

HEAVY MINERALS LIMITED
ACN 647 831 883
SUPPLEMENTARY PROSPECTUS

Important Information

This is a supplementary prospectus (**Supplementary Prospectus**) which supplements and is intended to be read with the prospectus dated 27 July 2021 (**Prospectus**) issued by Heavy Minerals Limited (ACN 647 831 883) (**Company**).

This Supplementary Prospectus is dated 27 August 2021 and was lodged with ASIC on that date.

The ASIC, the ASX and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus, copies of which can be downloaded from the website of the Company at www.heavyminerals.com.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

The Directors believe that the changes in this Supplementary Prospectus are not materially adverse from the point of view of an investor. Accordingly, no action needs to be taken if you have already subscribed for Shares under the Prospectus.

1. Purpose of this Supplementary Prospectus

The purpose of this Supplementary Prospectus is to provide additional information to investors as set out in section 2 below following feedback from the ASX.

2. Updates to the Prospectus

2.1 Terms and conditions of Performance Rights

Section 8.3 summarised the proposed terms and conditions of the Performance Rights. Section 8.4 notes that the Company had made an application to ASX for the approval of the terms of the Performance Rights and that ASX had 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 (**ASX Confirmation**).

Section 2.2 of this Supplementary Prospectus sets out in full the terms and conditions of the Performance Rights and replaces Section 8.3 of the Prospectus. There is no changes to the quantum of Performance Rights or to Section 8.4.

The amendments are intended to clarify the terms and conditions upon which ASX had granted the ASX Confirmation, and in particular, include:

- (a) Section 2.2(k), which confirms the Performance Rights do not confer any right to vote, except as otherwise required by law;
- (b) Section 2.2(l), which confirms the Performance Rights do not carry an entitlement to a dividend;
- (c) Section 2.2(m), which confirms the Performance Rights do not permit the holder to participate in a return of capital, whether in a winding up, upon a reduction of capital or otherwise; and
- (d) Section 2.2(n), which confirms the Performance Rights do not carry an entitlement to participate in the surplus profit or asset of the Company upon winding up of the Company.

2.2 Amended terms and conditions of Performance Rights

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

- (a) **(Milestones)** The Performance Rights have the following milestones attached to them (each referred to as a **Milestone**):

Class	Performance Milestone	Milestone Date	Number of Performance Rights	Number of Shares on conversion 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	2,565,407
Class B	Delineation of a 250MT Inferred Mineral Resource at 3.0% THM (with a	5 years from the date of Admission	2,565,408	2,565,408

	minimum cut-off grade of 2%) at the Inhambane Project			
TOTAL			5,130,815	5,130,815

- (b) **(Independent Verification)** The Milestones set out above must be Independently Verified prior to the Performance Rights being able to be converted into Shares.
- (c) **(Vesting)** Subject to the satisfaction of the Milestone, the Company will notify the Holder in writing (**Vesting Notice**) within 3 Business Days of becoming aware that the relevant Milestone has been satisfied.
- (d) **(Conversion)** Each Performance Right is converted into one fully paid ordinary Share on achievement of the relevant Milestone.
- (e) **(Exercise)** Upon receipt of a Vesting Notice, the Holder may apply to exercise Performance Rights by delivering a signed notice of exercise to the Company Secretary. The Holder is not required to pay a fee in order to exercise the Performance Rights.
- (f) **(Expiry Date)** Any Performance Rights that have not been exercised prior to the date that is specified in condition (a) (**Expiry Date**), will expire and lapse on the Expiry Date.
- (g) **(Transfer)** The Performance Rights are not transferable.
- (h) **(Entitlements and bonus issues)** Subject always to the rights under condition (j), Holders will not be entitled to participate in new issues of capital offered to shareholders such as bonus issues and entitlement issues.
- (i) **(Reorganisation of capital)** In the event that the issued capital of the Company is reconstructed, all the Holder's 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.
- (j) **(Rights to receive Notices and attend general meetings)** Each Performance Right confers on the Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. A Holder has the right to attend general meetings of the Company.
- (k) **(Voting rights)** A Performance Right does not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the Corporations Act or the Listing Rules where such rights cannot be excluded by these terms.
- (l) **(Dividend rights)** A Performance Right does not entitle the Holder to any dividends.
- (m) **(Return of capital rights)** The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

