

Quarterly Activities Report – September 2024

Heavy Minerals Limited (ASX: HVY) (“Heavy Minerals” or the “Company”) is pleased to present the September 2024 Quarterly Activities Report, the highlights for the period are as follows:

Key Highlights:

■ Port Gregory Pre-Feasibility Study (PFS) Progresses:

- ✕ PFS study work for the Port Gregory Garnet Project (PGGP) was progressed during the quarter and completion is expected in early 2025.
- ✕ The PFS will explore multiple development options to maximize the Net Present Value (NPV) of the project, improve the accuracy of project costs and define the marketing and logistic options whilst meeting the standards of the JORC Code 2012 Edition, VALMIN Code 2015 Edition, and AusIMM guidelines.
- ✕ The Company re-commenced the PFS with IHC Mining. The temporarily pause of the IHC PFS study has allowed the Company to assess alternate reputable process plant vendors and evaluate potentially material reductions in the PGGP capital estimate. Proposals have been received from the vendors and HVY has completed capital cost comparisons and execution risk assessments. This work has provided new capex benchmarks for the project.
- ✕ AMC (Australian Mining Consultants) have been retained to complete the PGGP reserve estimate as an input to the PFS. AMC have extensive mineral sand experience and are well positioned to complete the Mine optimisation and Reserve Estimate
- ✕ Product quality test work was undertaken to test the Port Gregory garnet prior to the commencement of marketing and end user testing. The material tested had been processed through an IHC Mining pilot plant. A second phase of laboratory testing will be completed in order to produce and evaluate a high specification product. The garnet will be subject to further industry quality standard testing.

■ Forward Product Sales

- ✕ Following the execution of a non-binding MoU for the sale of 15% of PGGP future production with Melbourne (Australia) based garnet distributor ABSS. HVY has continued to work with ABSS to determine the logistics associated with the domestic market.

■ Port Gregory Project Permitting Commenced:

- ✕ Permitting activities for the PGGP have advanced with consultants MBS Environmental in collaboration with hydrogeological consultants Rockwater. The initial phase of work to baseline the project permitting requirements has been completed. MBS are completing the draft report prior to meetings with the Department of Energy, Mines, Industry Regulation and Safety.

■ Preparation of the Mining Lease Application:

- ✕ Preparation of detailed documentation for the PGGP Mining Lease Application is well advanced and being revised to reflect the PGGP PFS design. The submission will be subject to a final review prior to lodgement.



- **Land access negotiations to assess regional development:**
 - ✕ Negotiations for freehold land access on the Company's regional tenements has continued with some positive results. Mineral sampling should be undertaken in 2025 if access is granted.
- **Extension of Term Granted:**
 - ✕ The Company has received 5-year extensions of term for all Exploration Licences including E70/5161 which is the tenement where the Red Hill project is located. This renewal is important in terms of Company growth. Further work has been undertaken to determine the resource evaluation programs necessary to further develop this Exploration Target.
- **Investor Relations**
 - ✕ The Company will be participating at the TZMI conference which is considered to be the premier mineral sands conference in November and is reviewing investor conferences opportunities for 2025
- **Inhambane Project**
 - ✕ No work was conducted during the quarter at the Company's Inhambane Project in Mozambique.
- **Financing**
 - ✕ During the Quarter the Company completed its non-dilutive Tranche 1 Royalty Funding Raise receiving a total of \$1.36m, of which \$0.610m was received during the quarter and \$0.810m is due to be received. This is the first Mining Focused Syndicated Royalty raise conducted globally and this method of fundraising retains significant value for existing shareholders. The Tranche 1 Funds are to be used to complete the current PGGP PFS. The Company will look to initiate its Tranche 2 Royalty Raising in Q1 2025 to ensure funds are available to complete the next phase of study work prior to making a Financial Investment Decision (FID) for the PGGP. The Tranche 1 Royalty Funding was announced on the 8.8.24.

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

"We are pleased to present this Quarterly Report which summarises the steady progress the Company is making towards the development of the Port Gregory Garnet Project. As study work is progressing the Company is seeing the potential to build a viable and long term operation at Port Gregory which will be one of a handful of Garnet Mines Globally. The Company's completion of its innovative Tranche 1 Royalty Funding which has raised a total of \$2.170m (before costs) helps ensure the Company will be able to complete the PFS before initiating the Feasibility Study in early 2025 prior to making a Financial Investment Decision. We look forward to announcing the results of the study in Q1 2025 and to progressing the Port Gregory Garnet Project into Operations as quickly as is possible."

