

Quarterly Activities Report – March 2023

Heavy Minerals Limited (ASX: HVY) (“Heavy Minerals” or the “Company”) is pleased to present the March 2023 Quarterly Activities Report.

- ✧ **Maiden 1815m, 48 hole Air Core Drilling program completed at the Red Hill Project during the Quarter returns exceptional assay results with the best hole delivering 0 - 43 m @ 6.25 Total Heavy Minerals (THM)**
- ✧ **Notable intersections (refer to Table 1) include announced³:**
 - 8.2% THM over 20 m from 21 m downhole (RHAC0039)
 - 6.6% THM over 22 m from 20 m downhole (RHAC0038)
 - 5.9% THM over 15 m from surface (RHAC0040)
 - 5.5% THM over 34 m from surface (RHAC0041)
 - 5.4% THM over 11 m from 16 m downhole (RHAC0037)
 - 5% THM over 20 m from surface (RHAC0039)
- ✧ **Red Hill Garnet percentages in Heavy mineral fractions range from 65% - 80% which are similar to the fractions observed at the Company’s Port Gregory Project - located 33 km North of the Red Hill Project (Figure 1).**
- ✧ **Ilmenite fraction of THM at Red Hill reporting at between 5% and 15%.**
- ✧ **Additional extension drilling program at Port Gregory completed with results expected post Quarter.**
- ✧ **Appointment of experienced CEO Andrew Taplin after an extensive search.**

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

“The first quarter of 2023 was another massive quarter for the Company with the Maiden Aircore Drilling program at Red Hill being completed with significant THM results being returned and the additional extension drilling program at Port Gregory being completed. The Company now looks to finalise the delineation of an Exploration Target at its Red Hill Project and to also finalise collating then announcing its drilling results for Port Gregory. The Company plans to commence the Pre-Feasibility Study at the Port Gregory Project within the next Quarter after QXRD results are received and the delivery of an updated Mineral Resource estimate is completed. The addition of experienced Chief Executive Officer Andrew Taplin to the Company’s team has had an immediate impact with detailed programs of work being implemented to progress the Company through its feasibility studies and potentially through to mining operations. We welcome Andrew to the Team and look forward to realising the fantastic potential of the Company’s assets. The Company will continue to strive to add significant value to its Projects via resource expansion and feasibility work over the next 12 months.”



About Heavy Minerals Limited

Heavy Minerals Limited (ASX: HVY) is an Australian listed industrial mineral exploration company.

The Company's projects are prospective for industrial minerals including but not limited to Garnet, Zircon, Rutile and Ilmenite. The Company's initial focus is the Port Gregory and Red Hill Garnet Projects with Port Gregory having a JORC (2012) Inferred and Indicated Mineral Resource of 135 million tonnes @ 4.0% Total Heavy Minerals. This includes 4.9 million tonnes of contained Garnet and 220 thousand tonnes of ilmenite¹.

The Company's other project is the Inhambane Heavy Mineral Project in Mozambique which contains a JORC (2012) Inferred Mineral Resource of 90 million tonnes @ 3.0% Total Heavy Mineral².

To learn more please visit: www.heavyminerals.com

¹https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02516855-6A1089842?access_token=83ff96335c2d45a094df02a206a39ff4

²https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02462745-6A1067130?access_token=83ff96335c2d45a094df02a206a39ff4

³https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02651007-6A1143825?access_token=83ff96335c2d45a094df02a206a39ff4

