorest countries. Socialist mismanagement and a brutal civil war from 1977 to 1992 exacerbated the situation. In 1987, the government embarked on a series of macroeconomic reforms designed to stabilise the economy. These steps, combined with donor assistance coupled with political stability since the multi-party elections in 1994, have led to dramatic improvements in the country's growth rate. Monetary reforms have reduced inflation. Fiscal reforms, including the introduction of a value-added tax and reform of the customs service, have improved the government's revenue collection abilities.

In spite of these gains, more than half of the population remain below the poverty line. The vast majority of the country's workforce is employed in subsistence agriculture. Citizens rioted in September 2010 after fuel, water, electricity and bread price increases were announced. In an attempt to reduce the negative impact on the population, the government implemented subsidies, decreased taxes and tariffs and instituted other fiscal measures.

Mozambique's once substantial foreign debt has been reduced through 'forgiveness and rescheduling' under the International Monetary Fund's (IMF's) Heavily Indebted Poor Countries (HIPC) and Enhanced HIPC initiatives and is now at a manageable level. However, in 2016, information surfaced revealing that the Mozambican Government was responsible for over US\$2 Billion in government-backed loans originally secured between 2012 and 2014 by state-owned defence and security companies without parliamentary approval or national budget inclusion, which prompted the IMF and international donors to halt direct budget support to the Government of Mozambique. This sizable external debt burden, donor withdrawal, elevated inflation, and currency depreciation contributed to weaken growth in 2016–17 and suggests weaker economic growth over the next few years.

The currency of Mozambique, the Metical (plural Meticaís, abbreviated as MT or MZN) floats against other currencies. The exchange rate was 57.56 MZN/US\$ on 3 May 2021, having progressively increased from 34.5 MZN/US\$ over the previous 5 years with a maximum of 78.3 MZN/US\$ in mid-October 2016 (<https://www.xe.com/currencytables/>).

The GDP in 2020 was estimated at approximately US\$14.56 Billion and GDP annual growth at -2.4%, a drop from over 5% growth prior to 2016. In 2020, the country struggled with COVID-19 induced restrictions impact tourism and supply chains. Mining also suffered a sharp contraction (-13.3%). Until recently, Mozambique's growth rate has been one of the strongest in Africa.

The country's labour force is estimated at 12.9 Million, with subsistence agriculture accounting for about 74% of the labour force and contributing about 23.9% to GDP. Other key sectors include industry (4% of workforce and 19.3% of GDP) and services (21.7% of workforce and 56.8% of GDP). Key exports include aluminium, prawns, cashew nuts, cotton, sugar, timber, and bulk electricity. Machinery and equipment, vehicles, fuel, chemicals, metal products, foodstuffs and textiles are all key imports, with South Africa and China being the country's main trade partners.

4.3.3 Social attributes

Mozambique is a poor, sparsely populated country with an estimated total population of 29.7 Million and estimated annual growth rate of 2.9% in 2017 (World Bank, 2019). The population has high fertility and mortality rates and a rapidly growing young population. The sustained high level of fertility reflects gender inequality, low contraceptive use, early marriages and childbearing, and a lack of education, particularly among women. The high population growth rate is somewhat restrained by the country's high HIV/AIDS and overall mortality rates.

Mozambique has a diverse, multicultural population with ethnic groups including Makhuwa, Tsonga, Makonde, Shangaan, Shona, Sena, Ndau, as well as European, Asian and other multi-nationals. While Portuguese is the official language, it is not the predominant language, with Emakhuwa spoken by 25.3% of the population (relative to 10.7% for Portuguese). Other major languages include Xichangana, Cisena, Elomwe and Echuwabo. The majority of the population identifies with the Roman Catholic (28.4%), Muslim (17.9%), Zionist Christian (15.5%) and Protestant (12.2%) convictions.

Mozambique's male to female ratio is largely equal until age 65, where the male population rapidly declines. The median age in Mozambique is 17.5 years, with the male median being 16.5 and the female being 17.7.

4.3.4 Infrastructure attributes

Mozambique's infrastructure varies substantially throughout the regions of the country. The civil war left much of the original infrastructure established by the Portuguese and British in disrepair. The government, in partnership with international business and aid groups, gradually reconstructed roads, bridges, electricity, and telecommunications infrastructure predominantly focusing on Maputo and other key business areas.

Transport infrastructure such as roads and bridges remains fairly basic and at times difficult to negotiate with a vast majority simply made of dirt or sand, especially in rural regions. Mozambique has a total of 30,331 km of roadways, of which just 6,303 km are sealed. Sealed roads connect Maputo with Beira and Beira with Tete. Driving in Mozambique is not always easy. The civil war and flooding have severely impacted road conditions and in many parts of the country, a four-wheel drive vehicle is essential to access many areas. Roads are gradually being improved and the roads south of Beira tend to be in good condition. Potholes are the most significant road hazard in Mozambique.

Mozambique's location on the east coast of southern Africa has facilitated it to host strategic entry points to the land locked countries within the Southern African Development Community (SADC): Zambia, Zimbabwe, Malawi, eSwatini, and Botswana. Access is via Mozambique's three major ports, rail and roads; however, this infrastructure is underdeveloped and needs refurbishment.

Mozambique has approximately 4,800 km of railway lines, all narrow gauge, including:

- The Maputo Corridor, which is the major transportation route linking South Africa's northern provinces and eSwatini with the nearest deep-sea port in Maputo, Mozambique
- The Sena Railway line, which extends for approximately 575 km from Moatize to Beira
- The Nacala railway corridor and associated port (the Nacala Corridor), which currently encompasses 800 km of rail line from Malawi to the coast of Mozambique and the natural deep water Port of Nacala.

Barging along the Zambezi River has been investigated by a number of potential coal producers in the Moatize area. There has been successful small-scale barging on the Zambezi River in the past, but this has not been proved to be a reliable transport option for large-scale operations.

Mozambique has six ports: Beira, Inhambane, Maputo, Nacala, Pemba and Quelimane. Maputo, Beira and Nacala are the main trade ports in Mozambique. Port Maputo is the largest port and has direct road and rail connections with South Africa (550 km to Johannesburg), eSwatini, and Zimbabwe.

Mozambique has 98 airports, but only 21 paved runways. Customs are situated at only five airports: Maputo, Beira, Nampula, Pemba and Vilanculos. Most air travellers to Mozambique arrive in Maputo, via South Africa, to which both South African Airways and Air Mozambique offer regular services. There are smaller regional airstrips located throughout the country, but these tend to be very rudimentary in nature.

The Mozambique national electricity grid has grown substantially over the past 20 years and now reaches most large towns in Mozambique. Energy is supplied by numerous power stations in Mozambique and power is imported from South Africa. In 2014, the power generation capacity installed in Mozambique was 2,600 MW, of which 90% was hydroelectric and the remainder fossil fuels. Power generation is dominated by the Cahora Bassa hydroelectric power station on the Zambezi River. It has a capacity to generate 2,075 MW and is the largest hydroelectric scheme in Southern Africa. Approximately 65% of the power generated at Cahora Bassa is exported to South Africa along two parallel direct current (DC) transmission lines, and the remainder is consumed in the northern provinces of Mozambique and exported to Zimbabwe. The other power consumed in Mozambique is generated by smaller hydroelectric and thermal power stations in Mozambique and imported from South Africa on transmission lines to the Maputo area.

Natural gas is produced from the Pande and Temane fields, which are onshore in northern Inhambane Province. This gas is transported through an 865 km pipeline to the Sasol petrochemical complex at Secunda in South Africa, and to Maputo for small-scale domestic consumers. Large reserves of natural gas have been discovered offshore of northern Mozambique – ENI's Coral South floating liquefied natural gas (LNG) project is currently being developed and is scheduled to be in production by 2022, and Anadarko's plans for an onshore LNG plant on the coast at Palma and 40 km from the border with Tanzania are in the final stages of evaluation prior to a final investment decision. These projects have encouraged other companies to undertake further exploration and evaluation of hydrocarbon prospects offshore from Mozambique.

Mozambique has a telecommunications system that performs moderately well – it has a strong state presence and little competition, with high operating costs and charges. The system comprises a very low density of fixed open-wire lines and trunk connection by microwave radio relay and troposphere scatter, and a rapidly growing high-density mobile cellular network. The mobile cellular network now

covers all the main cities and key roads with a teledensity of approximately 80 per 100 persons. Internet service is available, with 2.3 Million internet users in January 2017.

Television is the most popular communication medium in towns and cities, with the state-run TVM the only national network, and the private STV topping the ratings. Portuguese state TV's African service RTP Africa and Brazilian-owned TV Miramar are also widely watched. State-run Antena Nacional radio is a key source of news operating in multiple languages. Private FM stations operate in most towns. Dozens of community radio and TV stations are funded by the government and UNESCO. Communication by print media has little influence in the countryside because of low levels of literacy in these areas. The constitution protects media freedom, but criminal libel laws deter total freedom of expression. The opposition states it receives inadequate coverage in the state media.

4.3.5 Environmental attributes

The Mozambican environment is regarded as one of the last great wildlife refuges in the world. However, non-governmental organisations indicate that a lack of economic opportunity and conservation policies are forcing the people of Mozambique to over-utilise their natural resources. Examples of local human demands include over-fishing and the sale of illegal 'bushmeat' and elephant ivory.

Mozambique has a total land area of approximately 800,000 km² of which some 5.7% (45,000 km²) is classified as protected land, including national parks, marine and sustainable use categories.

The major ecosystems represented in Mozambique include forest (22%), shrublands, grasslands and savannah (37%), mosaic (38%) and wetlands (2%). In comparison to sub-Saharan Africa, Mozambique has a significantly higher representation of forest and mosaic ecosystems but fewer shrublands. In 2018, the total number of threatened species recognised was 230 (Bagheera 2018): plants (58), mammals (12), birds (28), reptiles (8), amphibians (3), fish (54), molluscs (3) and other invertebrates (64).

Common environmental challenges in Mozambique include deforestation (reportedly occurring at 1% per annum), damage to coral reefs, loss of wildlife abundance (reportedly 70% of the wildlife population since 1975), loss of biodiversity and pollution of water bodies. In addition, recurrent droughts in the hinterlands have resulted in increased migration to urban and coastal areas, and concomitant adverse environmental consequences.

Damage to the country's coral reefs was recognised in the 1980s. The coastal region is a major oil tanker route and reportedly suffers from oil pollution. In addition, land-based sources of pollution from fertilisers, industry, untreated sewage, litter and deforestation have often resulted in symptomatic issues such as eutrophication and sedimentation.

The current Environment Law prohibits pollution, as well as activities that accelerate erosion, desertification, deforestation or any other form of environmental degradation except as permitted by law. It also prohibits the importation of hazardous waste except as may be permitted by specific legislation. The Environment Law also provides that the government may establish environmental quality standards, defined as the admissible levels of pollution prescribed by law. The Environmental Quality and Effluent Emission Norms regulate atmospheric, water and soil quality for industrial purposes, effectively establishing standards for air pollution and effluent emissions.

The Environmental Law is regulated by a range of additional instruments, both general and sector specific.

MICOA (Ministry for the Coordination of Environmental Action) is the Government institution responsible for ensuring the preservation and responsible use of natural resources, the coordination of environmental activities and environmental licensing.

4.4 Mozambique mining industry

The importance of mining's role in achieving sustainable economic development was recognised by the Mozambican Government and a program to obtain geological information was instituted, comprising mapping and broad geophysical exploration with more than half the country covered between 1979 and 1984. Despite this, exploration, project evaluation and mining were not possible on a large scale in Mozambique before the signing of the peace accord in 1992 and even in 1999 mining accounted for less than 1% of GDP.

In 2020, mining and quarrying contributed 11% to Mozambique's GDP. In 2019, national mineral exports accounted for some US\$2.71 Billion primarily derived from aluminium (19.1%), coal (24.1%), natural gas (3.7%) and ilmenite (4.0%). In 2020, Mozambique contributed 7.9% of global (including the US) production of TiO₂ from ilmenite, 0.95% of global (excluding the US) production of TiO₂ from rutile, and 8.9% of the world's zircon production (USGS, 2021).

Mozambique is estimated to have the second-largest coal reserves in Africa, totalling 32 Bt and, according to the IMF, Mozambique could become one of the largest producers of coal in the world, in particular in the Tete and Zambézia provinces. The potential in the energy sector is also significant as the private sector continues to make large investments that will allow Mozambique to become a significant gas producer in about a decade. Mozambique's total recoverable resources are estimated at more than 100 trillion cubic feet, among the 10 largest in the world.

Most of Mozambique's mining and mineral processing operations are privately owned, with the government holding varying interests in these. Excluding industrial minerals (excepting graphite) and gemstones, there are currently 8 industrial-scale mines in Mozambique (5 coal, 1 HMS, 1 tantalum and 1 graphite), at least 20 advanced exploration projects, some of which are nearing development, and numerous artisanal mining communities.

Most of the artisanal mining activity is found in Manica, Tete, Nampula, Zambézia and Niassa provinces, although there is also some activity in Cabo Delgado Province. Some 50,000 artisanal workers are estimated to be involved in tantalite, gold and gemstone mining in Mozambique.

4.5 History of mining

The origins of mining within Mozambique are not well documented, with records of this activity having started before the Bantu migration to the south of the Zambezi River (5th century AD). Certainly, copper and gold mining has been known since the Monomotapa Empire in Southern Africa (1440 to 1629 AD). In the Empire of Monomotapa, gold served in lobolo (dowry) exchanges, and was a symbol of power. During this time and prior to coming under Portuguese rule, Mozambique served as an important Arab trading outpost. Gold mining reportedly grew in the Manica Province as a result of Arab trade but decreased due to Portuguese occupation in the sixteenth century. In the 18th century, the Portuguese banned artisanal gold mining, which extended throughout the colonial period.

Modern mining in Mozambique began in the Tete region in 1895, with the discovery of coal at Moatize. The coal was transported by barge on the Zambezi River, which is navigable for only 5 to 6 months of the year. Coal mining operations changed hands many times until 1949, when Carbonifera Company of Mozambique was established and with it, the development of railroads, and the first houses for the railroad staff. This founded the village of Moatize, the base of operations for the mines, the railroads, and also the farming of cotton in the region.

Before the cessation of the civil war in Mozambique (1978 to 1992), exploration, project evaluation and mining were not possible on a large scale. Coal was only sporadically exploited by a series of small underground coal mines in the vicinity of the town of Moatize. However, after two serious accidents, which occurred in the mines in 1976 (Chipanga VIII mine) and 1977 (Chipanga III mine),

the mines closed. In late 2004, a consortium of companies headed by Brazilian iron ore miner, Vale, won the right to redevelop the Moatize coal deposit.

Since the first discovery of the onshore Pande gas field in 1961, there have been four further discoveries: Buzi (1962), Temane (1967), Temane East (2003) and Inhassoro (2003). In 2004, Mozambique became an exporter of natural gas from the Pande and Temane fields with annual production of 120 petajoules (10^{15} joules, or million gigajoules), which is the energy equivalent of 22 M barrels of oil. Most of the gas is exported to South Africa for the gas-to-liquids process and only some 3 petajoules per annum are used domestically for electricity generation and fuel for industry and transport. Mozambican authorities hope for further developments to produce fertilisers, methanol, direct iron reduction, gas-to-liquids and LNG for export.

Currently, the country is a producer and exporter of aluminium products (mainly from imported bauxite), coal, natural gas and ilmenite, rutile and zircon.

Kenmare Resources plc leads investment in Mozambique's titanium mining industry, operating the US\$450 Million Moma project in Nampula Province, which began production in July 2009. Other projects in various stages of assessment include Chibuto (formerly BHP Billiton's Corridor Sands Project now held by Anhui Foreign Economic Construction Group and Yunnan XinLi Non-Ferrous Metals Co Ltd), Moebase and Naburi (Pathfinder Minerals plc), and Mutamba Project, which includes Jangamo, Ravene, Dongane and Chilubane deposits (a consortium comprising Savannah Resources plc and Rio Tinto).

