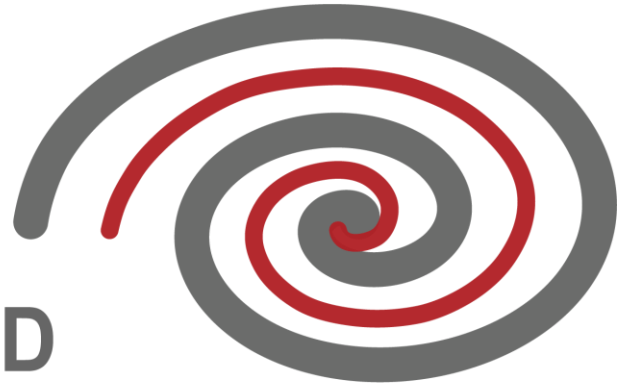


Heavy
Minerals
L I M I T E D



And Controlled Entities

ABN: 26 647 831 883

HALF YEAR REPORT

For the Period Ended 31 December 2025

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DIRECTORS

| | |
|----------------|---|
| Adam Schofield | Executive Director & Chairman [Non-Independent] |
| Greg Jones | Non-Executive Director [Non-Independent] |
| Aaron Williams | Non-Executive Director [Independent] |

SECRETARY

Stephen Brockhurst

REGISTERED OFFICE

Level 8, London House
216 St Georges Terrace
Perth WA 6000
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SHARE REGISTRY

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Level 5
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Telephone: +61 8 9324 2099

AUDITORS

Criterion Audit Pty Ltd
Suite 2
642 Newcastle Street
Leederville WA 6902

STOCK EXCHANGE LISTING

Australian Securities Exchange
ASX Code: HVY

Your Directors submit the financial report of the Consolidated Entity for the period ended 31 December 2025.

DIRECTORS

The names of Directors who held office during or since the end of the period:

| Name | Title |
|----------------|---|
| Adam Schofield | Executive Director & Chairman [Non-Independent] |
| Greg Jones | Non-Executive Director [Non-Independent] |
| Aaron Williams | Non-Executive Director [Independent] |

COMPANY SECRETARY

| Name | Title |
|--------------------|-------------------|
| Stephen Brockhurst | Company Secretary |

PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity is exploration and development of industrial mineral projects.

REVIEW OF RESULTS

The loss after tax for the period ended 31 December 2025 was \$666,090 (31 December 2024: \$495,701 loss).

The earnings of the Consolidated Entity for the past 3 periods are summarised below:

| | 31 December 2025 \$ | 30 June 2025 \$ | 31 December 2024 \$ |
|-----------------------|------------------------|--------------------|------------------------|
| Other income | 19,044 | 44,135 | 22,532 |
| EBITDA | (625,125) | (1,384,146) | (447,784) |
| EBIT | (661,168) | (1,476,147) | (493,665) |
| Loss after income tax | (666,090) | (1,482,036) | (495,701) |

DIVIDENDS

No dividends were paid or declared during the period ended 31 December 2025 (31 December 2024: \$Nil).

The factors that are considered to affect total shareholders return are summarised below:

| | 31 December 2025 \$ | 30 June 2025 \$ | 31 December 2024 \$ |
|-----------------------------------|------------------------|--------------------|------------------------|
| Share price at financial year end | 0.49 | 0.30 | 0.115 |

COMPANY FOCUS AND MISSION

Heavy Minerals Limited (ASX:HVY) is an Australian industrial mineral exploration company committed to increasing shareholder wealth through the exploration and development of mineral resource projects in South Australia, Western Australia and Mozambique. HVY may also look to acquire other Industrial Minerals projects that are value adding and complement HVY's existing projects and strategic focus. The Company has recently entered into a Binding Agreement with Hillgrove Resources to process the Garnet rich Tailings stream at the Kanmantoo Copper mine. The Company anticipates potentially bringing this Garnet Operation into production in late 2026.

The Company's initial focus is the Kanmantoo project in South Australia and the Port Gregory and Red Hill Garnet projects in Western Australia.

Kanmantoo Garnet Project

An Exploration Target has been defined for Garnet at the Kanmantoo deposit and tailing storage facility (TSF) of 30Mt to 50Mt between 18% to 25% Garnet for 5.1Mt to 12.5Mt of contained Garnet¹. This is inclusive of:

- ✂ TSF: 15Mt to 25Mt with grade between 17% and 25% for 2.6Mt to 6.3Mt of contained Garnet
- ✂ Fresh Tailings: 15Mt to 25Mt with grade between 17% and 25% for 2.6Mt to 6.3Mt of contained Garnet

The fresh tailings are the rejects from the Hillgrove Resources (HGO) copper concentrator.