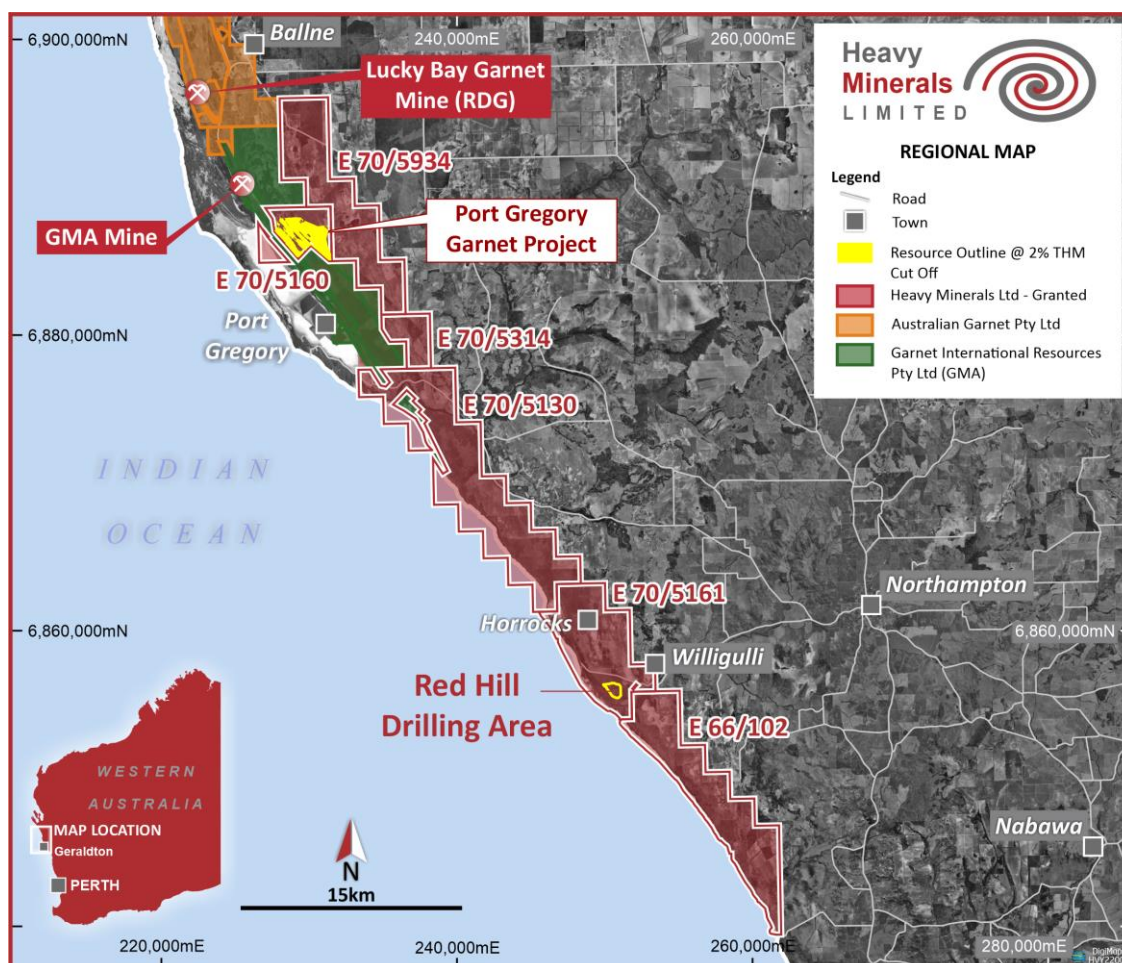
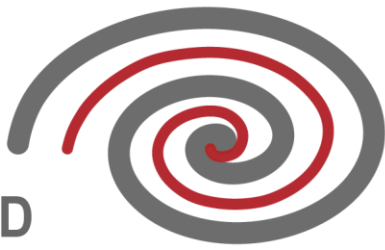


Figure 1: Project Locations - Red Hill and Port Gregory



Summary of drilling results from the Red Hill Maiden Drilling Campaign

The Company conducted a 48 hole, 1815 metre Air Core drill program at its Red Hill Project during the Quarter (refer to Figure 2). Of the holes drilled, all 1 metre intervals were submitted to Diamantina Laboratories for assay by wet screening and THM float/sink using Tetrabromoethane (TBE). The drill results verify the estimates for THM logging, however further drilling and mineral assemblage assaying will be required to fully validate the tenor of the THM and garnet grades. Mineral estimation of the THM sinks by Diamantina Laboratories for two holes (RHAC0038 and RHAC0039) has returned very encouraging results, indicating a weighted average percentage of around 75% for garnet and 10% for ilmenite.