Port Gregory Pre-Feasibility Study (PFS)

IHC Mining are an industry leading Mineral Sands Engineering Consultancy with over 100 years of global experience in the mining sector including mineral extraction from fine sand ores.

The IHC study team selected for the project is being led by many of the engineers that worked directly on the Port Gregory Scoping Study (PGSS) and Preliminary Economic Assessment (PEA) announced in September 2022. The learnings from this project and other mineral sand projects IHC Mining have undertaken will be applied to HVY's Port Gregory PFS providing HVY with a best-in-class outcome.

The PFS is a critical step following the PGSS and PEA aimed at further defining the project's potential and paving the way for future development. The PFS aims to build on the findings of the PGSS and PEA, deepening the understanding of the project's economic, technical, and environmental aspects whilst also improving project value and reducing development risk.

An example of an IHC Mining modular processing plant concept used for similar projects is shown in Figure 1.

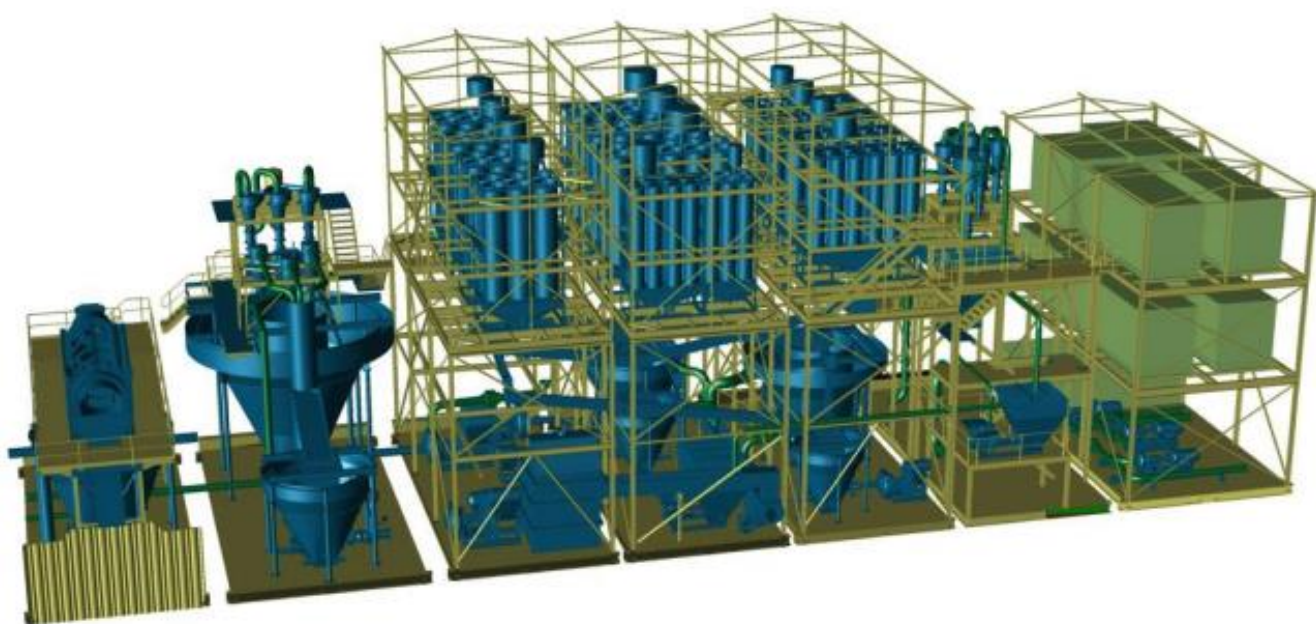


Figure 1 - Minerals sands modular plant concept (IHC Mining)

The PFS will adhere to the highest industry standards, including the JORC Code 2012 Edition, VALMIN Code 2015 Edition, and AusIMM Engineering Reporting Study Guidelines. This ensures that the study's findings are credible, reliable, and align with industry best practices. The battery limits of the IHC Mining PFS are from mine production through to delivery of finished product to Port.

The Company has previously communicated the deliverables of the IHC Mining PFS and can report that IHC Mining are progressing completion against those deliverables. HVY has recently received several technical proposals from minerals processing vendors. The proposals have provided the opportunity to compare alternate process plant capital costs. All vendors are credible mineral sands suppliers. The proposals have been evaluated and provide visibility of a range of capital costs and new capex benchmarks for the PGGP. HVY have also re-commenced the IHC Mining PFS whilst also retaining AMC to complete the Port Gregory Mine Optimisation and Reserve Estimate which are critical elements of the PFS.