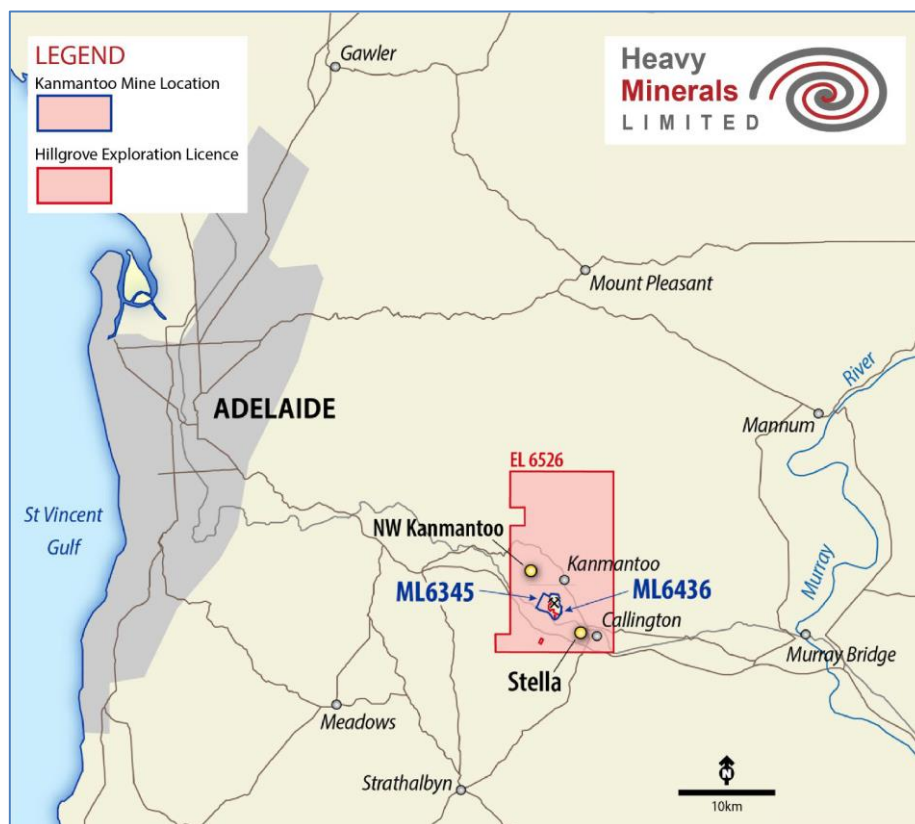


Figure 1: Kanmantoo Garnet Project located within ML6345

¹<https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-03065764-6A1315298&v=undefined>

Port Gregory Project / Red Hill Project / Inhambane

The Port Gregory Project has 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 ilmenite².

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 garnet³. The potential quantity 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 Mineral⁴.

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.

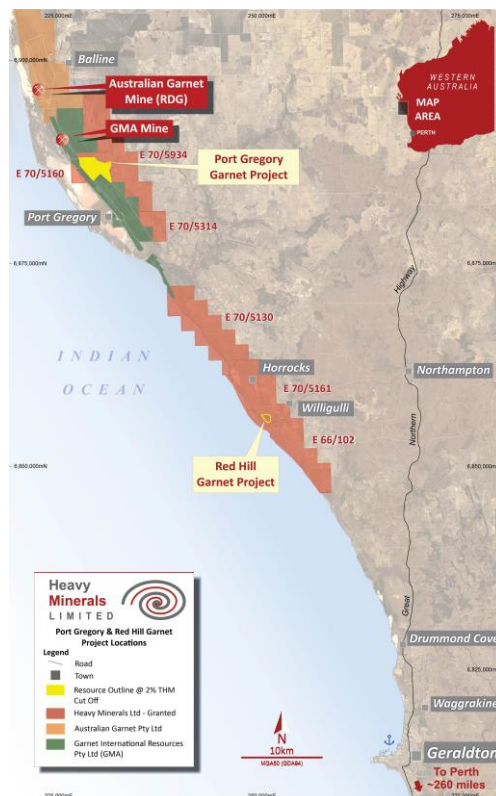


Figure 2 – Western Australian Project Locations - Port Gregory and Red Hill

²https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02685080-6A1157738?access_token=83ff96335c2d45a094df02a206a39ff4

³https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02661758-6A1148442?access_token=83ff96335c2d45a094df02a206a39ff4

⁴https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02462745-6A1067130?access_token=83ff96335c2d45a094df02a206a39ff4