The drilling program consisted of Air Core drilling to limestone basement or where THM mineralisation closed out, on a regular spaced grid of 100 m south-west/north-east by 400 m south-east/north-west. All holes are vertical and targeted the dunal sand package that sits on top of the Tamala Limestone or its lateral sandy equivalent. A diagrammatic cross-section is shown in Figure 3 with significant drill hole intercepts shown in Table 1.



Image 1: Drilling at Red Hill during the January Maiden Air Core Program

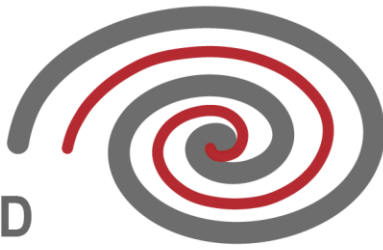


Image 2: Fieldwork at Port Gregory

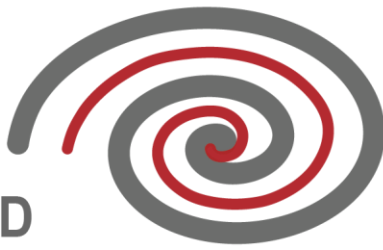


Table 1: E70/5161 Tenement - Significant Summary Assay Results for Red Hill Maiden Drilling Campaign

HOLE_ID	EASTING (GDA94)	NORTHING (GDA94)	RL (m)	EOH (m)	DIP	AZIMUTH	FROM (m)	TO (m)	LENGTH (m)	THM (%)	SLIMES (%)	OS (%)
RHAC0032	249551	6856172	29.1	33	-90	360	2.0	17.0	15.0	3.2	9.5	6.1
RHAC0032	249551	6856172	18.1	33	-90	360	18.0	23.0	5.0	3.2	13.4	8.2
RHAC0035	249760	6856385	67.7	36	-90	360	5.0	16.0	11.0	3.2	9.2	5.2
RHAC0035	249760	6856385	57.7	36	-90	360	19.0	22.0	3.0	3.6	10.0	6.1
RHAC0035	249760	6856385	54.2	36	-90	360	23.0	25.0	2.0	2.3	7.5	0.5
RHAC0035	249760	6856385	49.7	36	-90	360	27.0	30.0	3.0	3.3	3.9	1.0
RHAC0035	249760	6856385	44.7	36	-90	360	31.0	36.0	5.0	5.0	3.7	0.5
RHAC0036	249831	6856448	82.3	42	-90	360	0.0	6.0	6.0	4.7	13.4	19.5
RHAC0036	249831	6856448	71.8	42	-90	360	11.0	16.0	5.0	2.9	7.1	0.6
RHAC0036	249831	6856448	51.8	42	-90	360	26.0	41.0	15.0	4.8	6.0	4.8
RHAC0037	249891	6856518	81.2	42	-90	360	0.0	2.0	2.0	4.1	19.4	15.9
RHAC0037	249891	6856518	76.7	42	-90	360	4.0	7.0	3.0	3.4	6.4	9.8
RHAC0037	249891	6856518	69.7	42	-90	360	10.0	15.0	5.0	3.1	5.7	0.6
RHAC0037	249891	6856518	60.7	42	-90	360	16.0	27.0	11.0	5.4	8.3	5.3
RHAC0037	249891	6856518	47.2	42	-90	360	28.0	42.0	14.0	4.3	3.5	2.4
RHAC0038	249960	6856583	83.3	42	-90	360	0.0	8.0	8.0	3.7	16.9	4.8
RHAC0038	249960	6856583	77.3	42	-90	360	9.0	11.0	2.0	2.5	5.9	1.7
RHAC0038	249960	6856583	71.3	42	-90	360	13.0	19.0	6.0	4.0	8.5	1.0
RHAC0038	249960	6856583	56.3	42	-90	360	20.0	42.0	22.0	6.6	8.4	4.6
RHAC0039	250037	6856663	73.0	43	-90	360	0.0	20.0	20.0	5.0	10.2	5.0
RHAC0039	250037	6856663	52.0	43	-90	360	21.0	41.0	20.0	8.2	7.8	4.1
RHAC0040	250096	6856728	73.1	36	-90	460	0.0	15.0	15.0	5.9	4.6	4.9
RHAC0040	250096	6856728	62.6	36	-90	460	16.0	20.0	4.0	3.6	8.0	5.7
RHAC0040	250096	6856728	52.1	36	-90	460	21.0	36.0	15.0	4.9	6.6	9.3
RHAC0041	250192	6856799	64.6	36	-90	460	0.0	34.0	34.0	5.5	9.4	8.1
RHAC0042	250247	6856857	59.6	39	-90	460	2.0	21.0	19.0	3.6	10.7	12.0
RHAC0042	250247	6856857	48.1	39	-90	460	22.0	24.0	2.0	2.4	5.4	9.7
RHAC0043	250324	6856944	65.2	33	-90	460	3.0	7.0	4.0	2.7	13.1	11.1
RHAC0043	250324	6856944	57.7	33	-90	460	8.0	17.0	9.0	4.9	6.0	9.0