4.6 Mineral legislation and mining tenure

4.6.1 Mineral legislation

The primary sources of law for mining in Mozambique are:

- The Constitution of the Republic of Mozambique of 2004 (the '*Constitution*')
- Law no. 20/2014 (the '*Mining Law*')
- Law no. 28/2014 (the '*Specific Regime of Taxation and Benefits of Mining Activities*')
- Decree no. 16/2005 (the '*Regulation on Trade of Mineral Products*')
- Decree no. 61/2006 (the '*Regulation on Mine Work Safety*')
- Decree no. 62/2006 (the '*Mining Regulations*')
- Decree no. 5/2008 (the '*Regulation of Tax Regime for Mining*')
- Resolution no. 4/98 (the '*Geological and Mining Policy*').

The Mining Law establishes that the right to exploit mineral resources will be granted in accordance with the type and magnitude of the operations to be carried out. All applications for exploration and mining rights have to be addressed to the Minister of Mineral Resources and Energy for processing by the National Directorate of Mines. The National Directorate of Mines has the power to grant mining certificates.

The law does not provide for State control of the mining industry, nor does it require State participation in mining ventures. However, ownership of minerals is vested in the State by constitutional provision.

Mining can be undertaken in an individual capacity or through a commercial company. For a foreign enterprise to carry out mining operations in Mozambique, it is necessary to either incorporate a local company or register a local business agent. Rights with respect to mining are to be issued on a first come, first served basis.

Tenure may be revoked, upon notification to the titleholder, whenever the company becomes bankrupt, transforms or fails to pay the Surface Tax (see Section 4.6.5), or for non-compliance with obligations derived from the Mining Law consequent upon grant of the tenement.

4.6.2 Mining tenure

There are four types of mineral titles available under the Mining Law introduced in 2014 to replace the Mining Law legislated in 2002, and only one type of mineral title can exist over an area of land at any one time. The acquisition, modification, transfer and termination of mineral titles are subject to registration.

These four mineral titles comprise:

- Prospecting and Exploration Licence (*Licença de Prospecção e Pesquisa*)
- Mining Concession (*Concessão Mineira*)
- Mining Certificate (*Certificado Mineiro*)
- Mining Pass (*Senha Mineira*).

The Mining Certificate and the Mining Pass are principally relevant to small-scale artisanal mining activities and are not discussed in this report.

Prospecting and Exploration Licences

Prospecting and Exploration Licences (herewith called Exploration Licences) are initially granted for 5 years over an area of up to 199.98 km² and are renewable for another 3-year period. The licence holder has exclusive rights to conduct exploration for the minerals specified in the licence and a preferential right in respect of associated and other minerals discovered within the licence area.

Holders of Exploration Licences must submit annual reports summarising the previous year's activities and expenditure as well as a work program and budget details for the forthcoming year.

In order to obtain an extension, a nominal fee must be paid and certain documents submitted to the Ministry including a tax clearance, a report on activities during the previous 5 years and a work program for the following 3 years (together with projected investment).

Any minimum spend requirements are determined on a case by case basis depending on the type of mineral involved and the size of the licensed area.

A transfer of an Exploration Licences from one party to another requires the prior approval of the Minister of Mineral Resources but a transfer of shares in the licence holder does not.

Mining Concessions

Only the holder of an Exploration Licence may apply for a Mining Concession in respect of the Exploration Licence area.

Mining Concessions are granted for up to 25 years and permit the holder to extract the mineral from the concession area and carry out all activities ancillary to extraction, such as erecting structures and selling the mineral. A Mining Concession is exclusive to the holder and may not exceed the area which is reasonably necessary for the mining operation. Mining Concessions may be extended for a further 25 years. Prior to initiating extraction activities, the holder must obtain an environmental licence and a *Direito de Uso e Aproveitamento da Terra* (DUAT), which is akin to a long-term lease. Both must be obtained within 3 years of the date of issue of the Mining Concession and prior to the commencement of extraction activities. Development must commence within 2 years and production within 3 years of the grant of the environmental licence or the DUAT, whichever is the latter.

In order to obtain a Mining Concession, a nominal fee must be paid and certain information must be provided to the Ministry, including a tax clearance certificate, an economic feasibility study (including a mining production plan) and details of the applicant's technical expertise and financial resources to proceed with extraction (including the experience of personnel in managing the proposed operations). The mining production plan must include details of the ore deposit, mine site design, the operations schedule, expected dates for commencement of development and commercial production as well as environmental, health and safety plans. Provided that these requirements have been met and the licence holder has complied with its obligations under the Exploration Licence, the Minister must grant the Mining Concession for the time period requested. The Minister does not have the discretion to refuse to grant the Mining Concession for other reasons.

4.6.3 Environmental legislation

The primary sources of environmental law pertinent to mining in Mozambique are:

- Law no. 20/1997 (the '*Environmental Law*')
- Decree no. 32/2003 (the '*Regulation on the Process of Environmental Audit*')
- Decree no. 26/2004 (the '*Environmental Regulations for Mining Activities*')
- Decree no. 18/2004 (the '*Environmental Quality and Effluent Emission Norms*')
- Decree no. 45/2004, as amended by Decree no. 42/2008 (the '*Environmental Impact Evaluation Process Regulation*')
- Decree no. 11/2006 (the '*Regulation for Environmental Inspection*')
- Ministerial Diploma no. 129/2006 (the '*General Directive for Studies of Environmental Impact*')
- Ministerial Diploma no. 130/2006 (the '*General Directive for the Process of Public Participation in the Process of Evaluation of the Environmental Impact*')
- Ministerial Diploma no. 189/2006 (the '*Basic Norms for Environment Management*')
- Decree no. 27/1994 (the '*Archaeological Heritage Protection Regulation*').

The regulation and protection of the environment in Mozambique is under the jurisdiction of the Ministry for Environmental Co-ordination.

Commencement of operations under a Mining Concession requires an environmental licence. The terms of the environmental licence will depend on the scale of the proposed activity. The *Environmental Regulations for Mining Activities* classifies mining activities into three levels on the following basis:

- Small-scale artisanal (Level 1)
- Mechanised exploration, quarrying and pilot projects (Level 2)
- All other mechanised activities not included above (Level 3).

Level 1 activities are required to observe the basic principles of environmental management. These are described by Ministerial Diploma no. 189/2006. Level 2 activities require an Environmental Management Plan and a program to manage safety. Level 3 activities must undertake an Environmental Impact Assessment (EIA).

4.6.4 Other legislation

Other licences that may be required for a mining operation include:

- Mineral Treatment Licence (*Licença de Tratamento Mineiro*)

- Mineral Processing Licence (*Licença de Processamento Mineiro*)
- Trading Licence for Mineral Products (*Licença de Comercialização de Produtos Mineiros*).

4.6.5 Taxes and royalties

In terms of the taxes applied to the mining activity in Mozambique, Law no. 28/2014 of 23 September 2014 established a new tax framework for the mining industry comprising the following:

- Production Tax (Imposto sobre a produção mineral (IPM))
- Surface Tax (Imposto sobre a superfície (ISS))
- Corporate Income Tax (Imposto sobre o rendimento de pessoas colectivas (IRPC))
- Resource Rent Tax (Imposto sobre a renda de recurso mineiro (IRRM)).

Other than the specific taxes mentioned above, a company is also liable for the remaining taxes in Mozambique, such as value added tax (VAT), customs duties and municipal charges.

IPM is levied on the value of the quantity of mineral products extracted within Mozambican territory, regardless of the eventual sale, export or other disposition of such mineral products (Table 4-1). In general, the value of the product is considered to be the sale price (or if it is not sold in the relevant tax period, the market price).

Table 4-1: Production Tax (percentage of value of the product)

Description	Percentage
Diamonds	8
Precious metals (gold, silver and platinum), precious and semiprecious stones, and heavy sands	6
Base minerals, coal, ornamental rocks and other mining products	3
Sand and stone	1.5

Source: TTA Sociedade De Advogados, EY

Surface Tax is an annual tax levied in respect of an Exploration Licence, a Mining Concession or Mining Certificate. It is payable by the holders of such mining titles. Surface Tax is calculated on the basis of the number of hectares or units of mining title under licence. Rates vary according to the type of the mining title, the nature of the mineral resource and the period the licence has been held (Table 4-2).

Table 4-2: Surface Tax for Exploration Licences, Mining Concessions and Mining Certificates

Title Type	Mineral Resource	Period	Applied Rate
Prospecting and Exploration Licence	All minerals	1 st and 2 nd year	1,750 MZN/km ²
		3 rd year	4,375 MZN/km ²
		4 th and 5 th year	9,100 MZN/km ²
		6 th year	10,500 MZN/km ²
		7 th and 8 th year	21,000 MZN/km ²
Mining Concession	All minerals	1 st to 5 th year	3,000 MZN/km ²
		6 th year onwards	6,000 MZN/km ²
	For mineral water		85,000 MZN/mining title
Mining Certificate	All minerals	1 st to 5 th year	1,750,000 MZN/km ²
		6 th year onwards	2,500,000 MZN/km ²

Source: TTA Sociedade De Advogados

For the Corporate Income Tax, the taxable profit is assessed autonomously and the tax obligations arising from each Exploration Licence, Mining Concession or Mining Certificate are entirely independent from each other.

Entities that hold a Mining Concession or Mining Certificate are subject to the Resource Rent Tax, with the rate being 20% on the net cash gains made during the year. The Resource Rent Tax is paid in two instalments (one in August and the other in November), with each instalment corresponding to 50% of the estimate presented and rounded up.

New mining projects are exempt for a period of 5 years from the commencement of the mining activities, from:

- Customs duties payable on importation of equipment (whether for exploration or for mining) that is classified as Class K of the Customs Schedule
- Customs duties payable on importation of certain specific equipment that is not so classified but is considered analogous to Class K goods
- VAT and specific consumption tax, if any, that would otherwise be payable on the importations mentioned above.

No royalties are payable over and above any taxes.

4.7 Geology and Mineral Resources of Mozambique

4.7.1 Regional geology

Mozambique has a diverse geology, with rocks of Archaean, Proterozoic, Karoo, Mesozoic and Cenozoic age (Schlüter, 2008). The older crystalline rocks occur mainly in the north and comprise gneiss, schist, quartzite and limestone, while the younger Cenozoic sediments and minor volcanic rocks occur mainly in the south.

The crystalline basement of Mozambique belongs to three major terranes: East, West and South Gondwana, which collided and amalgamated during the Pan-African orogeny (~1,000 Ma) to form the Gondwana Supercontinent.

The rocks in the central southern part of the country can be divided in two groups: the crystalline basement of Archaean-Cambrian age (~1,800 Ma to ~550 Ma), and the Phanerozoic cover (younger than ~550 Ma). The crystalline basement comprises a heterogeneous assemblage of metamorphic igneous rocks such as paragneisses, granulites, migmatites and orthogneisses. The Phanerozoic cover comprises lithologies assigned to the Karoo Supergroup (300 Ma to 200 Ma), Cretaceous (~135 Ma to 70 Ma) and East Africa Rift events (65 Ma to Present).

In the Phanerozoic terrains (Figure 4-2), Carboniferous to Upper Jurassic age (350 Ma to 152 Ma) rifting was associated with sedimentation and widespread igneous activity. During this period, sedimentary basins were formed with the intracratonic basins being filled with Karoo Supergroup and post-Karoo continental deposits. Volcanic and coastal basins formed during East Africa rifting were filled with continental and marine deposits from Mesozoic to Cenozoic age (250 Ma to 65 Ma). The Karoo Supergroup sequence is represented by coal-bearing sediments and volcanic units. The Moatize coal basin comprises a graben structure approximately 35 km long with an average width of 1 km that was formed in early to middle Proterozoic times and filled with lower Karoo aged rocks. Minor occurrences of Jurassic sandstones, conglomerates and limestones occur in Lupata, Nampula and Cabo Delgado provinces, while Cretaceous (70 Ma to 135 Ma) sandstones, calcareous sandstones, clays and carbonates with occasional conglomerate occur southeast of Tete, as well as along the southwestern border and in a narrow strip along the northeast coast.

Very young (approximately Cenozoic era – 1.6 Ma to 70 Ma) marine carbonates and sandstones occur in the coastal region of the northeast of Mozambique, and in large parts of southern Mozambique, showing that there has been a considerable regression of the sea in relatively recent times.

Quaternary sediments consist mainly of unconsolidated sand, clay and limestones as coastal dunes, river alluvium and lacustrine deposits and it is these that host the mineral sands deposits that are currently being mined and explored.

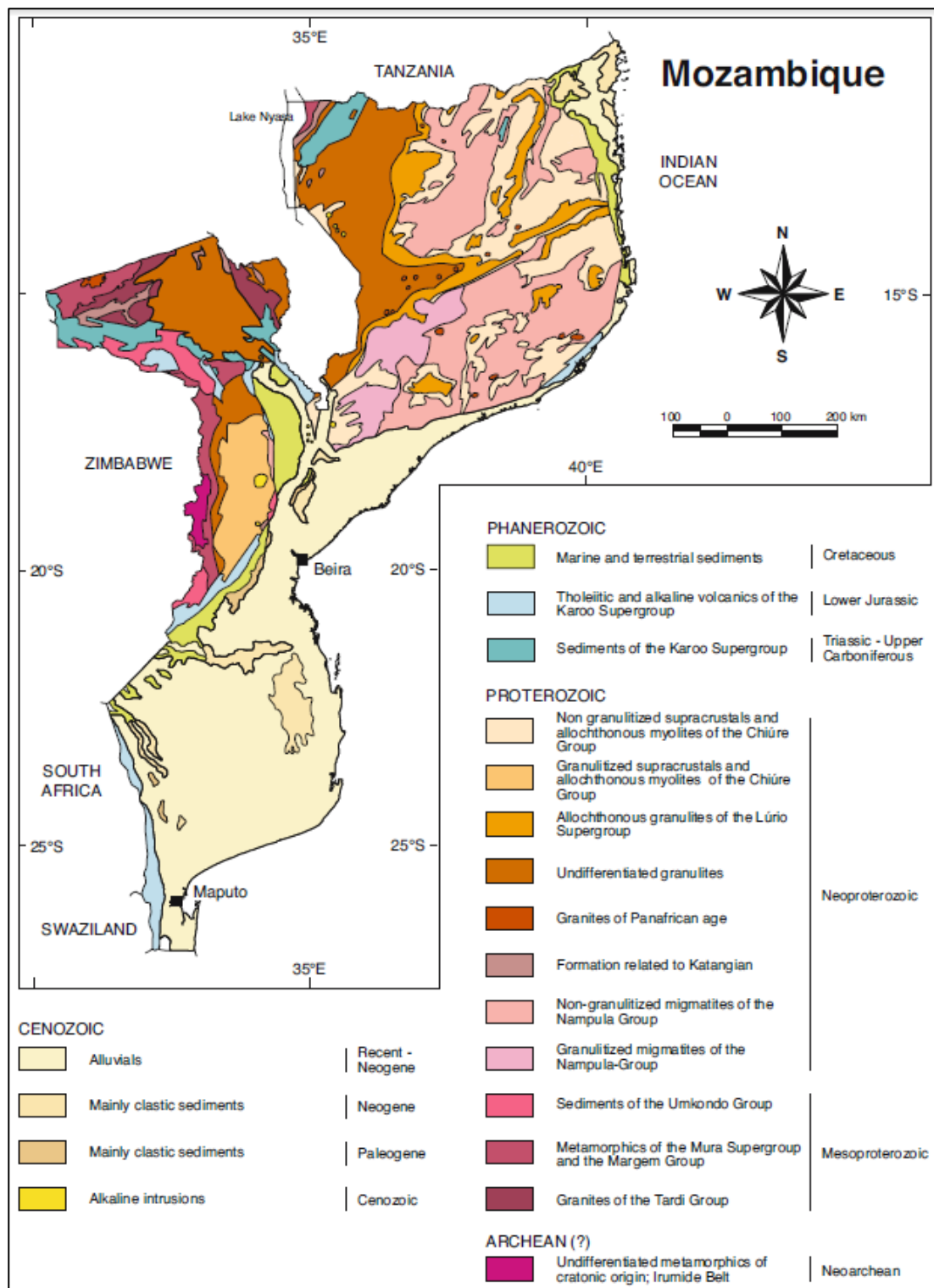


Figure 4-2: Geological map of Mozambique

Source: Schlüter, 2006

4.7.2 Tectonic setting

Mozambique's tectonic setting is characterised by two main orogenies which constitute 90% of the country's Precambrian rocks, namely:

- The Irumide Orogeny (1,800 to 1,350 Ma), represented today by the Irumide Belt in the northwest of the country (forming an extension of the greenstone belts and granite-gneisses of the Zimbabwe Craton)
- The Mozambican Orogeny (1,100 to 850 Ma), represented by the Mozambique Belt. The Mozambique Belt extends from the Western Desert of Egypt, down through eastern Africa and into Mozambique. The regional lithotypes are quartz-mica schists, biotite schists and amphibolites with a northeast to east strike trend. In common with the other mobile belts in southern Africa, the Mozambique Belt comprises high-grade metamorphic rocks (granulites and gneisses) with associated, generally acid intrusions.