During the half year ending 31 December 2025 the Company undertook the following exploration and evaluation activities on its projects:

- ✂ **Kanmantoo Hard Rock Waterjet Garnet Project:**
 - The Company negotiated a Binding Agreement with Hillgrove Resources for the extraction of a Hard Rock Almandine Waterjet Garnet from the existing Kanmantoo Copper Mine tailings stream. Execution was announced post the half year on 27 January 2026.
 - The Company received firm pricing and plant designs from IHC Mining for a 50,000 tonne per Annum wet and Dry Garnet producing plant.
 - The Company has been progressing discussions with multiple funders for the provision of potentially \$30m of Capital. The Company intends this to be a combination of Debt, pre-sales and Royalties.
- ✂ **Port Gregory Pre-Feasibility Study (PFS):**
 - PFS study work for the Port Gregory Garnet Project (PGGP) is at final review stage with its release due in early 2026.
- ✂ **Preparation of the Mining Lease Application:**
 - The Company completed work on its Port Gregory Mining Lease Application which it intends to lodge around Q1 2026 as there is no immediate requirement to do so sooner.
- ✂ **Financing:**
 - During the half year the Company received \$180,000 in funding from Tranche 2 Royalties and \$165,000 in funding from Tranche 1 Royalty Options that were converted. The Company has an additional \$200,000 of Royalty funds still outstanding as at the date of this report. During the half year the Company received \$400,000 in funding from its ATM facility. Post the half year the Company received \$175,000 via its ATM. The Company will look to raise additional funding from its Royalty and ATM Facility in the coming quarters.

Competent Persons Statement – Kanmantoo Garnet Project

The information in this announcement that relates to Exploration Target estimates is based on and fairly represents information and supporting documentation prepared, compiled and reviewed 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 relevant to the style of mineralisation and type of deposit under consideration 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 Wason consents to the inclusion in this announcement of the matters based upon the information in the form and context in which it appears.

Competent Persons Statement - Port Gregory / Red Hill / Inhambane Projects

The information below 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 Mineral Technologies.

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 Statements

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. The Company draws attention to uncertainty in reporting visual results. Visual estimates of mineral abundance should never be considered a proxy or substitute for laboratory analyses where concentrations or grades are the factor of principal economic interest.

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 is focused on the Kanmantoo Garnet Project in South Australia and also in the Port Gregory and Red Hill Garnet Projects in Western Australia.

Environmental Regulation

The Company's projects are not subject to direct physical risk arising from climate factors. Although the Port Gregory Project and the Inhambane Project are both still at an early stage, Global warming may make both sites more inaccessible over time. The Projects are not subject to any direct physical risk from climate factors such as flooding or excessive drought. The Consolidated Entity is subject to and is compliant with all aspects of environmental regulation of its exploration and mining activities. The Directors are not aware of any environmental law that is not being complied with.

CORPORATE

- ✂ On 25 July 2025 the Company drew down on \$200,000 of the ATM facility.
- ✂ On 8 September 2025 the Company drew down on \$200,000 of the ATM facility.
- ✂ On 8 September 2025 the following unlisted options were issued:
 - 10,000 unlisted options exercisable at \$0.46 each expiring 3 July 2027.
 - 25,000 unlisted options exercisable at \$0.4875 each expiring 18 July 2027.
 - 20,000 unlisted options exercisable at \$0.5045 each expiring 4 August 2027.
 - 100,000 unlisted options exercisable at \$0.4714 each expiring 1 September 2027.

- ✂ On 25 September 2025 300,000 unlisted options exercisable at \$0.25 each expiring on 20 October 2025 were converted into shares.
- ✂ On 6 October 2025 25,000 unlisted options exercisable at \$0.4875 each expiring on 18 July 2027 were converted into shares.
- ✂ On 9 October 2025:
 - 250,000 unlisted options exercisable at \$0.25 each expiring on 20 October 2025 were converted into shares.
 - 50,000 unlisted options exercisable at \$0.3176 each expiring on 9 May 2027 were converted into shares.
 - 50,000 unlisted options exercisable at \$0.25 each expiring on 22 March 2026 were converted into shares.
- ✂ On 3 November 2025 100,000 unlisted options exercisable at \$0.25 each expiring on 7 December 2025 were converted into shares.
- ✂ On 1 December 2025:
 - 60,000 unlisted options exercisable at \$0.4086 each expiring on 30 May 2027 were converted into shares.
 - 9,600,000 unlisted performance rights expiring 1 December 2029 were granted to Directors under the Company's Employee Securities Incentive Plan and as approved at the 27 November 2025 AGM.
- ✂ On 12 December 2025:
 - 500,000 unlisted performance rights expiring on 12 December 2025 were converted into shares.
 - 900,000 unlisted options exercisable at \$0.7275 each expiring 11 December 2028 were granted under the Company's Employee Securities Incentive Plan.
- ✂ On 16 December 2025 50,000 unlisted options exercisable at \$0.25 each expiring on 22 March 2026 were converted into shares.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There are no significant changes in the state of affairs of the Company.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