Results are prepared from composited drill hole assays at a cut-off grade of 2% THM and all composited intervals are continuous and unbroken.

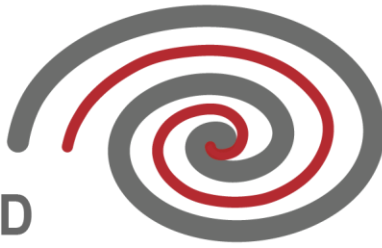


Figure 2: Drill collars referenced showing location of Figure 3 drilling section

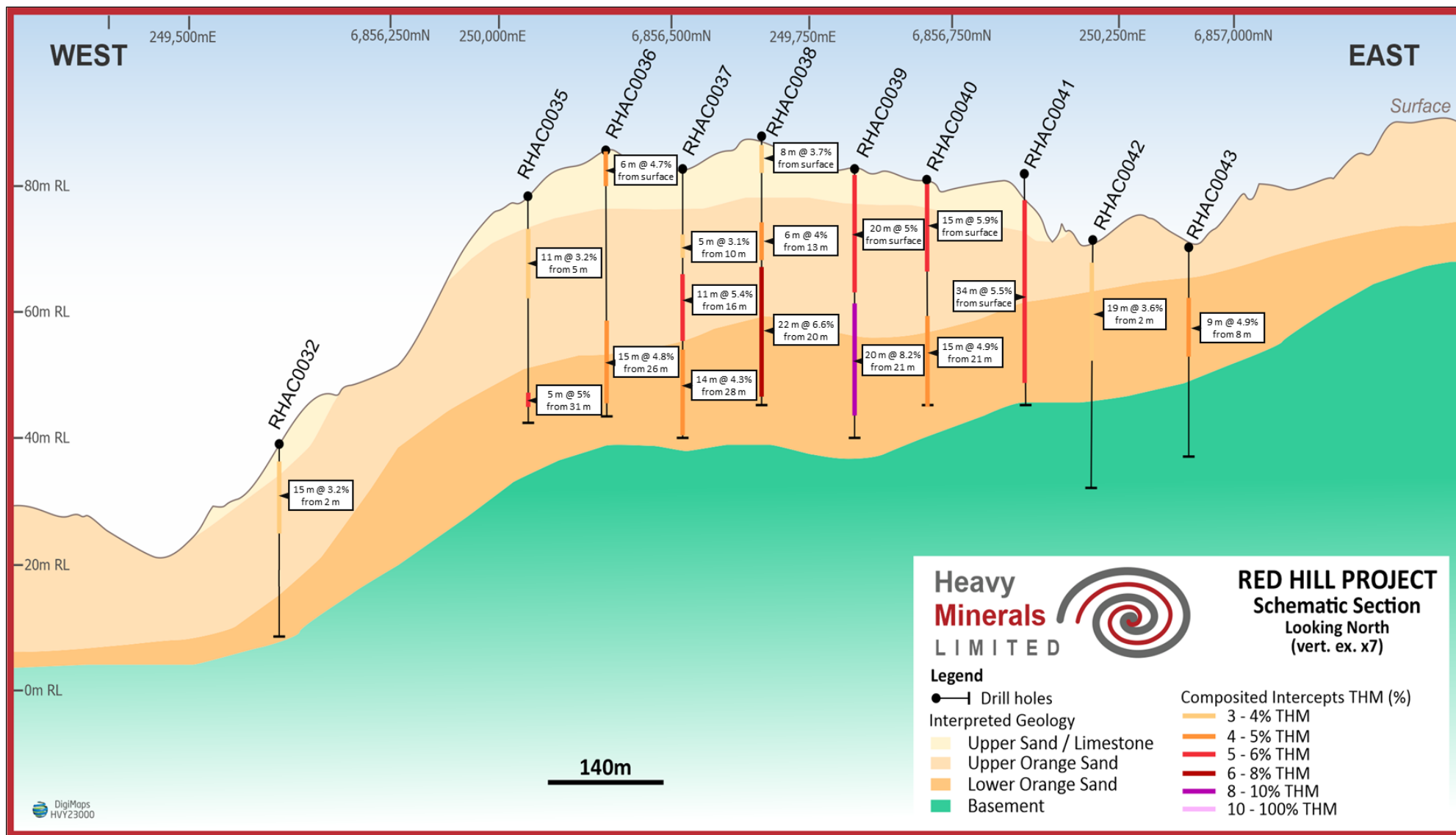
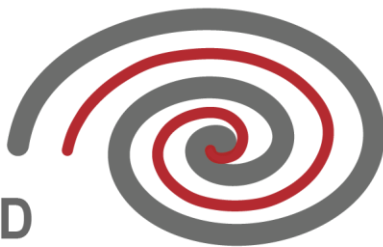


Figure 3: Drill section for Red Hill Maiden exploration campaign (MGA, looking due north, 7x vert. ex.)



Corporate

The Company has successfully recruited Andrew Taplin a Mining Professional to the role of CEO. Mr Taplin has over 30 years' operations experience that includes many large-scale infrastructure projects. This experience includes 25 years with Rio Tinto dealing with mine, port and rail project development.

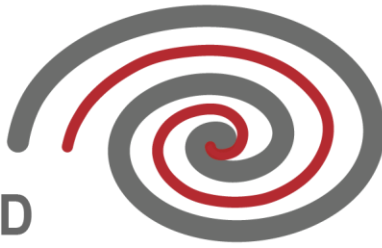
Financial Commentary

The Company closed the quarter with \$0.892M in cash, details are provided in the Appendix 5B report. Payments totalling \$55K were made to Directors during the quarter for salaries, fees and superannuation.

Comparison of Forecast to Actual Use of Funds Statement from Prospectus⁴ [as required under ASX LR 5.3.4]:

Expenditure Item	Forecast (2 years) \$'000	Actual (21 months) [inclusive of GST] \$'000	Variance \$'000	Explanation
Exploration expenditure: Port Gregory	2,430	2,107	(323)	Forecast based on 8 quarters whereas actual based on 7 quarters
Exploration expenditure: Inhambane	358	132	(226)	Forecast based on 8 quarters whereas actual based on 7 quarters
Directors' fees	763	932	169	Lower executive director fees capitalised than forecast
Vendor payment	50	15	(35)	Lower than forecast
General administration fees & working capital	756	1,071	315	Higher than forecast
Future acquisition costs	596	33	(563)	Forecast based on 8 quarters whereas actual based on 7 quarters
Estimated expenses of the offer	547	491	(56)	Lower than forecast.
Total	5,500	4,781	(719)	

4: Dated 26 July 2021.