4.7.3 Mineralisation

The Manica Belt in Mozambique contains gold, copper, asbestos, lead, iron, nickel and bauxite. The Gairezi and Umkondo groups contain iron, copper and limestone. Pegmatites in the Zambézia and Nampula provinces contain minor metals (notably niobium and tantalum), gemstones, beryl, mica, feldspar and radioactive minerals. Alluvial gold deposits are also found in this region. In northeastern Mozambique, pegmatites contain tantalum, along with niobium, antimony, bismuth, lithium minerals, quartz and beryl. Coal deposits have been found in the lower Karoo Supergroup. Ilmenite, rutile, zircon and monazite are found in HMS deposits in dunes and beach sands (Schlüter, 2006).

In 2019, Mozambique played a significant role in world production of ilmenite (8.4%) and zircon (3.5%) (USGS, 2020). Other mineral commodities exploited in Mozambique include coal, bauxite, tantalite and columbite, asbestos, graphite, fluorite, limestone, halite and gypsum (Yager, 2017; Schlüter, 2006).

Mineral sands

Mozambique hosts some of the world's largest deposits of titanium-bearing HMS. Based on extensive HMS mineralisation located along much of the 2,470 km long coastline, Mozambique has the potential to grow as one of the world's foremost producers of titanium and zirconium minerals. The key deposits currently being mined and explored are listed in Table 4-3.

Table 4-3: Major HMS deposits in Mozambique

Deposit(s)	Project Proponent	Location	Status	Resources and Reserves	Comment including Source of Information
Namalope (exploited by Moma mine), Nataka, Congolone, Pilivilil, and 4 other smaller deposits	Kenmare Resources plc 100%	Nampula Province	Production – operating since 2009	• P+P Reserves: 1.68 Bt at 3.3% HM • M+I+I Resources: 6.3 Bt at 2.9% HM (resources exclude reserves)	Kenmare 2019
Chibuto	Dingsheng Minerais S.A.	Gaza Province	Mine, concentrator and MSP under construction during 2018 and 2019	No estimates reported by current or past tenement holders located in November 2017 or May 2019	Previously Western Mining Corporation's then BHP's Corridor Sands project. Following a scoping study in 2010, BHP withdrew from the project. Press reported in 2014 that Anhui Foreign Economic Construction Group and Yunnan XinLi Non-Ferrous Metals Co Ltd won a tender for the rights to develop the project. Press reported in late 2018 that the project was being developed by Dingsheng Minerais S.A., which holds the Mining Concession.
Moebase and Naburi	Pathfinder Minerals plc	Zambézia Province	Feasibility stage, though inactive because of litigation regarding ownership of mineral licences	Indicated and Inferred Mineral Resources: 2.02 Bt at 3.55% HM	• Previously BHP's TiGen project • Pathfinder 2010, and URS Scott Wilson 2011
Mutamba Project North (includes deposits previously referred to by Rio Tinto as Jangamo, Ravene and Dongane, plus the deposit previously referred to by Savannah as Jangamo)	Consortium comprising Savannah Resources plc and a company in the Rio Tinto group	Inhambane Province	Scoping study completed, high level refresh in light of increased prices completed. Pre-feasibility underway. 20 tph pilot plant operating to produce bulk samples of HM concentrate	Indicated and Inferred Mineral Resources: 4.4 Bt at 3.9% HM	• Savannah is operator, now has 20% of the project, and has the right to earn up to 51% • Savannah Resources plc, 2020 and 2017
Chilubane (part of the Mutamba Project)	Consortium comprising Savannah Resources plc and a company in the Rio Tinto group	Gaza Province	Prospecting	Separate estimates for the Chilubane deposit have not been published by Rio Tinto or Savannah	• Exploration target reported by Rio Tinto in 2009 included estimates for Chilubane plus Rio Tinto's Jangamo, Ravene and Dongane deposits • Rio Tinto 2009

5 Inhambane Project

5.1 Introduction

HVY's Inhambane Project comprises a single Mining Concession Application, 10255C (the tenement), which covers an area of approximately 183.55 km² centred approximately 16 km south–southwest of the Inhambane port. This concession replaces the original exploration licence, 4658L which covered an area of 197.57 km² (subsequently reduced to 193.81 km² by the Mozambique Department of Mines) prior to the application for a mining concession in March 2020.

Prior to application for the tenement by +258 Limitada in 2011, the southeastern corner of the tenement was tested by hand-auger holes drilled by Rio Tinto. Only limited information from Rio Tinto's exploration is available in the public domain (Dumouchel et al., 2016).

Exploration by HVY is still at a relatively early stage, with only one drilling program completed in 2014 in a small part of the southwest corner of the tenement. Almost all of the 41 holes drilled by HVY (excluding redrilled holes) intersected HM mineralisation. HVY interprets that two of these holes intersected relatively high-grade ilmenite-rich mineralisation formed along potential strandlines found deeper below surface testing by Rio Tinto.

An Inferred Mineral Resource of 51 Mt containing 3.4% HM and 5% slimes containing 1.7 Mt of HM with an assemblage of 60% ilmenite, 2% rutile, 5% zircon and 4% leucoxene has been estimated within the area drilled by HVY in 2014, which comprises only 3% of the available tenement area. HVY renewed the tenement in 2017 and applied for the mining concession in 2020. HVY proposes to continue exploration using aero magnetic geophysical surveying to assist identifying additional areas to be tested by drilling. Airborne geophysical surveying has previously revealed relatively ilmenite-rich mineralisation in the adjacent tenement located to the south of 4658L, which is part of the Mutamba project owned by a consortium of Savannah Resources plc and Rio Tinto.

Due to its proximity, the adjacent Mutamba project is considered by HVY to represent a relevant analogue of the likely geological and mining conditions to be encountered by HVY at Inhambane. The Rio Tinto–Savannah consortium completed a scoping study at Mutamba in May 2017. Key outcomes of this scoping study (Savannah Resources plc, 2017a) relevant to the future development of HVY's Inhambane Project include:

- Large-scale, long-life (+30 year) operation based on three HM zones
- Thick, sheet-like orebody geometry
- Stripping ratio close to zero
- Dozer trap dry mining the preferred mining option
- Conventional HM processing flowsheet to produce a HM concentrate with more than 90% HM
- Modest pre-production capital requirements
- Favourable setting relative to established infrastructure and logistics.

The first phase of the Mutamba pre-feasibility study (PFS) commenced in August 2017. Initial studies demonstrated that conventional dry mining methods are well suited to the area with gravity separation using spiral circuits. To this end, and as part of the PFS, the consortium completed the construction of a 20 tph pilot WCP in November 2017 and commissioned it on 7 December 2017. The pilot plant was run for a few months to ensure that it was operating as expected, then placed on care and maintenance pending obtaining a bulk sample for testing producing an HM concentrate. The consortium has not published information concerning operation of the pilot plant or progress of the PFS since April 2018.

As outlined in Savannah's Scoping Study Announcement dated 30 May 2017, production at Mutamba was targeted to initially commence in 2020 and continue for a 30-year period with average annual production of 456,000 t of roasted ilmenite and 118,000 t of non-magnetic concentrate (rutile and zircon). Furthermore, Rio Tinto or an affiliate has agreed to enter into an offtake agreement to purchase 100% of the HM production on commercial terms. More recent announcements by Savannah have not updated the proposed development timetable and SRK understands that Savannah's current focus remains the completion of the PFS.

All of these support HVY's development concept and provide a potential partnering opportunity should ongoing exploration activities at Inhambane prove successful.

5.1.1 Review completed by SRK

Specifically, SRK has:

- Held discussions with Mr Paul Leandri, the geologist who supervised HVY's 2014 drilling program.
- Visited the Inhambane tenement on Thursday, 7 September 2017. This visit was organised by HVY, and HVY staff accompanied SRK during the visit. The visit comprised:
 - Travelling in a four-wheel drive vehicle along unformed tracks used to access the more southerly lines of holes drilled by HVY in May 2014
 - Visiting two sites at which holes were drilled by HVY in 2014
 - Driving along the formed road that crosses the tenement and provides access to dwellings and resorts along the coast east and south from the tenement
 - Driving through the Inhambane township, including viewing the Inhambane port from the coast near the landward end of the jetty.
- Engaged with Mr Greg Jones, the consultant who developed the digital resource model used to estimate the Mineral Resources reported by HVY. This dialogue included Mr Jones demonstrating the resource model that was current in early October 2017 on a computer screen and responding to queries about the report he co-authored about the 2014 drilling program, resource model, and estimates of Mineral Resources. This report was subsequently revised in 2019 and again in 2021 (in light of the change in tenure area on application for the mining concession). The version as at the Effective Date of the IGR is GNJ 2021.
- Reviewed of the resource reports, GNJ 2019 and GNJ2021.
- Reviewed HVY's proposed Work Program (Jones, G, 2019).

For clarity, SRK carefully reviewed reports provided by HVY, but did not audit the work completed by HVY, or reassess primary data provided by HVY. SRK reviewed the resource estimate report for the Inhambane Project (GNJ 2019/GNJ 2021) provided by HVY, including discussions with the authors in 2017, but did not reassess primary data and did not audit the evaluation described in the report.

5.2 Project locality description

5.2.1 Location

HVY's Mining Concession Application (Pending) 10255 C is located on the Inhambane Peninsula within a radius of approximately 26 km southeast from the Inhambane port. The centre of the tenement is at approximately latitude 23°59' S longitude 35°27' E and is approximately 360 km northeast of the Mozambican capital, Maputo, 220 km south of Vilanculos and 460 km south of the port of Beira on the Indian Ocean coastline (straight line distances).

The border between the districts of Ciudad de Inhambane and Jangamo in Inhambane Province traverses the current tenement.

HVY's Inhambane tenement lies immediately north of the Mutamba project. The Mutamba project includes the Mutamba North deposit (consisting of Jangamo, Dongane and Ravene deposits) and the Chilubane deposit (located 180 km southwest of Mutamba North), with a combined Indicated and Inferred Mineral Resource of 4.4 Bt at 3.9% THM (Savannah Resources plc, 2017b). Having completed a scoping-level study in May 2017, the consortium approved the commencement of a PFS at Mutamba and the construction of a pilot plant.

Figure 5-1 illustrates the location of HVY's tenement relative to Inhambane town and supporting infrastructure.

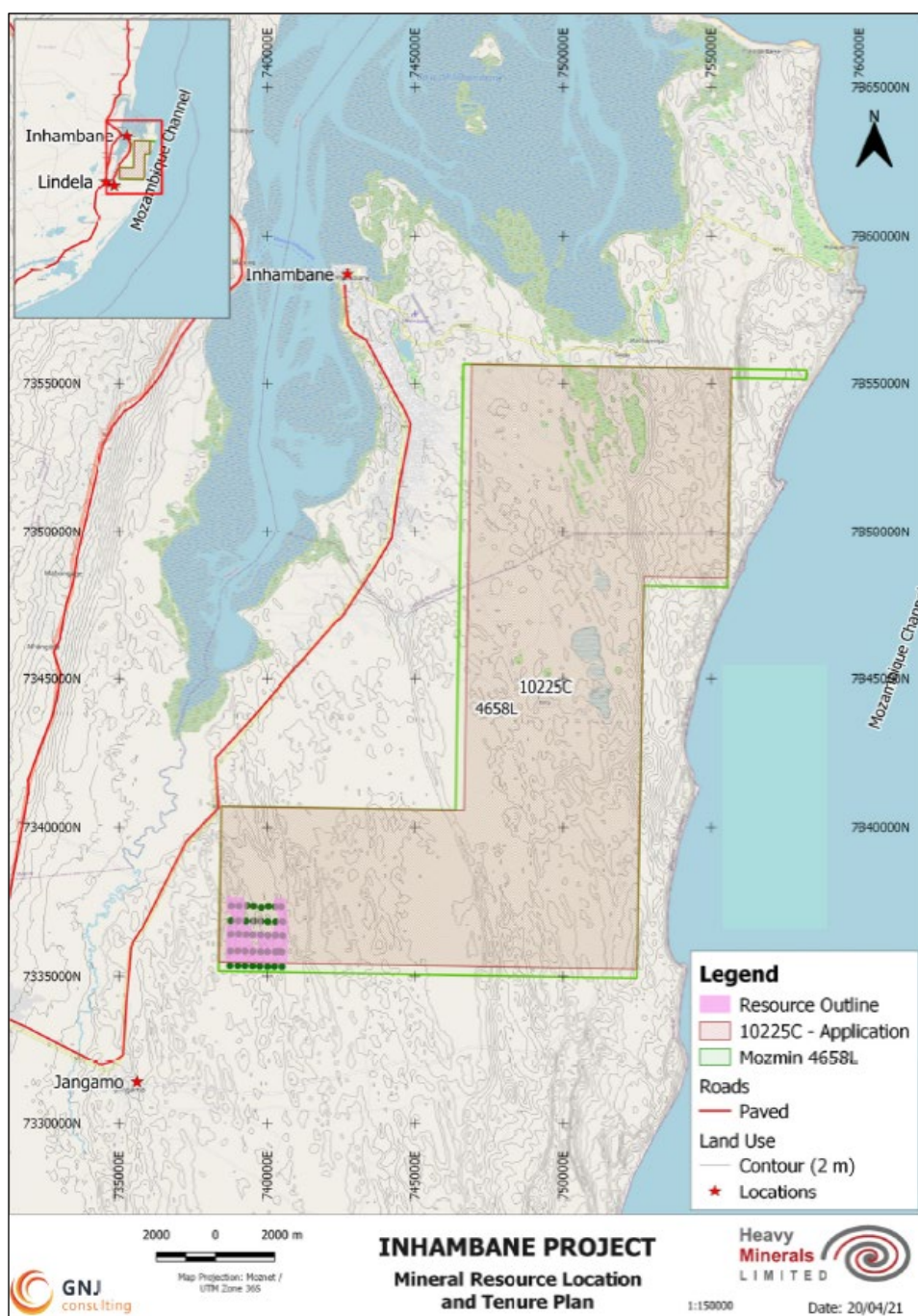


Figure 5-1: Location plan for the Inhambane Project

Source: HVY

5.2.2 Topography

Most of the Inhambane Peninsula comprises flat lowlands between stabilised dune ridges reaching a maximum height of 60 m amsl which are punctuated by several elongated shallow lakes and low-lying depressions that extend parallel to the main coastline. The seaward sides of sand dunes rise relatively steeply from the beach, affording many residences along these dunes with extensive views towards the sea and along the coastline.

5.2.3 Vegetation

The dunes are vegetated by low-lying coastal grasses and shrubs of the Zanzibar–Inhambane Bio Province including *Canavalia maritima*, *Cyperus maritimus*, *Dactyloctenium aegyptiacum*, *Ipomoea pes-caprae*, *Launaea sarmentosa*, *Scaevola thunbergii*, *Sesuvium portulacastrum*, *Sophora tomentosa*, *Sporobolus virginicus*, *Tephrosia canescens* and the endemic *Sophora inhambanensis*. The tallest vegetation in the area is scattered coconut palms. This vegetation is not dense, and the dunes can easily be traversed on foot.