There are no likely developments of which the Directors are aware of which could be expected to significantly affect the results of the Company's operations in subsequent financial periods not otherwise disclosed in the 'Principal activities' and 'Review of operations' or the 'Significant events after the balance sheet date' sections of the Directors' report.

SHARE OPTIONS

As at the date of this report:

| No. Options | Exercise Price | Expiry Date | Listed / Unlisted |
|-------------|----------------|---------------|-------------------|
| 50,000 | \$0.25 | 22 March 2026 | Unlisted |
| 100,000 | \$0.25 | 19 April 2026 | Unlisted |
| 20,000 | \$0.25 | 30 July 2026 | Unlisted |
| 25,000 | \$0.25 | 18 July 2026 | Unlisted |
| 50,000 | \$0.25 | 28 July 2026 | Unlisted |
| 20,000 | \$0.25 | 30 July 2026 | Unlisted |
| 1,250,000 | \$0.25 | 7 August 2026 | Unlisted |
| 10,000 | \$0.25 | 9 August 2026 | Unlisted |

| | | | |
|-----------|----------|------------------|----------|
| 300,000 | \$0.1399 | 6 December 2026 | Unlisted |
| 750,000 | \$0.20 | 7 December 2026 | Unlisted |
| 750,000 | \$0.25 | 7 December 2026 | Unlisted |
| 1,500,000 | \$0.30 | 7 December 2026 | Unlisted |
| 1,500,000 | \$0.1399 | 7 December 2026 | Unlisted |
| 10,000 | \$0.25 | 4 February 2027 | Unlisted |
| 20,000 | \$0.3255 | 27 April 2027 | Unlisted |
| 100,000 | \$0.3255 | 28 April 2027 | Unlisted |
| 20,000 | \$0.3295 | 1 May 2027 | Unlisted |
| 50,000 | \$0.3882 | 20 May 2027 | Unlisted |
| 25,000 | \$0.4484 | 24 June 2027 | Unlisted |
| 10,000 | \$0.46 | 3 July 2027 | Unlisted |
| 20,000 | \$0.5045 | 4 August 2027 | Unlisted |
| 100,000 | \$0.4714 | 1 September 2027 | Unlisted |
| 900,000 | \$0.7275 | 11 December 2028 | Unlisted |

PERFORMANCE RIGHTS

As at the date of this report:

| No. Performance Rights | Class | Expiry Date | Listed / Unlisted |
|------------------------|-------|-------------------|-------------------|
| 1,440,408 | B | 14 September 2026 | Unlisted |
| 500,000 | A | 3 April 2026 | Unlisted |
| 500,000 | C | 12 December 2026 | Unlisted |
| 850,000 | A | 1 December 2029 | Unlisted |
| 850,000 | B | 1 December 2029 | Unlisted |
| 850,000 | C | 1 December 2029 | Unlisted |
| 850,000 | D | 1 December 2029 | Unlisted |
| 850,000 | E | 1 December 2029 | Unlisted |
| 850,000 | F | 1 December 2029 | Unlisted |
| 2,250,000 | G | 1 December 2029 | Unlisted |
| 2,250,000 | H | 1 December 2029 | Unlisted |

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

885,000 shares as a result of the exercise of the options were issued as at the date of this report.

EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances have arisen since the end of the period which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods other than the following:

- ✂ On 29 January 2026 the Company drew down on \$175,000 of the ATM facility.
- ✂ On 24 February 2026 the Company issued 3,300,000 shares in conjunction with the ATM.
- ✂ On 23/01/2026 the Company entered into a Binding Tailings Processing Agreement with Hillgrove Resources for the development of an Garnet Project utilising Hillgrove's Kanmantoo Copper Mine Tailings in South Australia.

- ✘ The terms of the agreement required Heavy to pay a \$50K fee to Hillgrove on execution of the Agreement with no subsequent payments or expenditure required until Heavy makes a Financial Investment Decision for the development of the project. This Financial Investment decision is primarily based on the Company being able to raise the capital to develop the project. The Company is currently engaged in a number of discussions in regards to this funding.