Further metallurgical testing of Port Gregory garnet has been completed and a second phase of testing has been scoped. The garnet was tested against key industry quality standards. IHC Mining undertook this work. The site water collected in Q1 was utilised for the test work, and this ensured that the garnet tested was representative of finished product that will ultimately be produced from the Port Gregory process plant.

Port Gregory Project Permitting:

The initiation of permitting activities is a key milestone towards achieving a Final Investment Decision for the Port Gregory project. MBS Environmental were retained in 2023 to launch this work. Their expertise in mineral sands and their proven track record in similar projects will guide these efforts. The focus will be on a robust permitting strategy and plan, ensuring compliance and smooth progression of the project.

MBS Environmental completed a baseline assessment of the PGGP permitting requirements during the quarter and this work is largely complete. The regulatory baseline assessment report is currently being completed and the Company can advise that the assessment has not identified any critical issues.

In addition to the work MBS Environmental is undertaking, HVY will also undertake relevant government agency engagement. This work has been progressing and the Company expects to meet with DMIRS in H2 2024 to discuss the PGGP permitting process.

Preparation of Mining lease application:

Preparation of detailed documentation for the Port Gregory Mining Lease Application was completed during the Quarter. The submission is being revised to reflect all elements of the PFS. The Company have liaised with DMIRS regarding submission and a face-to-face engagement is expected in H2 2024 prior to submission of the Mining Lease Application.

Land access negotiations for new exploration opportunities:

Negotiations for freehold land access to a number of new exploration targets the Company has identified were continued during the quarter. There was some success and positive signs with the landowner engagements and the Company still anticipates commencing a low impact exploration program in 2025 to validate potential targets identified during the quarter.

Extension of Term Granted:

The Company has received 5-year extensions of term for all Exploration Licences. The Red Hill Exploration Target is a priority tenement which has been renewed and is important in terms of Company growth beyond the Port Gregory Project.

This tenement extensions allows the Company to conduct additional exploration as it looks to increase its potential Garnet resources in the future.

Investor Relations

The Company will be participating in the TZMI conference in Q4. The TZMI conference is considered by industry to be the premier mineral sands conference. Opportunities will be identified to participate in other investor conferences in 2025.

ESG

Heavy Minerals Limited (HVV) remains steadfast in its dedication to ESG principles and sustainability, recognising them as essential drivers for long-term value. The Company has been working with Socialsuite and has selected the United Nations' Sustainable Development Goals (SDGs) as appropriate standards to align with. In 2023 work commenced to complete a baseline assessment against the Stakeholder Capitalism Metrics (SCM) framework established by the World Economic Forum (WEF). The baseline assessment is well advanced, and the Company is progressing towards establishing an ESG disclosure report against the 21 WEF metrics in due course.



Figure 2: World Economic Forum Governance Metrics

Financial Commentary

The Company closed the quarter with \$0.439M in cash, details are provided in the Appendix 5B report. Payments totalling \$0.032M were made to Directors during the quarter for salaries and fees and superannuation. Payments totalling \$0.045M were made for exploration and evaluation on the Company's projects.

Funding

Royalty

During the Quarter the Company received an additional \$0.610M of funding via its non-dilutive gross revenue royalty raising. To date the Company has successfully raised a total of \$1.360M (before costs). \$0.810M of committed funds still to be received in additional 2 payments by agreement. There are additionally a number of Royalty Agreements awaiting execution. The Company will continue to raise via the Royalty and has strong interest and anticipates signing a number of new subscribers in the coming quarters.

The funds being raised from the Royalty Funding are being used to fund the Company's pre-feasibility study (PFS) at its Port Gregory Project and for general working capital.

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

Ends

For further information, please contact:

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Competent Persons Statement

The information in this announcement that relates to Exploration Results, Exploration Targets and Mineral Resource estimates has been prepared, compiled and reviewed by Mr. Greg Jones (FAusIMM) who is a Non-Executive Director of the Company and a full-time employee of IHC Mining.