Many areas are subject to low-intensity farming, comprising cultivation for foodstuffs (SRK observed plots planted with cassava, and scattered coconut palms) and animal husbandry on a domestic scale.

5.2.4 Climate

The Inhambane Peninsula experiences a humid tropical climate. Notably:

- The rainy season is during summer and extends from November to April, with the peak rainfall from December to February. The average annual rainfall is 950 mm.
- Monthly average maximum temperatures for December to February are marginally more than 30°C, decreasing to 25°C during the dry winter season.
- Monthly average minimum temperatures for November to April are between 20°C and 23°C, decreasing to 16°C during June and July.
- Monthly average relative humidity is between 73% and 78% throughout the year.

Tropical storms that commence over the ocean in the Mozambique Channel and east from Madagascar can intensify to become tropical cyclones. These features typically travel in a general southwesterly or westerly direction. Most of these cyclones do not reach the southern African coastline, though every few years a cyclone does make landfall in this area. Prior to SRK's site visit in September 2017, the most recent cyclone to cross the southern African coast was Cyclone Dineo, which made landfall over the Inhambane Peninsula in February 2017, and caused damage to infrastructure and vegetation (including crops) over a widespread area, including flooding in Mozambique and neighbouring countries. The next cyclone to make landfall on the Mozambican coast was Cyclone Idai, which made landfall twice, the second instance overnight on 14/15 March 2019 near Beira, 450 km north from Inhambane. Cyclone Idai brought substantial devastation to Beira and the surrounding area. Idai caused severe flooding throughout Mozambique, Malawi, Zimbabwe and Madagascar, resulting in 1,300 confirmed fatalities and many more missing persons. More than 3 M people in these four countries experienced the direct effects of the cyclone, including destruction of crops, dwellings and infrastructure by wind, floods, storm surge and landslides. Damage to infrastructure by Idai across these countries was estimated to exceed US\$1 Billion.

Droughts that occasionally impact Mozambique are interpreted to be related to the El Niño weather pattern in the Pacific Ocean.

5.2.5 Infrastructure

Inhambane Town, which is located near the northwestern tip of the Inhambane Peninsula, is the administrative centre of the Inhambane Province and has a population of approximately 65,000 people. Indications of industry in Inhambane imply the presence of personnel and services that could support a future mining operation.

The Inhambane tenement is well located with respect to local transportation infrastructure, including:

- The EN1 National Highway, a main sealed road which connects Maputo to Beira. Inhambane Town is connected to EN1 via the Avenida de Maguiguana, also a sealed road, which is located outside the western flank of the tenement. Avenida de Maguiguana is routed generally south from Inhambane past Jangamo Town then west to Lindela townsite where it joins the EN1.
- The Inhambane airport has a sealed airstrip, taxiways and hardstand. Inhambane is served by almost daily flights from Maputo and charter connections to Johannesburg in South Africa.
- A port comprising a wharf in a marine channel at the end of a single jetty that crosses a shallow sandy substrate. Both the jetty and wharf were observed from the shoreline to be constructed mainly from concrete. The jetty is adjacent to a built-up business and urban area, without nearby vacant area for stockpiles of mineral products. HVY advised that the channel from the open sea to the jetty has filled with sediment and would require dredging prior to accommodating ships for the export HM products to international destinations. A narrow-gauge rail track from Inharrime terminated approximately 750 m northeast from Inhambane port, though, as mentioned below, the rail lines and sleepers have been removed from this track. There was a short branch rail track along the side of a street then on to the jetty; however, the rail lines and sleepers have also been removed from this track.

In the past, a narrow-gauge rail track ran for approximately 100 km along the coastal plain from Inharrime to Inhambane. This track has now been abandoned, though it still appears on some maps, such as in Figure 4-1. The rail track was located outside the western flank of the tenement, adjacent the Avenida de Maguiguana. Near the Inhambane tenement and within the Inhambane townsite, SRK observed that almost all rail lines and sleepers have been removed from the track and many structures where the track crossed water courses are in disrepair. Some temporary buildings have encroached upon the track within the townsite, though the location of the track is recognisable in many places.

A formed road dressed with local iron-stained sand traverses southeast from west to east across the tenement, then south along the southeastern flank of the tenement. It provides access from Inhambane (and the airport) to several resorts and numerous houses developed along the coastline east and south from the southeast corner of the tenement. A similarly constructed road provides access to the central north of the tenement.

There are no substantial villages within the tenement, though there are many occupied dwellings, and also many farmhouses abandoned during the civil unrest, distributed about the tenement. These buildings are accessed along tracks, many of which can be traversed by two-wheel drive vehicles with good ground clearance. The tracks appear to have developed through repetitious use by local residents and are not formed or maintained by earthmoving equipment. The tracks could provide vehicle access to most nearby locations within the tenement. Although vegetation would need to be cleared from the sides of many tracks before larger vehicles such as drill rigs could readily use them.

A 200 kVA trunk electrical power transmission line runs along the western side of the EN1 highway west from the tenement, with a substation at Lindela. The transmission line brings power from the southeast of Mozambique to consumers in Inhambane Province. In March 2018, it was announced that works on this line and the installation of the Lindela substation in Jangamo district (including installation of two new 15 MVA transformers, and a 30 kVA high voltage line) had been completed using funds from the Mozambican Government and Danish Government aid (Macauhub, 2018).

5.3 Ownership

The registered holder of the Inhambane Project is Mozambique incorporated company +258 Limitada (hereinafter +258) a joint venture company, in which HVY holds a 70% interest.

5.3.1 Tenure

Exploration Licence 4658L was originally applied for and granted to a Mozambican incorporated company, +258, on 26 July 2011 and 14 March 2012, respectively. Originally, the Exploration Licence covered an area of 201.80 km², then boundaries were revised by the Mozambican Government authorities and the area reduced to 197.5744 km², then boundaries were revised again and the area reduced to 193.8105 km² when the expiry of the lease was extended from 14 March 2017 to 14 March 2020.

An application for a Mining Concession (number 10255C) was lodged on 11 March 2020 covering an area of 18,354.71 hectares (183.5471 km²).

SRK makes no other assessment or assertion as to the legal title of the tenements and is not qualified to do so. Additionally, SRK has not been provided with documents that record the obligations for retaining 4658L/10255C in good standing, or reports to regulatory authorities in compliance with these obligations. SRK understands that further details relating to HVY's mineral tenure are outlined in a Solicitor's Report contained elsewhere in the Prospectus.

Table 5-1: Current and Historical Status of the Inhambane Tenure

Licence Type	Number	Registered Holder	Grant	Expiry	Area (km ²)
Licença de Prospecção e Pesquisa (Prospecting and Exploration Licence)	4658L	+258 Limitada	14/03/12	14/03/17*	193.8105
Concessão Mineira (Mining Concession)	10255C	+258 Limitada	Pending	-	183.5471

* Extension until 14/03/2020

5.3.2 Agreements

SRK notes that HVY has entered into a Terms Sheet with +258, a Mozambique incorporated company (Legal Entity 100226014), whose address is Francisco Orlando Magumbwe Avenue, Nr 250, R/C, Polana Cimento 'A', Maputo City, Mozambique, dated 19 April 2016 in relation to the Inhambane Project. The key terms of the Terms Sheet are summarised below:

- Mozmin agrees to acquire 70% of the shareholding in +258 and thus this portion on +258's wholly owned licence 4658L – Jangamo and any subsequent Mining Concessions emerging from this Exploration Licence.
- The remaining 30% interest will be held by Galilei LDA (hereinafter Galilei), a Mozambique Incorporated company, Legal Number 400567964, whose address is Francisco Orlando Magumbwe Avenue, Nr 250, R/C, Polana Cimento 'A' Maputo City, Mozambique.
- The acquisition is conditional upon Mozmin paying +258 for the 2015 outstanding licensing fees for the Exploration Licence.
- Following settlement, Galilei's 30% interest in +258 and its Exploration Licence shall be free carried and non-dilutable until a decision to mine is made by Mozmin on the Exploration Licence. Following a decision to mine by Mozmin, Galilei will elect to either contribute 30% of the overall costs relating to the development of an operating mine and the ongoing costs in +258 and its Exploration Licence or Galilei will make its 30% interest available to Mozmin to acquire on a first right of refusal basis.

- If Galilei elects to retain its 30% interest in +258 at a decision to mine, its 30% interest will become dilutable and non-free-carried.
- For the purpose of reaching a decision to mine on the Exploration Licence, Mozmin undertakes to, within 5 years from 19 April 2016:
 - Complete sufficient drilling to define a JORC Code compliant resource
 - Complete a feasibility study sufficient to determine whether the Exploration Licence represents sufficient viability for a mine
 - Supply the Ministry with all reports and fees required to keep the Exploration Licence in good standing
 - Apply for any extension on the Exploration Licence to enable completion of any feasibility study where it is determined by Mozmin that the Exploration Licence warrants completion of the feasibility study
 - Undertake exploration and/or feasibility study expenditure on the Exploration Licence of at least US\$1.5 Million. Such expenditure will include all exploration and associated costs, all feasibility study and associated costs, and all costs related to keeping the Exploration Licence in good standing and registered under all relevant laws. Any exploration expenditure prior to 19 April 2016 will be included in the above amount.
- Where no decision to mine is made by Mozmin, Mozmin may elect, in its sole discretion, to transfer its interest in +258 and its Exploration Licence back to Galilei together with all mining information and data on the Exploration Licence collated by Mozmin.

More detailed information relating to this agreement is provided in the Material Contracts section of the Company's Prospectus.

5.4 Geology

5.4.1 Regional setting

The following description of the near surface geology of the coastal area south from Inhambane Peninsula area is based on that within Dumouchel et al., 2016, which is the most comprehensive published description of Rio Tinto's exploration for HM along the southern coast of Mozambique.

The coastal region of southern Mozambique forms part of the Mozambique Basin, which is up to 400 km wide, with an onshore area of about 270,000 km² and a long axis of about 1,200 km. It is characterised by a complex sequence of Cretaceous to Quaternary age sedimentary rocks and unconsolidated sand deposits, which rest unconformably on Karoo Supergroup sedimentary and volcanic rocks. The base of the post-Karoo sedimentary sequence comprises a very thick continental sediment known as the Red Beds Formation. The Red Beds are overlain by glauconitic sandstones and arenaceous limestones of the Maputo Formation, defining a transition to marine conditions during Early Cretaceous times. The remainder of the Cretaceous is represented by a variety of rock types of marine, continental and transitional origin, suggesting tectonic activity caused differential uplift.

The bulk of the overlying Cenozoic succession is a shallow-marine facies typical of a passive continental margin, made up of two sedimentary cycles separated by an unconformity. These comprise a Palaeocene to Eocene cycle of glauconitic sand, clays and marls, and an Oligocene to Neogene cycle, which comprises terrigenous deposits of the Limpopo River and Zambezi River deltas.

The area between the Limpopo and Zambezi rivers remained a shallow-water environment during the Neogene and comprises the Inharrime, Temane and Jofane formations. An extensive regression at the end of the Pliocene to early Pleistocene produced a widespread set of coast-parallel dunes, alluvial river terraces and lacustrine deposits, gradually progressing seaward.

The current coastal plain is an extensive low-lying zone of unconsolidated Quaternary to Recent sediments, separated from the ocean by both older stable palaeodunes and active dunes. The cordons of active dunes are up to 2 km wide, and in many places the elevation exceeds 100 m above sea level. Modern beach rock is intermittently exposed along the unprotected high-energy wind and wave-dominated shore, commonly comprising cemented calcareous sandstone. Coastal erosion processes, in conjunction with rapid Quaternary sea level change in Mozambique, caused unconsolidated coastal sediments to undergo numerous cycles of erosion, transport and deposition. This allowed winnowing of enriched secondary sources of more resistant minerals, including rutile, ilmenite and zircon, into localised HM placer deposits.

5.4.2 Local geology

The following description is largely derived from Dumouchel et al., 2016 and announcements by Savannah (which is in a consortium with Rio Tinto at Mutamba, which lies immediately south of HVY's licence area). The northern extent of the tenements comprising the Mutamba project corresponds approximately with the southern extent of HVY's Inhambane tenement.

Information pertaining to the geology of HVY's tenement relies on previous work at the Mutamba project along with observations and interpretation from satellite imagery, in addition to the results from 41 exploration holes drilled by HVY in the southwest corner of the tenement. These sources indicate that the geology in HVY's tenement is similar to that within Savannah's Mutamba project to the south.

The Inhambane region contains vast quantities of reworked coastal sands that were deposited by the Limpopo River further south. HVY's Inhambane tenement is over sand dunes located between 1 and 15 km inland from the current coastline.

The Project area covers parts of two dune systems – a seaward dune system on the eastern flank of the tenement and a landward dune system of the western flank. These dune systems are separated by a drainage line with associated lakes and swamps. The overall trend of these two dunal systems is to the northeast, parallel to the present coast. The surface of the systems comprises a series of long north–northwest oriented parabolic dunes (visible as inverted 'U' shapes when viewed with north upwards) representing blowouts that have cut down into older mineralised dunes. These parabolic dunes climb up and also incorporate reworked sand from older dunes that form prominent topographic highs across the area.

Regional reconnaissance hand-auger drilling completed along approximately 250 km of coastline southwest from HVY's tenement by Rio Tinto since 2000 identified two areas in which there were promising accumulations of HM-bearing sands. The more prospective is the Mutamba Project which is approximately 45 km long by 10 km wide and forms the coastal plain south from the Inhambane Peninsula. The less prospective of these two areas is the Chilubane project, which is located along the coastline northeast from the mouth of the Limpopo River. Both these areas are now part of the consortium comprising Savannah and Rio Tinto.

Three separate mineralised areas are recognised within the Mutamba project area that lies immediately south of HVY's licence area, namely, the Jangamo, Ravene and Dongane areas. Six major geological units comprising a mixture of marine, fluvial and aeolian sedimentary deposits have been defined in these three areas. The generalised stratigraphy is shown in Figure 5-2.