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the period ended 31 December 2025 has been received and is included within the financial statements.

AUDITOR

Criterion Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3) of the Corporation Act 2001.

Signed in accordance on behalf of the Directors.



Adam Schofield
Executive Chairman
16 March 2026

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

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of Heavy Minerals Limited and its Controlled Entities for the half year ended 31 December 2025, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



ELIZABETH LOUWRENS CA
Director

CRITERION AUDIT PTY LTD

DATED at PERTH this 16th day of March 2026

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2025**

| | Note | Consolidated Entity 31 December 2025 \$ | Consolidated Entity 31 December 2024 \$ |
|--|------|---|---|
| Income | 3 | 19,044 | 22,532 |
| Accounting fees | | (30,320) | (29,098) |
| Compliance fees | | (74,907) | (62,198) |
| Consultancy fees | | (6,520) | - |
| Depreciation: plant & equipment | | (11,782) | (10,707) |
| Depreciation: right of use asset | | (24,261) | (35,173) |
| Directors' & employees' remuneration | | (189,111) | (141,187) |
| Foreign exchange | | (130) | - |
| Insurance expense | | (14,139) | (20,692) |
| Interest expense | | (5,466) | (3,568) |
| IT expenses | | (1,644) | (775) |
| Legal fees | | (21,109) | (13,177) |
| Marketing | | (81,059) | (103,386) |
| Occupancy expenses | | (16,035) | (15,761) |
| Other expenses | | (48,971) | (64,148) |
| Share based payment expense | 9 | (127,737) | 10,815 |
| Travel expenses | | (31,943) | (29,178) |
| Loss before tax | | (666,090) | (495,701) |
| Income tax benefit/(expense) | | - | - |
| Net loss for the period from operations | | (666,090) | (495,701) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Exchange differences on translation of foreign operations | | (2,200) | (3,059) |
| Total comprehensive loss for the period | | (668,290) | (498,760) |
| Attributable to owners of the Consolidated Entity | | (668,290) | (498,760) |
| Attributable to non-controlling interest | | - | - |
| | | (668,290) | (498,760) |
| Basic and diluted loss per share (cents) | | (0.98)c | (0.75)c |

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025**



| | Note | Consolidated Entity 31 December 2025 \$ | Consolidated Entity 30 June 2025 \$ |
|---|------|---|---|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 4 | 38,365 | 33,170 |
| Trade and other receivables | | 31,851 | 30,567 |
| Other assets | 5 | 145,934 | 208,079 |
| Total Current Assets | | 216,150 | 271,816 |
| Non-Current Assets | | | |
| Plant and equipment | | 49,411 | 52,389 |
| Right of use asset | | 303,538 | 13,449 |
| Exploration and evaluation assets | 6 | 5,326,546 | 4,967,730 |
| Total Non-Current Assets | | 5,679,495 | 5,033,568 |
| Total Assets | | 5,895,645 | 5,305,384 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | | 700,955 | 567,858 |
| Borrowings | 7 | 1,932,229 | 23,988 |
| Provisions | | - | 42,740 |
| Total Current Liabilities | | 2,633,184 | 634,586 |
| Non-Current Liabilities | | | |
| Borrowings | 7 | 893,894 | 2,340,000 |
| Total Non-Current Liabilities | | 893,894 | 2,340,000 |
| Total Liabilities | | 3,527,078 | 2,974,586 |
| Net Assets | | 2,368,567 | 2,330,798 |
| EQUITY | | | |
| Contributed equity | 8 | 10,540,540 | 9,387,917 |
| Reserves | 9 | 833,239 | 1,715,856 |
| Accumulated losses | | (8,961,717) | (8,729,480) |
| Attributable to owners of the Consolidated Entity | | 2,412,062 | 2,374,293 |
| Attributable to non-controlling interest | | (43,495) | (43,495) |
| Total Equity | | 2,368,567 | 2,330,798 |