- (n) **(Rights on winding up)** The Performance Rights have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.
- (o) **(Change in control)**
- (i) If prior to the earlier of the conversion or the Expiry Date a Change in Control Event occurs, then each Performance Right will automatically and immediately convert into a Share. However, if the number of Shares to be issued as a result of the conversion of the Performance Rights is in excess of 10% of the total fully diluted share capital of the Company at the time of the conversion, then the number of Performance Rights to be converted will be reduced so that the aggregate number of Shares to be issued on conversion of the Performance Rights is equal to 10% of the entire fully diluted share capital of the Company.
 - (ii) A Change of Control Event occurs when:
 - (A) **takeover bid:** the occurrence of the offeror under a takeover offer in respect of all shares announcing that it has achieved acceptances in respect of more than 50.1% of shares and that takeover bid has become unconditional; or
 - (B) **scheme of arrangement:** the announcement by the Company that the Company's shareholders (**Shareholders**) have at a Court convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Company securities are to be either cancelled or transferred to a third party, and the Court, by order, approves the proposed scheme of arrangement.
 - (iii) The Company must ensure the allocation of shares issued under subparagraph (n)(i) is on a pro rata basis to all Holders in respect of their respective holdings of Performance Rights and all remaining Performance Rights held by each Holder will remain on issue until conversion or expiry in accordance with the terms and conditions set out herein.
- (p) **(Issue of Shares)** As soon as practicable after the later of the following:
- (i) the Company receives a Notice of Exercise or the Performance Rights convert under condition (p)(i); and
 - (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,
- the Company will:
- (iii) issue the Shares specified in the Notice of Exercise;
 - (iv) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent required); and
 - (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Performance Rights.

If the Company is unable to deliver a notice under condition (q)(iv) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Shares issued on exercise of the Performance Rights may not be traded and will be subject to a holding lock 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.

All Shares issued upon the conversion of Performance Rights will upon issue rank pari passu in all respects with other Shares.

- (q) **(Quotation)** Performance Rights will not be quoted on ASX. On conversion of Performance Rights into Shares, the Company will apply for quotation in accordance with condition (q)(iv).
- (r) **(No other rights)** A Performance Right does not give a Holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (s) **(Amendments required by ASX)** The terms of the Performance Rights may be amended as considered necessary by the Board in order to comply with the Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

Further and in addition to the above, the Company confirms that:

- (a) it will make an announcement immediately upon the satisfaction of any Milestones, the conversion of any of the Performance Rights and the expiry of any of the Performance Rights;
- (b) the terms and conditions of the Performance Rights, including without limitation the relevant Milestones that have to be satisfied before each Performance Right is converted into an ordinary share, are not to be changed without the prior approval of ASX and the Company's Shareholders;
- (c) upon conversion of the Performance Rights into ordinary shares, the Company will apply to the ASX for quotation of the Shares within the requisite time period;
- (d) the Company will disclose the following in each annual report, annual audited financial accounts, half-yearly report and quarterly cash flow report issued by the Company in respect of any period during which any of the Performance Rights remain on issue or were converted or cancelled:
 - (i) the number of Performance Rights on issue during the relevant period;
 - (ii) a summary of the terms and conditions of the Performance Rights, including without limitation the number of ordinary Shares into which they are convertible and the relevant Milestones;
 - (iii) whether any of the Performance Rights were converted or cancelled during that period; and
 - (iv) whether any milestones were met during the period.

3. **Performance Rights as a percentage of capital structure**

The Company confirms that the Performance Rights:

- (a) are equal in number to 9.9999984% (rounded to 7 decimal places) of the Shares that will be on issue at Admission;
- (b) will comprise 9.1% of the Shares that will be on issue at Admission, on the assumption that all of the Performance Rights convert into Shares and no other Shares are issued; and
- (c) will comprise 7.3% of the Company's fully diluted capital structure at Admission.

4. **Consents**

The Company confirms that as at the date of this Supplementary Prospectus, each of the parties that have been named as having consented to being named in the Prospectus have not withdrawn that consent.

5. **Authorisation**

This Supplementary 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 Supplementary Prospectus with ASIC and has not withdrawn that consent.

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



Adam Schofield
Non-Executive Chairman

Dated: 27 August 2021