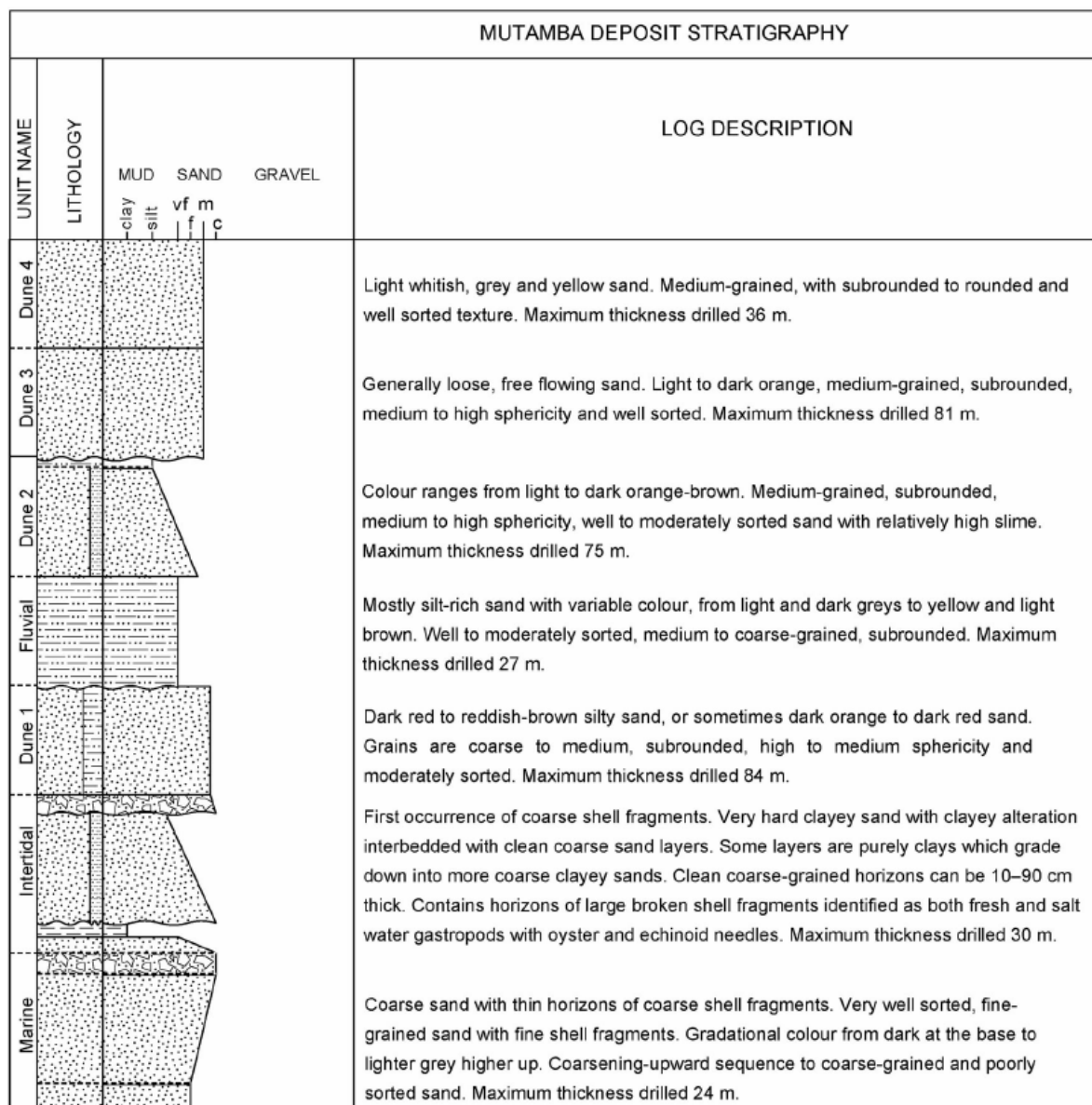


Figure 5-2: Summary stratigraphic column for the Mutamba project

Source: Dumouchel et al., 2016

The bulk of the titanium and zircon sand mineralisation at Mutamba is associated with at least 160 m of older marine-intertidal-aeolian sediments that include three generations of the stable older palaeodunes (referred to as D1, D2 and D3 in Dumouchel et al., 2016), which occur inland of the coastline and overlie a package of marine-intertidal sediments. Unit D3 is the most important in terms of economic geology. Dumouchel et al., 2016 report that the 9,841 samples logged as Unit D3 in the Mutamba project area have an average of 3.3% HM and low slimes content, making it potentially amenable to low-cost dredge mining methods. These are overlain by the contemporary aeolian D4 unit and alluvial material.

D1 is the oldest aeolian deposit overlying the Intertidal unit, and is composed of a dark red to red-brown silt-rich (>20%) palaeodunal quartz sand, with an average HM of 1.3%, although its high slimes content precluded it from being considered part of the mineralised envelope by Rio Tinto. In the Jangamo zone identified by Rio Tinto, which is south-southwest from the southwestern corner of HVY's tenement, D1 forms a core onto which subsequent aeolian sands were deposited and is associated with some of the highest elevations in the area. Most of unit D1 is completely obscured by a variety of younger sediments.

The Fluvial unit lies between D1 and D2, reflecting a change in sedimentary conditions at this time. It comprises mainly medium- to coarse-grained sands to a maximum thickness of 84 m.

D2 is the most common unit overlying D1, and comprises light to dark orange-brown quartz sand with an average slimes content of 8%. The contact between D1 and D2 is mostly defined by a distinct drop in the slimes content from about 18%–20% in D1 to 8% in D2. Sediment interpreted to represent D2 palaeodunes has an average of 2.8% HM and is an economically important unit.

D3 overlies D2 and comprises a generally looser and more free-flowing quartz sand sequence, which occurs in a long, low series of parabolic landforms with northwest–southeast axes, interpreted as aeolian sediments. The D2 to D3 contact is best defined by the slime characteristics, with the latter averaging about 6.3%.

D4 is mainly composed of yellow-white and grey free-flowing quartz sand, which overlies D3, and represents the modern frontal dune system adjacent to the contemporary coastline. The D4 unit does host moderate grade HM mineralisation but is not a major component of the sequence at either Jangamo or Dongane. These modern frontal dunes are still mobile with extensive areas of exposed, unvegetated sand with an average grade of 2.7% HM.

By inference and due to the relative proximity to the third-party held Mutamba project, HVY considers the stratigraphic sequence to be similar across the two areas (i.e. Inhambane and Mutamba).

5.4.3 Local mineralisation

The concentrations of HM along the Inhambane coastline are the result of the action of water (beach and possibly fluvial) and wind. The HM content of the sand is one of its main distinguishing geological characteristics, indicating that natural concentrating mechanisms have been active at some stage during its past. Additionally, slimes and oversize contents of the sands are indicators of previous geological environments.

Previous drilling shows that the distribution of the recorded mineralisation near surface is consistent with aeolian (windblown) deposits, while the mineralisation at depth is concentrated along strandlines (i.e. old beach fronts). The highest HM concentrations are typically associated with strandline deposits.

At the adjacent Mutamba project, the heavy sand mineralisation occurs within the three main zones at Jangamo, Dongane and Ravene, all of which have relatively similar characteristics. At Mutamba, mineralisation extends north–south for up to 20 km and is of variable width, up to 6 km in the centre, while being approximately 1.5 km wide in the north near HVY's Inhambane Project tenure. The dune topography is variable, but mineralisation typically averages 18 m in thickness and has a maximum thickness of 54 m. Mineralisation generally extends up to the surface.

The combined ilmenite, rutile and zircon economic HM content is 60% to 80% HM, with the bulk of the mineralisation hosted by the D2, D3 and Fluvial units. The highest grade occurs in the centre of the known pods. The HM grain-size distribution at Mutamba has a range 90 to 210 µm, with 50% of HM grains being >142 µm. The overall slimes content for Mutamba is 7.1% and typically comprises kaolinite and illite.

Along at least one line of holes drilled by HVY within its Inhambane tenure, laboratory testwork on samples has revealed zones of elevated concentrations of HM that HVY has interpreted to be strand lines. QEMSCAN analysis of composite samples reveals predominantly reworked particles (few grains with limonite rims).

5.5 Project history

The first recorded systematic exploration for HMS mineralisation in the Inhambane Peninsula area was conducted by Rio Tinto commencing in 2000. Between 2000 and 2006, Rio Tinto carried out a reconnaissance hand-auger drilling program along the southern coastline of Mozambique, which included the two transects within a few kilometres of the southern boundary of HVY's current Inhambane tenement (Dumouchel et al., 2016). Approximately 15 auger holes were manually drilled along two east–west oriented lines located within the southwestern corner of HVY's tenement. These auger lines were spaced approximately 2 km apart and the holes were typically less than 15 m deep. All hand-auger samples were collected over 1.5 m intervals, and were analysed at a purpose-built laboratory in Inhambane for HM content using a heavy liquid with a density of 2.85 g/cm³. Slimes (<45 µm) and oversize (+1 mm) fraction data for each sample were also collected (Dumouchel et al., 2016). Information about these particular holes and samples is not publicly available.

The results of Rio Tinto's regional auger drilling program suggested that the most prospective areas for the discovery of large tonnages of high grade THM within a host of free-flowing, low slimes sand amenable to dredge mining were in the Jangamo district (Dumouchel et al., 2016). Work from 2002 to 2007 focused on the Jangamo and Inharrime districts, with exploration including relatively shallow (<15 m) vibracore drilling and deeper (>50 m) reverse-circulation drilling on a 500 m by 500 m grid.

5.6 Recent exploration

5.6.1 Exploration by HVY

Following the grant of 4658L to +258 in March 2012, Mozmin and +258 negotiated a partnership in 2013. In early 2014, Mozmin completed a due diligence review and compiled the publicly available technical information prior to completing a three-dimensional targeting assessment focusing on potentially thicker mineralised intervals within the licence. These thicker zones were interpreted based on topography and the regional dip of stratigraphic units reported to contain mineralised intervals in the adjacent Mutamba project tenements. Seven initial target areas were outlined – six of these are shown in Figure 6-1, and one between Target A and Target B is not shown.

In May 2014, HVY drill tested Target A, which was the most easily accessible of these seven target areas. After intersecting HM mineralisation that exhibited some characteristics of potentially high HM grade strandline accumulations in the seventh hole drilled, HVY continued to drill Target A in an endeavour to establish the distribution of the high-grade mineralisation and enable the preparation of a Mineral Resource estimate. In total HVY completed 41 holes (1,783 m of drilling) at Target A.

The holes were drilled on a 500 m by 250 m nominal grid using air-core equipment (76 mm or NQ sized drill rods) with most holes completed to depths of between 38 m and 50 m below surface. In total, five lines were completed with all holes geologically logged at the rig site. During drilling of the third hole, Mozmin staff observed that the auto-splitting apparatus on the drill rig was not functioning as designed and, as per the QAQC protocols, the first three holes were redrilled prior to the program continuing. These initial three holes have not been used in any resource estimation. Samples were collected at 1.5 m intervals down the hole with the exception of the first 2 m, which was sampled and stored separately. Samples were auto-split from approximately 8 kg of material down to 1.5 to 2.5 kg by a cone splitter in the sample recovery system attached to the drill rig. After drying, these samples were manually split to 1 to 1.5 kg.

In total, 1,175 samples were collected from the 41 holes drilled. Of these, 832 samples considered to be mineralised were selected for assay (determination of oversize, sand, slimes and HM grades). Samples that had been estimated to contain more than 0.2% HM, plus intervening or adjacent samples estimated to contain less than 0.2% HM, were sent to Diamantina Laboratories in Perth, Western Australia, for assaying. Contiguous samples estimated at the drill site to contain less than 0.2% HM were not assayed.

HM concentrates from drill hole samples were selected according to geological zone and HM cut-off grade then combined to create three group samples. The mineralogical and chemical characteristics of each of the three group samples were determined by QEMSCAN analysis by ALS Metallurgy's laboratory in Perth.

The exploration results from this drilling program are reported in GNJ 2019 and GNJ 2021, including intercepts of samples with more than 2% HM reported in Appendix 1. SRK understands that Mr Paul Leandri, the geologist who supervised the drilling and sampling program in 2014, has been nominated as the Competent Person for the Exploration Results reported in GNJ 2019 and GNJ 2021.

As discussed in Section 5.7.1, information from these Exploration Results was used to support an Inferred Mineral Resource estimate (GNJ 2021).

HVY has planned further exploration and project development activities, as described in Section 6.1.

5.6.2 SRK commentary

SRK considers that the drilling, sampling, geological logging, sample assaying and mineral determination procedures all reflect good practice for HM exploration and resource delineation programs. HVY has stated that it intends to conduct metallurgical test work to more directly support confidence in which mineral particles may be recovered during industrial-scale mineral processing.

On 7 September 2017, SRK visited several sites at Inhambane at which holes had been drilled in May 2014. As is typical for HMS exploration projects, HVY had not installed permanent markers at the drill sites. SRK did not observe any hole collars, but at two sites visited did observe small piles of surplus sample that had been overgrown by vegetation. The satellite image dated 10 November 2014 observed on Google Earth shows clear, though subtle, evidence (probably dried crushed vegetation) of the routes that vehicles used to access most drill sites.

5.7 Estimates of Mineral Resources

5.7.1 Summary of Mineral Resource estimate reported by HVY

The results from the 41 holes drilled by Mozmin at its Target A in 2014 were used to develop an estimate of the tonnage and grade of HMS mineralisation within the area drilled. This estimate was prepared for Mozmin by Mr Greg Jones of GNJ Consulting Pty Ltd (GNJ), who accepted the role of Competent Person for the estimate. Mr Jones classified the estimate, which is recorded in Table 5-2, as an Inferred Mineral Resource according to the JORC Code (2012). The most recent report on this estimate is titled 'Heavy Minerals Limited, Inhambane Mineral Resource Estimate, May 2021' (also known elsewhere in this report as GNJ 2021), and summarises the exploration results on which the estimate is based, describes how the estimate was developed, and includes Sections 1 to 3 of JORC Code Table 1. SRK understands that this report is available for download on HVY's Corporate website.

The estimate reported in GNJ 2021 only considered results from HVYs drill holes into its Target A, with all other targets at Inhambane remaining to be drill tested.

Table 5-2: Inhambane Inferred Mineral Resource as at April 2021

Category	Material (Mt)	In situ HM (Mt)	HM (%)	SL (%)	OS (%)	HM Assemblage					
						Altered Ilmenite (%)	Primary Ilmenite (%)	Rutile (%)	Leucoxene (HiTi) (%)	Zircon (%)	Trash (%)
Inferred	51	1.7	3.4	5	-	29	31	2	4	5	30
Total	51	1.7	3.4	5	-	29	31	2	4	5	30

*HM = heavy minerals (>45 µm, <2 mm, >2.96 g/cm³), SL = Slimes (<45 µm), OS = Oversize (>2 mm)

Accompanying statements:

- The effective date of the estimate of the Mineral Resource is April 2021.*
- The Mineral Resource is reported at a cut-off grade of 2% HM.*
- The HM assemblage is reported as a percentage of in situ HM content. Estimates of mineral assemblage were determined by compositing HM concentrates (sinks) from the same geological domain, then measuring the abundance and other characteristics of the mineral constituents using QEMSCAN. GNJ reported the minerals dominantly comprising TiO₂ as follows: primary ilmenite 47–52% TiO₂; altered ilmenite 52–58% TiO₂; Leucoxene (HiTi) 58–70% TiO₂ plus half of 70–90% TiO₂; and rutile half of 70–90% TiO₂ plus 90–100% TiO₂.*
- GNJ considers the Mineral Resource to have reasonable prospects for eventual economic extraction however Mineral Resources are not Ore Reserves and may not be economically viable.*
- The quantity and grade of reported Inferred Mineral Resources in this estimation are uncertain in nature as there has been insufficient exploration to define these as an Indicated or Measured Mineral Resource. It is uncertain whether further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.*
- The information in Section 5.7.1 of this document that relates to the Inhambane Mineral Resource is based on and fairly represents information and supporting documentation prepared by Messrs Greg Jones and Paul Leandri. At the time of preparation, Mr Jones was a consultant to HVY (through GNJ, an independent consultancy), Geological Services Manager for IHC Robbins and a director of HVY, while Mr Leandri was employed as an independent consultant to HVY. For a short period in 2014, Mr Leandri was contracted by HVY and supervised aspects of HVY's drilling program. Mr Jones is a member of the Australasian Institute for Mining and Metallurgy (AusIMM) and Mr Leandri is a member of the AusIMM and the Australian Institute of Geoscientists (AIG). Both have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the JORC Code (2012). Specifically, Mr Leandri is the Competent Person for the Exploration Results reported in GNJ 2021. Mr Jones is the Competent Person for the Mineral Resource estimate reported in GNJ 2021. SRK understands that Messrs Leandri and Jones have consented to the inclusion in this Report of the matters based on their information in the form and context in which it appears in this Report.*
- HVY has provided written assurance to SRK that between the effective date of the Mineral Resource estimate and the effective date of this IGR, the Mineral Resource estimate presented in GNJ 2019 has not been affected by any environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issue known to HVY.*
- Note that all Mineral Resource estimates and Exploration Results within the Report pertaining to the Inhambane Project have been reported in accordance to the JORC Code (2012). HVY confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. HVY confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original Mineral Resource estimate.*

A summary description of the estimation and classification procedure for the Inhambane Mineral Resource is provided below.