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 @ 30 Jun 2024	Interest Held @ 30 Sep 2024
Port Gregory Red Hill	E66/102	Mozmin Resources Pty Ltd	Granted	4,928.39	30-Oct-28	100%	100%
	E70/5130	Mozmin Resources Pty Ltd	Granted	7,125.91	18-Nov-28	100%	100%
	E70/5160	Mozmin Resources Pty Ltd	Granted	1,403.23	07-Jan-29	100%	100%
	E70/5161*	Mozmin Resources Pty Ltd	Granted	3,810.91	08-May-29	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%

* 5-year Exploration Licence renewal application submitted to DEMIRS

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 in Western Australia with the Port Gregory project having a JORC (2012) Measured, Indicated and Inferred Mineral Resource of 166 million tonnes @ 4.0% Total Heavy Minerals. This comprises a Measured Mineral Resource of 126 Mt @ 3.8% THM; an Indicated Mineral Resource of 20 Mt @ 6.5% THM; and an Inferred Mineral Resource of 20 Mt @ 2.9% THM. This includes 5.9 million tonnes of contained Garnet and 260 thousand tonnes of ilmenite¹.

An Exploration Target has been defined for Red Hill using cut-off grades for reporting of 3% THM and 1% THM and ranging from 90 to 150 Mt of material @ 5.4% to 4.1% THM. The Exploration Target also contains between 5 and 6 Mt of THM and 3.8 and 4.5 Mt of garnet². The potential quality and grade of the Exploration Target is conceptual in nature and there has been insufficient exploration activity to determine a Mineral Resource estimate and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The Company's other project is the Inhambane Heavy Mineral Project in Mozambique which contains an ilmenite dominated JORC (2012) Inferred Mineral Resource of 90 million tonnes @ 3.0% Total Heavy Mineral³.

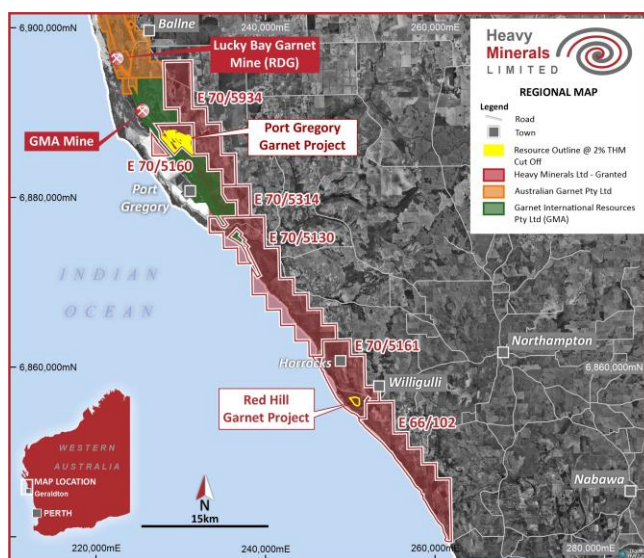
The Company confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning the JORC estimates continue to apply and have not materially changed.

To learn more please visit: www.heavyminerals.com

¹ https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02685080-6A1157738?access_token=83ff96335c2d45a094df02a206a39ff4

² https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02661758-6A1148442?access_token=83ff96335c2d45a094df02a206a39ff4

³ https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02462745-6A1067130?access_token=83ff96335c2d45a094df02a206a39ff4



Project Locations - Port Gregory and Red Hill

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")

30 September 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(37)	(37)
	(e) administration and corporate costs	(119)	(119)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	2
1.5	Interest and other costs of finance paid	(2)	(2)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(156)	(156)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(45)	(45)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(45)	(45)

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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(17)	(17)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (royalty funding)	610	610
3.10	Net cash from / (used in) financing activities	593	593

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	47	47
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(156)	(156)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(45)	(45)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	593	593

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	439	439

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	439	47
5.2 Call deposits	-	-
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)	439	47

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	27
6.2 Aggregate amount of payments to related parties and their associates included in item 2	5
<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 and fees and superannuation.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. 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 (At-The-Market Facility)	462	-
7.4	Total financing facilities	462	-
7.5	Unused financing facilities available at quarter end		462
7.6	<p>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.</p> <p>The Company has an unused At The Market Facility (ATM) that attracts no charges or interest whilst not being utilised. Use of the facility is at the Company's discretion.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(156)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(45)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(201)
8.4	Cash and cash equivalents at quarter end (item 4.6)	439
8.5	Unused finance facilities available at quarter end (item 7.5)	462
8.6	Total available funding (item 8.4 + item 8.5)	898
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.5
	<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: N/A	
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: N/A	
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: N/A	
	<i>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.</i>	

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: 31 October 2024

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.