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2025**



| Consolidated Entity | Contributed Equity | Foreign Currency Translation Reserve | Share Based Payments Reserve | Accumulated Losses | Attributable to Owners of the Consolidated Entity | Attributable to Non-Controlling Interest | Total |
|---|--------------------|--------------------------------------|------------------------------|--------------------|---|--|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2024 | 9,387,917 | 33,671 | 1,682,185 | (8,729,480) | 2,374,293 | (43,495) | 2,330,798 |
| Equity issues | 979,384 | - | - | - | 979,384 | - | 979,384 |
| Cost of equity issues | (46,761) | - | - | - | (46,761) | - | (46,761) |
| Adjustments to cost of equity issues | 220,000 | - | - | - | 220,000 | - | 220,000 |
| Share based payments (net) | - | - | (171,564) | - | (171,564) | - | (171,564) |
| Adjustments ⁵ | - | - | (708,853) | 433,853 | (275,000) | - | (275,000) |
| Foreign exchange on translation of operations | - | (2,200) | - | - | (2,200) | - | (2,200) |
| Loss for the period | - | - | - | (666,090) | (666,090) | - | (666,090) |
| Other comprehensive income | - | - | - | - | - | - | - |
| Total comprehensive loss for the period | - | (2,200) | - | (666,958) | (668,290) | - | (668,290) |
| Balance at 31 December 2025 | 10,540,540 | 31,471 | 801,768 | (8,961,717) | 2,411,194 | (43,495) | 2,368,567 |
| Balance at 1 July 2024 | 9,149,631 | 35,315 | 1,318,595 | (7,247,444) | 3,256,097 | (43,495) | 3,212,602 |
| Equity issues | 50,000 | - | - | - | 50,000 | - | 50,000 |
| Cost of equity issues | (27,421) | - | - | - | (27,421) | - | (27,421) |
| Share based payments (net) | - | - | 159,985 | - | 159,985 | - | 159,985 |
| Foreign exchange on translation of operations | - | (3,059) | - | - | (3,059) | - | (3,059) |
| Adjustment | - | - | (220,800) | - | (220,800) | - | (220,800) |
| Loss for the period | - | - | - | (495,701) | (495,701) | - | (495,701) |
| Other comprehensive income | - | - | - | - | - | - | - |
| Total comprehensive loss for the period | - | (3,059) | - | (495,701) | (495,701) | - | (495,701) |
| Balance at 31 December 2024 | 9,172,210 | 32,256 | 1,257,780 | (7,743,145) | 2,719,101 | (43,495) | 2,675,606 |

The accompanying notes form part of these financial statements.

⁵ Relating to options granted in prior financial years, expired in prior years being reversed during current financial year.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2025**

| | Note | Consolidated Entity 31 December 2025 \$ | Consolidated Entity 31 December 2024 \$ |
|--|------|---|---|
| Cash flows from operating activities | | | |
| Payments to suppliers and employees | | (349,644) | (507,074) |
| Interest received | | 1,186 | 2,064 |
| Interest paid | | (5,466) | (3,568) |
| Net cash used in operating activities | | <u>(353,924)</u> | <u>(508,578)</u> |
| Cash flows from investing activities | | | |
| Payment for plant and equipment | | (8,804) | - |
| Payment for exploration and evaluation | | (416,552) | (437,109) |
| Net cash used in investing activities | | <u>(425,356)</u> | <u>(437,109)</u> |
| Cash flows from financing activities | | | |
| Proceeds from equity issues | | 640,084 | - |
| Payment for costs of equity issues | | (3,264) | (27,421) |
| Proceeds from borrowings | 7 | 180,000 | 1,005,000 |
| Repayment of borrowings | | (32,215) | (33,932) |
| Net cash (used in) / provided by from financing activities | | <u>784,605</u> | <u>943,647</u> |
| Net increase / (decrease) in cash held | | 5,325 | (2,040) |
| Cash and cash equivalents at beginning of the period | | 33,170 | 47,484 |
| Foreign exchange effect on cash and cash equivalents | | (130) | (355) |
| Cash and cash equivalents at period end | 4 | <u><u>38,365</u></u> | <u><u>45,089</u></u> |

The accompanying notes form part of these financial statements.

1. Corporate information

This half year report covers Heavy Minerals Limited (the “Consolidated Entity”), a company incorporated in Australia for the 6 month period ended 31 December 2025. The presentation currency of the Company is Australian Dollars (“\$”). A description of the Consolidated Entity’s operations is included in the review and results of operations in the Directors’ Report. The Directors’ Report is not part of the financial statements. The Consolidated Entity is a for-profit entity and limited by shares incorporated in Australia whose shares are traded under the ASX code “HVY”. The financial statements were authorised for issue on 16 March 2026 by the Directors of the Consolidated Entity. The Directors have the power to amend and reissue the financial statements. The principal accounting policies adopted in the preparation of the financial statements are set out below.

2. Accounting policies

a. Statement of compliance

The general purpose financial statements of the Company have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, including AASB 134: Interim Financial Reporting and other authoritative pronouncements of the Australian Accounting Standards Board.

b. Going concern

The half year report 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.