Resource reporting date	April 2021
Geological model to constrain mineralisation	Distinct lithological horizons are identified. Dunal units dominate the lithologies, with the bulk of the geology divided into two mineralised units, and one minor localised barren unit interpreted to represent a washout within an otherwise strongly mineralized zone. Drill hole collars are used to create the topography digital terrain model (DTM). Interpreted basement is identified as elevated in SLIMES content and consisting predominantly of very coarse to medium grain-sized sand.
Drilling, sample spacings	All drilling has been air core (AC) top-drive rotary open holes. The dominant drill spacing is 250 m by 500 m with NQ holes and sample lengths of 1.5 m (except for the first sample below ground being 2 m long).
Estimation methods	The geological grade model is based on a combination of coding model cells and drill hole samples inside closed wireframe solids and below wireframe surfaces that represent ground, dunal lithology and basement surfaces, and a local washout. XYZ parent model cell dimensions of 125 m by 250 m by 1.5 m are used in the final model – which is considered appropriate given the early stage of exploration of the project and the Inferred Mineral Resource classification. The resource model has been interpolated for assay grades (HM, OS, SL, SA), logged hardness and mineral assemblage group name. Assay grades were interpolated using inverse distance cubed methods. Maximum samples per drill hole was set at 2, with a minimum of 2 and maximum of 16 samples set per cell estimate – this resulted in an average between 9 and 10 samples from at least 2 drill holes being applied for each cell estimate. Octant-based searching was employed to prevent drill holes at edges providing too high an influence. Logged hardness and mineral assemblage group name were assigned using nearest neighbour methods. A dynamic ellipsoid modelling technique was applied to account for the dip, trend and plunge (DTP) of mineralisation by using DTP strings to control search ellipse orientations for sub-zones. Hard domain boundaries were applied as defined by the interpreted geological surfaces.
Density	An average bulk density of 1.7 t/m³ was applied across the entire Mineral Resource estimate. The value is based on the Competent Person's experience, average HM and slimes grades and average bulk density of quartz sand being 1.6 t/m³.
Reporting grade cut-off	The Mineral Resources are reported at a cut-off grade of 2% HM. Selection of the HM cut-off grade was based on review of resource cut-off grades applied for other deposits in Mozambique with comparable depositional settings with similar to lower value mineralogy (cut-off grades of 1.3% to 2.9% HM), the grade-tonnage curve for Inhambane showing inflexion points at cut-off grades of 1%, 1.5% and 2.5% to 3% HM indicating natural grade and tonnage break points, and consideration of high-level economic factors leading to reasonable prospects for eventual economic extraction. The 2% HM cut-off grade was applied to account for the value of VHM content and as a mid-point of the 1.5% and 2.5% inflexion points on grade-tonnage curves.
Constraints, mining assumptions	No minimum mining thicknesses, or maximum stripping ratios have been applied when the accumulated tonnes and average grades of resource have been estimated.

Reasonable Prospects for Eventual Economic Extraction (RPEEE) assumptions	Most likely mining method is considered to be dozer trap. Despite only three group samples, the assemblage grades for all three are similar and indicate generally economically favourable HM to trash mineral ratios across the drilled area. Grade values of the mineral assemblages are considered to be sufficient to support economic exploitation.
Classification	An interpretation of the gross mineralised units has been used to constrain grade interpolation, but there are insufficient drill holes to interpret continuous zones of higher-grade mineralisation. The sample support and distribution of mineral assemblage composites are considered adequate to infer an overall global average grade. The classification as Inferred Mineral Resource is based on the drill hole spacing, quality of QA/QC sampling and the distribution of mineral assemblage composites.
Comments	The mineral assemblage is reported as percentage of in situ HM content. The HM mineralogy is determined by compositing HM concentrates (sinks) from the same ore zones in order to obtain sufficient HM and conduct mineralogical examination. Mineralogy composites were selected on geological zones along and between lines of drilling, resulting in three samples taken across the entire deposit. Plans have been prepared to summarise model values, illustrating grades and distribution of HM, slimes, key VHM mineralogy species and thickness of mineralisation above cut-off grade of 2% HM. The waste-to-ore ratio is derived and presented together with total tonnage of material and HM as contained in ground. The waste material in a given vertical column of cells is that which lies above the lowermost cell that meets the reporting or cut-off grade criteria.

5.7.2 SRK comments

In SRK's opinion:

- The quantity and quality of the available data is sufficient to support the Mineral Resource as reported.
- The three main geological zones that are reflected in the resource model, and were applied to constrain compositing of the group samples and interpolation of assay grades, appear sound given the quantity of information available for interpretation, and published information about the regional geology.
- The grade interpolation methods applied are conventional for HM deposits (assay grades by inverse distance, and mineral grades by nearest neighbour), particularly for modelling prospects at an early stage of exploration.
- While the interpolation was not constrained by hard contacts, and so there is still some potential that the mineralisation may not be as continuous and extensive as currently modelled, this is reflected by the classification of the mineralisation as Inferred.
- The absence of oversize material and the relatively low slimes contents are favourable characteristics.
- While the Mineral Resource is reliant on two significant intersections (from 23 m to 36.5 m which contains 7.8% HM and from 27.5 m to 42.5 m in drill hole IN0030 which contains 8.7% HM), the further drilling required to advance this to an Indicated Mineral Resource level will serve to reduce the influence and test the integrity of these data.

In addition to the drilling required to upgrade the existing Mineral Resource to the Indicated and Measured categories, the key focus of future work needs to be the exploration of the remainder of the concession area and to have the aim of adding to the Mineral Resource already reported. This is reflected in the planned exploration set out later in this report.

5.8 Environmental and social considerations

5.8.1 Activities to date by HVY

To date, no baseline environmental or social studies have been conducted by HVY at Inhambane, which is consistent with the early stage exploration status of the Project. Based on disclosures by Savannah at the adjacent Mutamba project, it is evident that there may be areas requiring the management of groundwater levels should dry mining be selected as the preferred mining method.

There are no known impediments to mining development, other than the normal social issues regarding relocation (if necessary) given there are several isolated homesteads in proximity to the defined resource area. In such cases it is normal practice to compensate the landowner for any displacement, including provision of alternative land (all land is owned by the Mozambique Government, and persons and entities obtain a right to use the land for specified purposes), compensation for improvements upon land including buildings and crops, and loss of livelihood. The Mozambican Government has defined rates of compensation.

The area has been extensively disturbed by existing agricultural activities and several watercourses pass near the defined resource area.

It is expected that any future mining operation at Inhambane would require a certain amount of ground disturbance and that HVY would undertake progressive rehabilitation as the mine advances. HVY notes in its JORC Code Table 1 that 'no specific mining method is assumed other than potentially the use of dry mining via dozer trap'.

It is expected that any future mine tailings would be stored in a dedicated tailings storage facility until a sufficient mining void was opened to allow for in-pit tailings disposal. Slimes are likely to be disposed of with the sand tails or in slimes paddocks built in the original tailings disposal facility. The tailings are expected to be benign and will be covered with soil and sand prior to handback to the community.

5.8.2 SRK commentary

SRK notes that its difficulty in locating the drill collars some 3 years after they had been drilled is testament to the care applied by HVY to minimising disturbance to the local environment, to cleaning up after drilling, and to a rapid rate of natural recovery of the drill sites.

5.9 Risks and opportunities

5.9.1 Risks

Based on its review of the available technical data, SRK considers the Inhambane Project is subject to the following risks:

- Further drilling does not confirm the continuity of the mineralisation intersected to date to a sufficient degree to enable the upgrading of the Mineral Resource to the Indicated and Measured categories and/or does not prove up sufficient additional Mineral Resources to support a viable mining operation.
- There may be difficulty accessing Inhambane port (cotton rail-line removed, or other incumbents absorb all capacity).
- The port may need regular dredging.
- Ongoing metallurgical testwork provides differing geometallurgical relationships than those currently assumed and these result in lower recoveries and lower VHM concentrate grades than currently assumed.

- On completion of detailed environmental and social work programs, including the impact assessment, further project modifications may be required to ameliorate any identified negative impacts.
- Hydrology investigations may indicate either a requirement for active pit dewatering, negative impacts on local aquifers, inadequate water to meet anticipated demand or the necessity for post-closure water treatment.

5.9.2 Opportunities

Based on its review of the available technical data, SRK considers the Inhambane Project offers the following opportunities:

- Entry into an emerging mineral sands production district, with developments being led by the Rio Tinto–Savannah consortium. These parties and developments may represent potential partnering or offtake opportunities for HVY.
- Proximity to established infrastructure including:
 - two cities, Inhambane and Maxixe, with a total population in 2017 of marginally more than 200,000
 - Inhambane port, though it will require substantial rehabilitation prior to use for shipping mineral sands
 - the EN1 National Highway, a sealed road between Maputo and Beira
 - a 200 kVA trunk power transmission line with a local substation
 - Inhambane airport, which has a sealed airstrip and is served by daily flights to Maputo.
- This infrastructure may lead to lower capital requirements for a project compared to a more remote site, as well as offering the potential to share facilities with adjacent developers.
- The potential for the discovery of additional mineralisation within the Exploration Licence, which may add to the Mineral Resource as already reported.
- There is opportunity to increase confidence in the estimates of the currently defined mineralisation by additional infill and extensional drilling and laboratory testing of samples from those drill holes.

5.10 Project valuation

No Ore Reserves are presently defined in accordance with the JORC Code (2012) at Inhambane and the only Mineral Resources defined are at an Inferred level of confidence and have not been the subject of any techno-economic studies. As such, income-derived methods of valuation are not considered appropriate for the Inhambane Project.

SRK is not aware of any precedent transactions involving HVY's defined Mineral Resources in the recent past, as no Mineral Resources were defined at the time of the transaction between Mozmin and +258.

Having asked the question of HVY and Mozmin, SRK is not aware of any previous valuations of HVY's Mineral Resources prepared in accordance with the VALMIN Code (2015) in the public domain.

As such, SRK has not offered any opinion with regard to the current market value of the Inhambane Project.

6 Proposed Exploration Program and Expenditure

6.1 HVY's Plans

HVY has prepared a 2-year funded work program at its Inhambane Project totalling A\$250,000, comprising A\$150,000 in Year 1 and A\$100,000 in Year 2. These funds will be attributed to geological mapping, aeromagnetic geophysical surveying, geochemical sampling and exploration management (Funded Works).

At present, the Company considers it prudent not to allocate further funding to the Inhambane Project until such time as it is able to confirm the transfer of interests in the Inhambane Project have been recognised by Government of Mozambique (Mozambique Approval).

Pending receipt of the Mozambique Approval, HVY has prepared and provided SRK with a further unfunded work plan pertaining to potential Year 2 exploration activities at its Inhambane Project, comprising A\$910,000, for exploration drilling, Resource estimation, limited metallurgical testing and commencement of initial conceptual techno-economic studies (Further Works). The Further Works are currently unfunded. As the Further Works are currently unfunded and in the event the Mozambique Approval is received, the Company may resolve to do one or more of the following:

- divert some of the funding from working capital or future acquisition costs to the Inhambane Project, or
- raise new capital to fund the Further Works, or
- resolve not to undertake some or all of the Further Works.

SRK considers this to be a prudent approach and allows for flexibility in the exploration program. The Further Works will allow for HVY to define any additional targets areas that warrant follow up exploration.

To date, HVY has applied an exploration concept developed from the distribution of mineralisation in the adjacent Mutamba project, which is managed by a consortium comprising Savannah Resources plc and Rio Tinto. HVY's concept was to interpret the locations of thicker occurrences of the potentially mineralised strata within its mineral tenure, then test these targets by further drilling. Using this approach, HVY initially identified seven target areas within its Exploration Licence, which had been previously outlined by Rio Tinto's earlier regional reconnaissance auger drilling program. Except for one target located between Target A and Target B, these targets are shown in Figure 6-1.

In May 2014, HVY drill tested Target A as shown in Figure 6-1, which was the most easily accessible of the seven target areas. After intersecting HM mineralisation that exhibited some characteristics of potentially high HM grade strandline accumulations in the seventh hole drilled, HVY continued to drill test Target A in an endeavour to establish the distribution of the high-grade mineralisation, and to establish a maiden Mineral Resource estimate.

Target B shown in Figure 6-1, which has not yet been drill tested by HVY, is located along strike from Savannah Resources plc and Rio Tinto's Ravene deposit. The northern extent of Inferred Mineral Resources reported by Savannah in an announcement dated 27 March 2017 appears to be approximately 1 km south from the current southern boundary of HVY's tenement.

HVY's proposed future exploration activities in its tenure are to:

- undertake reconnaissance fieldwork including geological mapping to identify host sequences of HM mineralisation (Funded Works)
- undertake an aeromagnetic geophysical survey to ascertain the presence and location of buried concentrations of ilmenite (Funded Works)

- following receipt of the Mozambique Approval, drill test four of the five other previously defined targets (Targets B to E), and/or targets that may be revealed by the magnetic geophysical survey and reconnaissance fieldwork (Further Works).

As is typical for early-stage exploration, the sequence of activities including the location and amount of drilling in different target areas will depend upon the results of the proposed aeromagnetic survey, reconnaissance fieldwork, and preceding drilling. For budgeting purposes, HVY has assumed:

- The aeromagnetic geophysical survey will comprise 2,500 line-km at an assumed cost of A\$10 per line-km.
- Targets B through E to be tested at drill hole spacings typically of 200 m along drill lines 1000 m apart with some areas down to of 200 m along drill lines 500 m apart.
- All holes are to be drilled to an average of 50 m depth with 10,000 m of drill advance completed at an assumed cost of A\$40/m advance.
- 80% of all samples will be assayed, totalling 5,333 assays if all drilling is sampled at 1.5 m intervals down hole at an assumed assay cost of A\$30 per sample.

HVY has included allowances in its Further Works forecast budget for the estimation of Mineral Resources, limited metallurgical testwork, a conceptual mining study, and a study of dredging access from the Mozambique Channel to Inhambane Port, all of which feed into preliminary techno-economic modelling of the Project to assess its potential economic viability under a range of potential development scenarios.

HVY has noted that pending receipt of the Mozambique Approval, drill testing in Target B may reveal that it is warranted to extend drilling further north than indicated in Figure 6-1. HVY has not made particular budget allowances for this additional drilling. As is customary during exploration drilling, HVY has budgeted for sufficient drilling that, if warranted, priorities can be adjusted during the drilling program.