Upcoming News Events:

- ✂ **May 2023:** Balance of assay results for Red Hill Maiden drilling campaign
- ✂ **May 2023:** Balance of assay results for Port Gregory drilling campaigns
- ✂ **May 2023:** Airborne LiDAR surveys at Port Gregory and Red Hill
- ✂ **May 2023:** Updated Port Gregory JORC Mineral Resource (date subject to QXRD results being received)
- ✂ **May 2023:** Commencement of Port Gregory Pre-Feasibility Study
- ✂ **June 2023:** Maiden Red Hill JORC Resource (date subject to QXRD results being received)

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

Ends

For further information, please contact:

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Media & Investor Enquiries

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Competent Persons Statement

The information in this announcement that relates to Exploration Results has been prepared, compiled and reviewed by Mr. Greg Jones (FAusIMM) who is a Non-Executive Director of the Company.

Mr. Jones is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being reported on to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Mr. Jones has reviewed this report and consents to the inclusion in the report of the matters in the form and context with which it appears.

Cautionary Statement

Estimates by experienced, competent geoscientists are considered to be reliable and reproducible semi-quantitative estimates of the abundance of minerals present in a sample. Visual estimates of heavy mineral and mineral assemblage abundance should, however, never be considered a proxy or substitute for laboratory analyses where mineral concentrations or grades are the factor of principal economic interest. Visual estimates also potentially provide no information regarding potential impurities or deleterious physical properties relevant to valuations of industrial minerals.

Schedule of Tenements

Project	Tenement Number	Registered Holder	Status	Area (Ha)	Expiry Date	Interest Held @ 31 Dec 2022	Interest Held @ 31 Mar 2023
Port Gregory	E66/102	Mozmin Resources Pty Ltd	Granted	4,928.39	30-Oct-23	100%	100%
	E70/5130	Mozmin Resources Pty Ltd	Granted	7,125.91	18-Nov-23	100%	100%
	E70/5160	Mozmin Resources Pty Ltd	Granted	1,403.23	07-Jan-24	100%	100%
	E70/5161	Mozmin Resources Pty Ltd	Granted	3,810.91	08-May-24	100%	100%
	E70/5314	Mozmin Resources Pty Ltd	Granted	885.21	01-Jan-25	100%	100%
	E70/5934	Mozmin Resources Pty Ltd	Granted	4,552.00	13-Dec-26	100%	100%
Inhambane	10255C	+258 Limitada	Pending	21,388.35	N/A	70%	70%

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Heavy Minerals Limited

ABN

26 647 831 883

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(40)	(262)
	(e) administration and corporate costs	(88)	(388)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	20
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (deposits returned / (paid))	-	-
1.9	Net cash from / (used in) operating activities	(123)	(630)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(33)
	(d) exploration & evaluation	(363)	(853)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	(1)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(363)	(887)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(1)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(2)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	(3)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,378	2,412
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(123)	(630)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(363)	(887)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(3)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	892	892

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	142	378
5.2	Call deposits	750	1,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	892	1,378

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	40
6.2	Aggregate amount of payments to related parties and their associates included in item 2	15
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Includes Directors' salaries, fees and superannuation.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(123)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(363)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(486)
8.4	Cash and cash equivalents at quarter end (item 4.6)	892
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	892
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.8
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: No, the Company experienced higher than normal expenditure for the Quarter being reported due to payments being made for 2 drilling programs and resulting assays. The subsequent 2 quarters have significantly reduced expenditure requirements.	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: The Company has not taken any steps to raise additional cash but is always in discussions about the future prospect of doing so with relevant partners.	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, based on the current cash position and ongoing expenditure requirements.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 April 2023

Authorised by: By the Board of Heavy Minerals Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.