As at 31 December 2025, the Consolidated Entity had cash on hand of \$38,365 and for the half year ended 31 December 2025, the Company had net cash outflows from investing activities of \$425,356 (2024: (\$437,109)). At 31 December 2025 the Consolidated Entity was in a net current liability position of \$2,417,034 (2024: 362,770). The ability of the Consolidated Entity to continue as a going concern is principally dependent upon the ability of the Consolidated Entity to secure funds by raising additional capital from equity markets and managing cashflows in line with available funds. These factors indicate a material uncertainty, which may cast significant doubt as to whether the Consolidated Entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The Directors have considered the above and believe that there are reasonable grounds that the Consolidated Entity will continue as a going concern based on the following assumptions:

- ✕ the Company successfully raising funding via the remaining funds from the Tranche 1 Royalty and the Tranche 2 Royalty. To date Royalty funding has raised \$2,945,000 of which \$375,000 was collected during January to March 2026. If the Company elects to buyback 60% of the Royalties sold these will need to occur no later than 24 months from the agreement date with 90 days allowed for settlement. If the Company elects to not initiate the buybacks, the holders can force a buyback; there is also the potential for the associated royalty options to be converted, which could allow up to an additional \$454,354 in funds being received;

2. *Accounting policies (continued)*

- ✘ the Company intends to utilise the same royalty raising method to secure an additional nominal \$2,000,000 to complete the feasibility study (bankable or definitive). With the PFS completed the Company expects to have significant interest in its Tranche 2 Royalty from existing Royalty Funds and additionally Campbell Operations Pty Ltd has expressed interest in subscribing for Tranche 2.
- ✘ The prepaid syndicated royalty deed entitles the Company to buyback 60% of the royalty within the second anniversary however, subscribers can force a buyback (60%) by the Company. The Company will take measures to fund a buyback(s) where subscribers wish to do so if a buyback is not initiated by the Company. The prepaid royalty subscriptions will be reflected as a balance sheet current liability after their second anniversary;
- ✘ the ability to raise equity funding under the Company's ASX allowed existing capacities;
- ✘ the At-the-Market (ATM) Subscription Agreement which provides the Company with up to \$2,788,485 of standby equity capital over the coming 5 years to 31 July 2029. The ATM Subscription Agreement is provided by Acuity Capital. To date, the Company has drawn down on \$760,000 of the ATM;
- ✘ importantly, the Company has full discretion as to whether it utilises the ATM, the maximum number of shares to be issued, the minimum issue price of shares and the timing of each subscription (if any). There are no requirements on the Company to utilise the ATM and the Company may terminate the ATM at any time, without cost or penalty. Acuity Capital and the ATM do not place any restrictions at any time on the Company's ability to raise capital via other methods. If the Company does decide to utilise the ATM, the Company sets the issue price floor at its sole discretion, with the final issue price being calculated as the greater of the nominated floor price and up to a 10% discount to a Volume Weighted Average Price (VWAP) over a period of the Company's choosing (again at its sole discretion). As security for the ATM, the Company has placed 3,500,000 fully paid ordinary HVY.ASX shares from its LR7.1 capacity and as pre-approved by shareholders at the 27 November 2025 annual general meeting at nil cash consideration to Acuity Capital. Upon early termination or maturity of the ATM, the Company may buy back (and cancel) the shares placed as security for no cash consideration (subject to shareholder approval). As at 31 December 2025, the Company had drawn down on 2,025,000 shares, leaving a balance of 1,275,000 shares. Subsequent to year end, the Company had drawn down on 2,355,000 shares, topped up the shares, leaving a balance of 3,500,000 shares;
- ✘ the ability to reduce planned expenditure with two of the Directors agreeing to defer their remuneration payments; and
- ✘ the reduction of discretionary exploration expenditure for the Inhambane project.

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 12-month period from the date of signing this financial report based on the assumptions above. In the event that the Consolidated Entity is not able to raise additional funds and / or reduce discretionary costs it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in financial statements. The financial statements do not include any adjustments relating to the amount or classification of recorded assets or liabilities that might be necessary if the Consolidated Entity does not continue as a going concern.