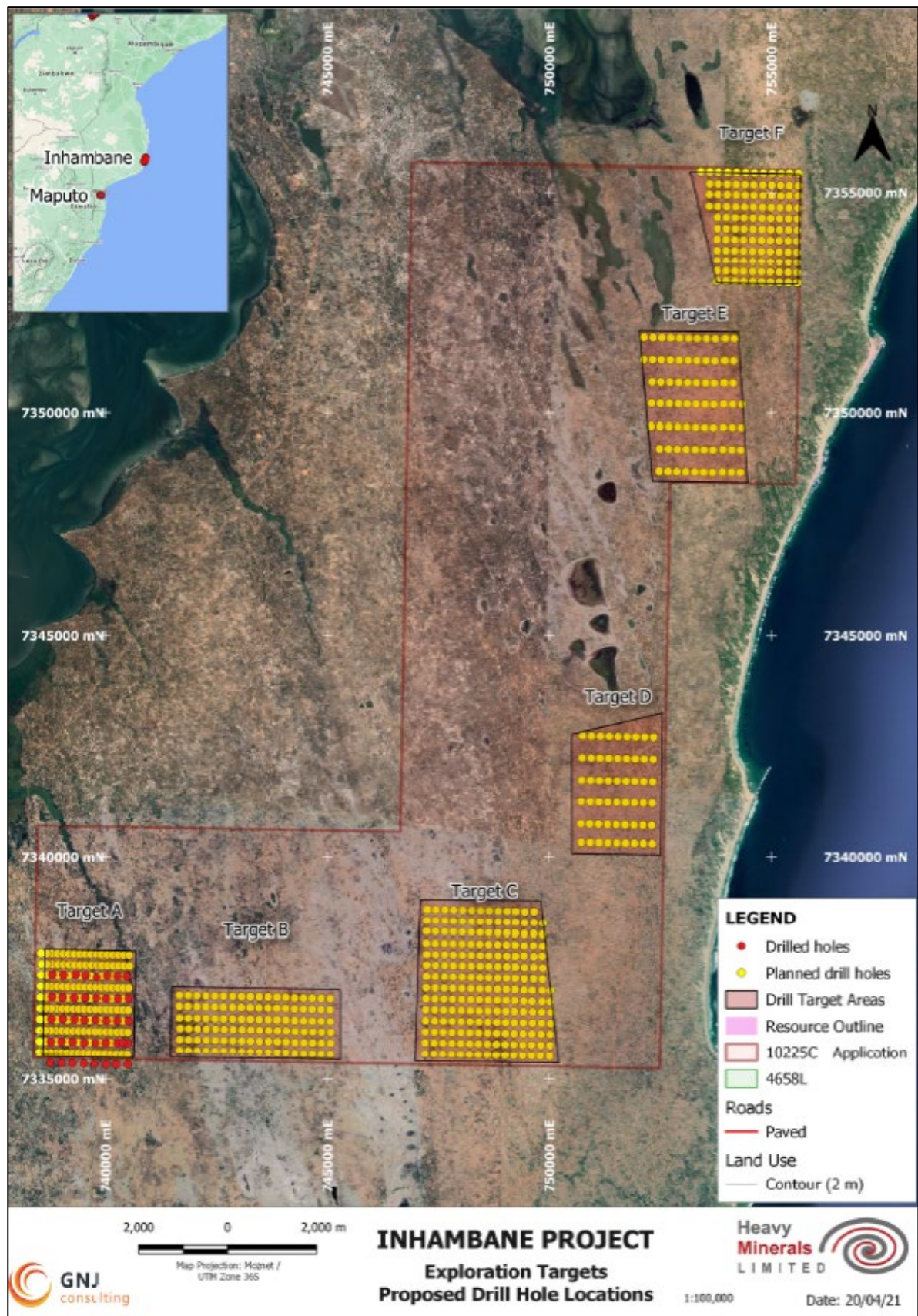


Figure 6-1: Inhambane Project – Exploration Targets and planned drilling program

Source: GNJ, 2021

6.2 SRK comments

In summary, HVY has proposed a staged program of exploration for its Inhambane Project over a 2-year period following its listing on the ASX. HVY's proposed funded programs focus on the compilation, verification and critical re-assessment of the historical exploration data in combination with aeromagnetic geophysical surveying as part of the Funded Works. Pending receipt of the Mozambique Approval, HVY has designed a further, as-yet unfunded works program for the assessment of defined targets through drill testing, assay and mineralogical assessment.

SRK has reviewed HVY's exploration plan and budget and considers that while these will need to remain fluid and may change dependent on the results obtained, the Funded Works plan is appropriate and should be sufficient to provide a meaningful assessment of the Project's prospectivity. Pending receipt of the Mozambique Approval, drill testing of the key targets can be completed, and the budget should be sufficient to fund this, as well as limited studies designed to advance the project status (i.e. limited metallurgical testwork, Resource estimation and the commencement of conceptual techno-economic studies).

SRK considers HVY's approach to be a prudent and allows for flexibility in the exploration program. The Further Works will allow for HVY to define any additional targets areas that warrant follow up exploration.

Should the planned exploration work be successful in outlining sufficient mineralisation to support a potential mining operating, then further work and additional budget will be required.

7 Conclusions and Recommendations

HVY's Inhambane project tenements which are the subject of the IGR are located in the Inhambane district of southern Mozambique.

SRK has reviewed this estimate and while further work is required to investigate the continuity of this resource and determine if it can be upgraded to the Indicated and/or Measured category, and therefore used as the basis of advanced techno-economic studies, this estimate has been produced by a Competent Person as defined by the JORC Code and using industry standard techniques.

It is clear that in addition to upgrading the existing Mineral Resource, further exploration is also needed on other targets in the Exploration Licence, with the aim of delineating further Mineral Resources.

With this in mind, HVY has developed a staged 2-year Work Program to cater for timing of the Mozambique Approval process. The Funded Works are sufficient to potentially identify additional targets that warrant further exploration. Pending receipt of the Mozambique Approval, the Further Works includes a currently unfunded work schedule of both activities and expenditures, which comprises exploration of the licensed area as a whole, with a view to progressing the Project towards the initial techno-economic studies.

While the planned work will need to be regularly reviewed as results are obtained and changed, SRK considers the Work Plan to be appropriate and justified. The Funded Works are sufficient to potentially identify additional targets to those currently defined but which remain to be adequately tested. The Further Works budget of A\$910,000, which currently remains unfunded pending receipt of the Mozambique Approval, is sufficient to enable the further upgrade of the Mineral Resource, conduct limited metallurgical testwork and commence initial techno-economic studies.

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Jeames McKibben

Principal Consultant

Peer reviewed by

A handwritten signature in dark ink, appearing to read "Rod Brown".

Rod Brown

Principal Consultant

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Appendix 1: Summary drill hole information (composited intervals > 2% hm)

BHID	X	Y	Z	FROM	TO	LENGTH	ZONE	EST_HM	OS	SLIMES	HM
IN0001R	8759	15849	15.5	24.5	30.5	6	5	5.8	0	7.6	7.1
IN0002R2	9000	15858	21.6	21.5	24.5	3	5	2.4	0	8.4	3.1
IN0002R2	9000	15858	17.9	26	27.5	1.5	5	0.7	0	6.6	2.2
IN0003R	9250	15855	49.8	2	9.5	7.5	3	2.0	0	4.8	3.1
IN0003R	9250	15855	40.0	12.5	18.5	6	3	2.3	0	7.3	3.5
IN0003R	9250	15855	36.3	18.5	20	1.5	5	1.8	0	9.1	4.2
IN0003R	9250	15855	16.0	38	41	3	5	1.4	0	5.9	2.2
IN0004	9511	15846	53.8	6.5	11	4.5	3	1.1	0	4.3	2.2
IN0005	9772	15846	14.0	32	36.5	4.5	5	3.0	0	2.9	3.4
IN0006	10009	15853	20.7	32	35	3	5	0.9	0	5.6	2.5
IN0006	10009	15853	15.5	38	39.5	1.5	5	1.2	0	3.9	3.4
IN0007	10268	15854	15.5	23	36.5	13.5	5	7.1	0	4.3	7.8
IN0008	10502	15855	39.9	3.5	6.5	3	5	2.1	0	6.3	2.7
IN0008	10502	15855	12.2	29	36.5	7.5	5	2.2	0	5.6	4.3
IN0010	10511	16355	14.0	26	33.5	7.5	5	2.1	0	5.2	3.5
IN0011	10257	16357	12.6	29	35	6	5	1.6	0	5.0	4.2
IN0012	10012	16350	16.5	23	29	6	5	1.5	0	6.3	2.9
IN0013	9763	16361	14.0	26	27.5	1.5	5	1.5	0	4.5	2.4
IN0014	10502	16862	23.2	21.5	27.5	6	5	2.1	0	5.0	2.7
IN0018	9508	17360	12.1	29	30.5	1.5	5	1.0	0	5.9	2.0
IN0019	10008	17367	6.2	36.5	38	1.5	200	0.4	0	13.3	2.5
IN0020	10238	17358	22.2	18.5	23	4.5	5	1.4	0	6.4	2.3
IN0021	10443	17359	36.9	3.5	6.5	3	5	1.9	0	7.3	3.4
IN0030	8758	16361	41.8	11	12.5	1.5	3	0.5	0	6.3	2.3
IN0030	8758	16361	38.8	14	15.5	1.5	3	1.4	0	6.4	3.9
IN0030	8758	16361	31.3	21.5	23	1.5	5	0.2	0	2.7	2.3
IN0030	8758	16361	18.6	27.5	42.5	15	5	2.7	0	5.3	8.7
IN0031	9019	16370	41.7	3.5	15.5	12	3	0.7	0	6.3	3.1
IN0031	9019	16370	16.2	33.5	36.5	3	5	1.0	0	6.0	2.5
IN0031	9019	16370	11.0	39.5	41	1.5	5	0.5	0	2.3	3.5
IN0032	9280	16367	47.1	2	5	3	3	0.6	0	6.6	2.8
IN0032	9280	16367	17.1	30.5	36.5	6	5	2.2	0	5.6	4.0
IN0033	9503	16357	18.1	24.5	27.5	3	5	1.2	0	5.2	3.4
IN0033	9503	16357	3.8	39.5	41	1.5	200	1.0	0	14.3	2.1
IN0034	9507	16861	13.8	23	24.5	1.5	5	1.2	0	4.2	2.7
IN0035	9291	17376	42.0	6.5	8	1.5	3	0.7	0	3.5	2.0
IN0035	9291	17376	28.5	20	21.5	1.5	5	1.5	0	4.9	2.3
IN0036	9009	17359	43.3	2	21.5	19.5	3	1.8	0	5.2	2.9
IN0036	9009	17359	13.3	41	42.5	1.5	5	0.5	0	6.0	2.4
IN0037	9263	16856	41.5	2	3.5	1.5	3	1.0	0	3.8	2.2
IN0038	9002	16858	51.4	0	14	14	3	1.4	0	4.5	2.7
IN0038	9002	16858	32.4	18.5	33.5	15	3	4.6	0	2.8	4.7
IN0039	8757	17360	43.5	0	3.5	3.5	3	1.4	0	5.2	2.8
IN0039	8757	17360	32.0	12.5	14	1.5	3	0.1	0	2.4	2.3
IN0039	8757	17360	18.5	26	27.5	1.5	5	1.0	0	4.1	2.0
IN0041	9735	16859	15.3	23	24.5	1.5	5	3.5	0	2.2	3.7

**Appendix 2: Resource Statement supporting
commentary (after Table 1, JORC Code
2012)**

Criteria	Explanation	Comment
Sampling techniques	Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.	The deposit was sampled using Reverse Circulation Air-Core (RCAC), top drive rotary open hole.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	An estimate was made of the approximate size of the samples expected based on the drilling interval, the size of the drill rod and the split taken from the drill rig sampling cyclone. The size of the split was in line with expectations.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	RCAC drilling was used to obtain a 1.5 to 2 m samples from which approximately 1.2-2.5 kg was collected using a Mettler Fixed Cone Splitter with Transition. The sample was then split down to approximately 1 kg for transport back to Diamantina Laboratories in Perth, Australia for assaying. The sample was then dried, de-slimed (material less than 45 µm removed) and then oversize (material +2mm) was removed. Approximately 100 g of the resultant sample was then subjected to a HM float/sink technique using tetra-bromo-ethane (TBE: SG=2.92-2.96 gcm ⁻³). The resulting HM concentrate was then dried and weighed. Some of the HM concentrate samples were grouped together to form mineral assemblage composite samples. These mineral assemblage composite samples then were subjected to QEMSCAN analysis.
Drilling techniques	Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	RCAC drilling accounts for 100% of the total drilling. All holes are drilled vertical with no downhole surveying to confirm hole direction. The size of the drill rods used for the drilling program was NQ.
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed.	Drill sample recovery was considered to be quite good with sample weights as expected (based on the size of the drill rods, sampling interval and split size). Ground conditions were dry to damp and considered ideal for AC drilling in sand. Heavy groundwater flow can adversely affect sand recovery and influence the preferential segregation of HM from quartz sand and clay.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Sampling on the drill rig was observed to ensure that the cyclone remained clean. The cyclone was washed at the end of each hole and cleaned with hammering or scraping as required.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	The representivity of samples was checked by comparing the split weights of samples at the beginning and ending of each drill rod (effectively the 1st half versus the 2nd half of the rod). The original sample weights were not recorded, however cone and quartering was carried out on samples recovered from the cyclone, which were then weighed. The split samples therefore are representative of the original sample (considering the final split as an equal subset ratio of the original sample). The sample weights were analysed for each of the positions within the drill rod and those results are presented in Figure 5.1. The 1st position is identified by label 1 and the 2nd position identified by label 2.

Criteria	Explanation	Comment
		<i>There is a minor amount of bias between sample position 1 and sample position 2 however it does tend to switch backwards and forwards and the overall weight differential between the 2 sample positions is considered not significant enough to impact on sample representivity.</i>
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	<i>HML collected detailed qualitative logging of geological characteristics to allow a robust geological interpretation to be carried out.</i>
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	<i>Logging of RCAC samples recorded estimated slimes, washing, colour, lithology, dominant grainsize, coarsest grainsize, sorting, induration type, hardness, estimated rock and estimated HM.</i>
	<i>The total length and percentage of the relevant intersections logged.</i>	<i>All drill holes were logged in full and approximately 68% of samples were assayed and used in the resource estimation exercise.</i>
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	<i>No core samples were taken due to the unconsolidated nature of the material being drilled and sampled as well as the disaggregation process during AC drilling.</i>
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	<i>Samples were recovered from the cone splitter beneath the cyclone. Samples were then transported to a core yard where they were subsequently dried, cone and quartered to a smaller subsample more appropriate for transport back to Australia. The final sample size was approximately 1 kg and considered to be appropriate compared with the grain size of the material being sampled.</i>
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	<i>Sample preparation is consistent with contemporary industry practices.</i>
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	<i>QA/QC in the form of laboratory and rig duplicates were used to monitor laboratory performance. Laboratory and rig duplicates were submitted at the rate of approximately 1 in 40 each for a combined submission rate of one in 20. The rig duplicates were collected from the sampling apparatus at the rate of approximately 1 every 40th interval sampled, given the next sample number in sequence, then submitted for assay. Separate duplicate samples were not collected during the cone and quartering after drying in Mozambique.</i>
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	<i>Analysis of sample duplicates was undertaken by standard geostatistical methodologies to test for bias and to ensure that sample splitting was representative. Assay results of samples and their field duplicates were compared and no systemic differences observed, implying that bias had not been introduced by the cone splitter.</i>
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	<i>Given that the grain size of the material being sampled is sand and approximately 70 to 300 µm, an approximate sample size of 1 kg is more than adequate.</i>
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	<i>Assaying was carried out at Diamantina laboratory in Perth, a laboratory that specialises in assay analysis for the mineral sand industry. Every 25th sample was duplicated in the laboratory and a laboratory standard was inserted at a rate of 1 in 40. HM was separated from light minerals by a sink/float process using TBE. The sample analysis process produced the following assays:</i> - HM > 45 µm, <2 mm, > 2.96 SG - slime ('SL') < 45 µm

Criteria	Explanation	Comment
		- oversize ("OS") > 2 mm. To maintain QA/QC, two duplicate assaying procedures were implemented. Every 20th sample in the laboratory was split and both sub-samples processed through the entire assaying procedure. Two samples were collected at the rig at every 40th sample and subjected to the complete assaying process. The laboratory was blind to these duplicates. The HM mineralogy was determined by compositing HM concentrates (sinks) from the same geological domain or ore zones in order to obtain sufficient HM on which to conduct a mineralogical examination. The mineralogy composites were selected based on the geological zones along and between lines of drilling. This resulted in 3 samples being taken across entire deposit. One from ZONE 3 and 2 from ZONE 5. The HM from each sample was subjected to QEMSCAN analysis through the ALS laboratory in Perth.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	Not applicable
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	All assaying for the Inhambane deposit was carried out by Diamantina Laboratories. Duplicate samples were submitted however blind field standards were not submitted by HML as part of the drilling program at the Inhambane deposit.
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel.	Verification of intersections was limited to checking for variance between logged estimates of grade and the assayed grades. No significant variances were identified that warranted any re-assay.
	The use of twinned holes.	No holes were twinned during the drilling program.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Data collected by HML was entered digitally in the field and uploaded to Microsoft Access and managed as a database.
	Discuss any adjustment to assay data.	Minor adjustments to assay data was made prior to model interpolation, including setting of absent data to half the value of assay threshold values. No obvious outliers were identified during data analysis.
Location of data points	Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	HML surveyed drill holes by differential global positioning system (DGPS).
	Specification of the grid system used.	The grid system used is the Moznet spheroid and the grid is UTM Zone 36 South). Modelling was conducted in a rotated local mine grid.
	Quality and adequacy of topographic control.	Topographic control was inadequate from available satellite tomography and so drill hole collars which had been surveyed in via DGPS were used instead.
Data spacing and distribution	Data spacing for reporting of Exploration Results.	
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity	Based on the experience of GNJ Consulting the data spacing and distribution through the drill hole programs is considered adequate for the assigned Mineral Resource

Criteria	Explanation	Comment
	<i>appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	<i>classifications. Holes were drilled at approximately 250 m across Inferred strike of mineralisation and 500 m along strike.</i>
	<i>Whether sample compositing has been applied.</i>	<i>No sample compositing or de-compositing has been applied. The majority of sampling was taken on 1.5 m intervals with minor 2 m intervals.</i>
<i>Orientation of data in relation to geological structure</i>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	<i>Sample orientation is vertical and approximately perpendicular to the dip and strike of the mineralisation resulting in true thickness estimates. Drilling and sampling is carried out on a regular rectangular grid that is broadly aligned to the strike of the orebody mineralisation.</i>
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	<i>No bias caused by orientation of drill holes anticipated from drilling vertical holes into a mineral sands deposit.</i>
<i>Sample security</i>	<i>The measures taken to ensure sample security.</i>	<i>All samples are numbered, with samples split and residues stored along with HM sinks. Samples were collected from the cyclone on the drill rig and collected into numbered bags for transport back to the core yard for drying and sub splitting. Residual sample was retained on-site and the sub split sample for assay was re-bagged, sealed in packaging materials for transport back to Australia. The uppermost 2 m of each drill hole was bagged and transported in a separate batch to be processed through quarantine as per Australian International Quarantine Regulations for soil samples. This was done to minimise the cost of having approximately 1.6 t of sample go through quarantine and a treatment process. The samples that bypassed the quarantine process were transported directly to Diamantina Laboratories for checking in and subsequent assay. Quarantine samples were transported directly to Intertek for quarantine treatment and from there couriered to Diamantina for assaying.</i>
<i>Audits or reviews</i>	<i>The results of any audits or reviews of sampling techniques and data.</i>	<i>There are no existing audits or reviews. This represents the maiden resource estimate for the Inhambane project.</i>
<i>Mineral tenement and land tenure status</i>	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	<i>The resource lies within the granted exploration licence 4658L. Tenure is 100% owned by Mozambique Company +258 of which HML owns 70%. Subsequent to drilling a mining concession was applied for, 10255C which covers an area of 183.55 km². As a consequence of the change in tenure size and movement in tenure boundary the southernmost portion of the resource and one line of drilling has been cut out of the current tenement. A subsequent re-application of tenure to has been made to amalgamate new vacant ground into the mining concession application.</i>
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	<i>At the time of reporting all tenure was secure and any administrative costs or fees were fully paid up.</i>
<i>Exploration done by other parties</i>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	<i>Previous tenement holders in the area, Rio Tinto, conducted hand auger drilling over the southern half of the 4658L tenement.</i>
<i>Geology</i>	<i>Deposit type, geological setting and style of mineralisation.</i>	<i>The deposit style is a combination of dunal and fluvial/marine sediments. HM accumulations are preserved throughout the stratigraphic sequence.</i>

Criteria	Explanation	Comment
Drill hole Information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: - easting and northing of the drill hole collar - elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar - dip and azimuth of the hole - down hole length and interception depth - hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	There are a number of drill holes that have a modest contribution to the overall HM tonnage of the deposit mineralisation (the top 25% of holes with contributions of length times HM grade are listed as follows - IN0003R, IN0007, IN0022, IN0023, IN0026, IN0030, IN0031, IN0036, IN0038. Other drill hole results contribute to the identification of the wide and thick zone of mineralisation via multiple intersections of drill holes. The composited drill hole listing is presented in Appendix 1.
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.	No grade cutting was undertaken, nor compositing or aggregation of grades made prior or post the grade interpolation into the block model. Selection of the bottom basal contacts of the mineralised domains were made based on discrete logging and grade information collected and assayed by HML.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	Not applicable - all samples are 1.5 m long, except the first sample below ground surface which was 2 m long.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalents were used for reporting of Mineral Resources.
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results.	All drill holes are vertical and perpendicular to the dip and strike of mineralisation and therefore all interceptions are approximately true thickness.
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	Drill holes are inferred to intersect the mineralisation approximately perpendicularly.
	If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Refer to Appendix 1 and main body of report.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	Reporting of results is restricted to Mineral Resource estimates generated from geological and grade block modelling.

Criteria	Explanation	Comment
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	Samples of HM to be determined for mineral assemblage were created by compositing HM sink fractions from drill hole samples interpreted to have intersected the same geological horizon and mineralisation, and for which viewing of the HM sinks suggested similar assemblage grades. Samples have not yet been tested for in situ density.
Further work	The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).	Further work via infill mineral assemblage composite sampling is recommended in order to further the confidence in the current Inferred Mineral Resource. Exploration by geophysical and drilling is planned on other parts of the tenement.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Refer to Appendix 1 and main body of report.

Section 3 - Estimation and Reporting of Mineral Resources

Criteria	Explanation	Comment
Database integrity	Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.	The surveying, logging and assay data is stored in a Microsoft Access database. The drill logs were recorded electronically at the rig for the HML drilling program, and the hole locations recorded by hand-held GPS at the time of drilling. Each field of the drill log database was verified against allowable entries and any keying errors corrected at the time by the logger. At the completion of each hole, an entry was made to a hand-written drilling diary. The diary recorded the hole name, date, depth, number of samples, time of start and finish, a description of the location of the hole in relation to the last hole and other things. Such a diary provides valuable evidence if there is an error in hole naming or surveying.
	Data validation procedures used.	Visual and statistical comparison was undertaken to check the validity of results.
Site visits	Comment on any site visits undertaken by the Competent Person and the outcome of those visits.	
	If no site visits have been undertaken indicate why this is the case.	No site visit was undertaken by the GNJ Consulting during the modelling exercise as they are familiar with the deposit and style of mineralisation. Mr Paul Leandri supervised the drilling and sampling activities for the duration of the program.
Geological interpretation	Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.	The geological interpretation was undertaken by GNJ Consulting using all logging and sampling data and observations. The geological interpretation is inferred due to the wide spaced drilling, however the geological characteristics of the host units is consistent and traceable between holes both across and along the inferred strike of the mineralisation.
	Nature of the data used and of any assumptions made.	Interpretation of geological surfaces or domains to be used in block modelling were determined utilising HM sinks and geology logging.

Criteria	Explanation	Comment
	<i>The effect, if any, of alternative interpretations on Mineral Resource estimation.</i>	<i>Any alternative geological interpretations would necessitate a reassignment of mineral composite ID (for mineral assemblage testwork). These are carefully selected to align with discrete geological domains and a re-assignment of those domain boundaries would require new mineral composites to be assayed or for those composite ID's to be removed from the interpolation. An alternative interpretation would entail preparing tighter mineralised envelopes in order to constrain grade above a certain cut-off. At this stage of the resource estimation confidence this is not considered a valid approach.</i>
	<i>The use of geology in guiding and controlling Mineral Resource estimation.</i>	<i>The Mineral Resource estimate was controlled by the geological / mineralised surfaces and beneath the topographic surface.</i>
	<i>The factors affecting continuity both of grade and geology.</i>	<i>The Inhambane deposit sits within a number of dune and fluvial/marine depositional settings. A washout has been interpreted to have removed mineralisation in the area of drill hole IN0009 (which did not intersect mineralisation recorded from holes immediately to the east and west.</i>
<i>Dimensions</i>	<i>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</i>	<i>The Mineral Resource reported is within the portion of the Inhambane tenement drilled by HML to date (10255C Mining Concession application), and extends for approximately 2.3 km long, 2 km wide and approximately 25 to 35 m thick on average. Mineralisation is present from surface over a large portion of the deposit, although should be qualified by saying that mineralisation above the 2% HM cut-off grade was only intersected in 5 holes. A total of 36 of the 41 holes drilled contained drill hole intercepts above cut-off grade. The average composite length per drill hole above the HM cut-off grade was 8.2 m with a minimum of 1.5 m and a maximum of 29 m.</i>
<i>Estimation and modelling techniques</i>	<i>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</i>	<i>The mineral resource estimate was conducted using CAE Mining software (Datamine). Inverse distance weighting techniques were used to interpolate assay grades from drill hole samples into the block model and nearest neighbour techniques were used to interpolate index values and nonnumeric sample identification into the block model. The regular dimensions of the drill grid and the anisotropy of the drilling and sampling grid allowed for the use of inverse distance methodologies as no de-clustering of samples was required. Appropriate and industry standard search ellipses were used to search for data for the interpolation and suitable limitations on the number of samples and the impact of those samples was maintained. An inverse distance weighting to the power of 3 was used so as not to over smooth the grade interpolations. Hard domain boundaries were used and these were defined by the geological surfaces that were interpreted, however a moving or dynamic search ellipse was used to account for variations in the dip, trend and plunge of mineralisation.</i>
	<i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i>	<i>This was the maiden mineral resource estimate carried out for the Inhambane project.</i>
	<i>The assumptions made regarding recovery of by-products.</i>	<i>No assumptions were made during the resource estimation as to the recovery of by-products.</i>

Criteria	Explanation	Comment
	<i>Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).</i>	<i>All potentially deleterious elements were included as part of the mineral composite analysis and were included in the modelling report.</i>
	<i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i>	<i>For the Inhambane deposit the average parent cell size used was approximately half that for the average drill hole spacing in the north-south and east-west directions (which was 500 m x 250 m x 1.5 m) and the same as the dominant sample spacing down hole. This resulted in a parent cell size of 250 m x 125 m x 1.5 m.</i>
	<i>Any assumptions behind modelling of selective mining units.</i>	<i>No assumptions were made regarding the modelling of selective mining units however it is assumed that a form of dry mining will be undertaken and the cell size and the sub cell splitting will allow for an appropriate dry mining ore reserve to be prepared. Any other mining methodology will be more than adequately catered for with the parent cell size that was selected for the modelling exercise for the deposit.</i>
	<i>Any assumptions about correlation between variables.</i>	<i>No assumptions were made about correlation between variables.</i>
	<i>Description of how the geological interpretation was used to control the resource estimates.</i>	<i>The Mineral Resource estimate was controlled to an extent by the geological/mineralisation and basement surfaces.</i>
	<i>Discussion of basis for using or not using grade cutting or capping.</i>	<i>Grade cutting or capping was not used during the interpolation because of the regular nature of sample spacing and the fact that samples were not clustered nor wide spaced to an extent where elevated samples could have a deleterious impact on the resource estimation. Sample distributions were reviewed and no extreme outliers were identified either high or low that necessitated any grade cutting or capping.</i>
	<i>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</i>	<i>Validation of grade interpolations were done visually in CAE Studio (Datamine) software by loading model and drill hole files and annotating and colouring and using filtering to check for the appropriateness of interpolations. Statistical distributions were prepared for model zones from both drill holes and the model to compare the effectiveness of the interpolation. Along strike distributions of section line averages (swath plots) for drill holes and models were also prepared for comparison purposes.</i>
<i>Moisture</i>	<i>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</i>	<i>Tonnages were estimated on an assumed dry basis. This is based on estimates for in situ bulk density for quartz sand (1.6 gcm⁻³) and the contributions of weight from HM and SLIMES to a typical bulk density algorithm. A bulk density of 1.7 gcm⁻³ was selected and is consistent with other estimates used throughout the mineral sands industry.</i>
<i>Cut-off parameters</i>	<i>The basis of the adopted cut-off grade(s) or quality parameters applied.</i>	<i>Cut-off grades for HM were used to prepare the reported resource estimate. These cut-off grades were defined by GNJ Consulting as being conservative for typical comparative example deposits and mineralogy suites.</i>
<i>Mining factors or assumptions</i>	<i>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and</i>	<i>No specific mining method is assumed other than potentially the use of dry mining via dozer trap. This allows for a moderately selective mining process while still maintaining bulk economies of scale. A minimum thickness was assumed for the reporting of the mineral resource as being 2 m for continuity of pits (less than 0.5% of the contained HM t) and 90% of the HM tonnage is hosted by 8 m thickness or greater.</i>

Criteria	Explanation	Comment
	<i>parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</i>	<i>Given the thickness of the Inhambane prospect (average of 14 m) this is not considered to be an issue for dozer trap or any other contemporary dry mining technique. A lower cut-off grade would allow for more material to be mined, leading to thicker mining sequences and a lower stripping ratio. Reasonable mining and processing costs, mineral prices and mineral recoveries were considered for reasonable prospects of eventual economic extraction. These are detailed in Section 9.1.</i>
<i>Metallurgical factors or assumptions</i>	<i>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</i>	<i>No metallurgical assumptions were used in the preparation of the Mineral Resource. All of the grade values of the mineral assemblage are considered to be within acceptable limits for economic exploitation. For consideration of reasonable prospects of eventual economic extraction, a range of recoveries for mineral species was considered and these are detailed in Section 9.1</i>
<i>Environmental factors or assumptions</i>	<i>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</i>	<i>No assumptions have been made regarding possible waste and process residue however disposal of by-products such as SL, sand and oversize are normally part of capture and disposal back into the mining void for eventual rehabilitation. This also applies to mineral products recovered and waste products recovered from metallurgical processing of HM.</i>
<i>Bulk density</i>	<i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</i>	<i>A bulk density of 1.7 gcm⁻³ was selected and is consistent with other estimates used throughout the mineral sands industry. This was considered by GNJ Consulting to be a conservative approach.</i>
	<i>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.</i>	<i>No measurements of density of in situ materials have yet been acquired.</i>
	<i>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</i>	<i>A bulk density of 1.7 gcm⁻³ was selected and is consistent with other estimates used throughout the mineral sands industry.</i>
<i>Classification</i>	<i>The basis for the classification of the Mineral Resources into varying confidence categories.</i>	<i>The resource classification for the Inhambane deposit was based on the following criteria: drill hole spacing; the quality of QA/QC processes; and the distribution of mineral assemblage composites.</i>

Criteria	Explanation	Comment
		<i>All the estimated mineralisation above the cut-off criterion has been classified as Inferred Resources because there is information to infer there is mineralisation of the tenor estimated, but that information is insufficient to ascribe a higher level of confidence to the estimates.</i>
	<i>Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</i>	<i>The classification of the Inferred Mineral Resources for the Inhambane deposit were supported by all of the criteria as noted above.</i>
	<i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i>	<i>As a Competent Person, GNJ Consulting Principal Greg Jones considers that the result appropriately reflects a reasonable view of the deposit categorisation.</i>
<i>Audits or reviews</i>	<i>The results of any audits or reviews of Mineral Resource estimates.</i>	<i>No audits or reviews of the new Mineral Resource estimate for the Inhambane deposit has been undertaken at this point in time.</i>
<i>Discussion of relative accuracy/confidence</i>	<i>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</i>	<i>There was no geostatistical process undertaken for the interpolation (such as variography or conditional simulation) during the resource estimation of the Inhambane deposit.</i>
	<i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i>	<i>The broad spacing of drill holes and method of creating the resource model imply the estimates of Mineral Resources are global rather than local.</i>
	<i>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i>	<i>No previous history of mining mineral sands with the tenement.</i>

SRK Report Client Distribution Record

Project Number: MOZ001

Report Title: Independent Geologist's Report on the mineral assets of Heavy Minerals Limited

Date Issued: 23 July 2021

Name/Title	Company
Adam Schofield	Heavy Minerals Limited

Rev No.	Date	Revised By	Revision Details
0	16/08/2019	Jeames McKibben	Draft Report
1	14/05/2020	Jeames McKibben	Revised Draft Report
2	31/05/2021	Jeames McKibben	Revised Draft Report
3	02/06/2021	Jeames McKibben	Final Report
4	09/06/2021	Jeames McKibben	Revised Final Report
5	20/07/2021	Jeames McKibben	Word version of report for Final comments/edits
6	21/07/2021	Jeames McKibben	Revised Final Report
7	23/07/2021	Jeames McKibben	Final Report

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