2. Accounting policies (continued)

c. Basis of preparation

The general purpose financial statements of the Consolidated Entity have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial report has also been prepared on a historical cost base. It is recommended that the half year financial report be considered together with the 30 June 2024 annual report and any public announcements made by the Consolidated Entity up to the issue date of this report, which the Consolidated Entity has made in accordance with its continuous disclosure obligations arising under the *Corporations Act 2001*. The financial statements have been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of financial assets and financial liabilities.

d. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Heavy Minerals Limited (Company or parent entity) as at 31 December 2025 and the results of all subsidiaries for the period then ended. Heavy Minerals Limited and its subsidiaries together are referred to in these financial statements as the Consolidated Entity. Subsidiaries are all those 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 de-consolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity. The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent. Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance. Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

2. *Accounting policies (continued)*

e. 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.

f. Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

g. Significant management judgement in applying accounting policies and estimate uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expense is provided below.

i. Exploration and evaluation expenditure

Exploration and evaluation costs have been capitalised and are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Key judgements are applied in considering the costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

ii. Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the options issued are determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

2. Accounting policies (continued)

h. Accounting Standards that are mandatorily effective for the current reporting period

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 30 June 2024. The Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Company accounting policies.

i. Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Company has not applied the new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective. Based on a preliminary review of the standards and amendments, the Directors do not anticipate a material change to the Company's accounting policies, however further analysis will be performed when the relevant standards are effective.

| | Consolidated Entity 31 December 2024 \$ | Consolidated Entity 31 December 2024 \$ |
|---|---|---|
| 3. Other income | | |
| Interest income | 544 | 1,532 |
| Sub-lease income | 18,500 | 21,000 |
| | <u>19,044</u> | <u>22,532</u> |
| | Consolidated Entity 31 December 2024 \$ | Consolidated Entity 30 June 2025 \$ |
| 4. Cash and cash equivalents | | |
| Cash at bank | 14,454 | 9,259 |
| Cash on hand | 1,199 | 1,199 |
| Term deposits | 22,712 | 22,712 |
| | <u>38,365</u> | <u>33,170</u> |
| 5. Other assets | | |
| Other assets | 3,352 | 4,452 |
| Prepaid expenses | 142,582 | 203,627 |
| | <u>145,934</u> | <u>208,079</u> |
| 6. Exploration and evaluation assets | | |
| Balance at beginning of period | 4,967,730 | 3,852,475 |
| Exploration and evaluation expenditure incurred during the period | 358,816 | 1,116,471 |
| Exploration and evaluation expenditure written off | - | (1,216) |
| Balance at end of period | <u>5,326,546</u> | <u>4,967,730</u> |

| | Consolidated Entity 31 December 2025 \$ | Consolidated Entity 30 June 2025 \$ |
|--|---|---|
| 7. Borrowings | | |
| <u>Current</u> | | |
| Proceeds from royalty funding ⁶ | 1,880,000 | - |
| Lease liability | 52,229 | 23,988 |
| | 1,932,229 | 23,988 |
| <u>Non-Current</u> | | |
| Proceeds from royalty funding ⁶ | 640,000 | 2,340,000 |
| Lease liability | 253,894 | - |
| | 893,894 | 2,340,000 |
| Royalty funding repayable within: | | |
| <12 months (buyback at 125.0%) | 1,480,000 | - |
| <12 months (buyback at 137.5%) | 400,000 | - |
| 12-18 months (buyback at 125.0%) | 10,000 | 1,480,000 |
| 12-18 months (buyback at 137.5%) | 250,000 | 650,000 |
| 18-24 months (buyback at 125.0%) | 380,000 | 10,000 |
| 24-30 months (buyback at 125.0%) | - | 200,000 |
| | 2,520,000 | 2,340,000 |
| Balance at beginning of period | 2,340,000 | 750,000 |
| Royalty funding proceeds | 180,000 | 1,590,000 |
| Royalty funding repayment | - | - |
| Balance at end of period | 2,520,000 | 2,340,000 |

⁶ The Company has raised funds via a Syndicated Royalty with multiple participants contributing funds at different times. In 24 months from receipt of funds, the Company has the right to initiate a partial buyback of the royalties at a 125% return to the Royalty holder on the initial funds committed. If the Company elects to not initiate the buyback the Royalty Holder may enforce this buyback. The first Potential buyback may occur in July 2026 with an additional 90 day settlement period and until then the Royalty Funds Received are not considered current liabilities.

| | Consolidated Entity 31 December 2025 | | Consolidated Entity 30 June 2025 | |
|---------------------------------------|---|-------------------|-------------------------------------|-----------------|
| | No. | \$ | No. | \$ |
| 8. Contributed equity | | | | |
| Balance at beginning of period | 67,668,692 | 9,387,917 | 62,966,087 | 9,149,631 |
| Share issue: 08-Aug-24 (ATM Facility) | - | - | 3,300,000 | - |
| Share issue: 30-Sep-24 | - | - | 777,605 | 50,000 |
| Share issue: 12-Mar-25 | - | - | 500,000 | - |
| Use of ATM Facility: 21-Mar-25 | - | - | - | 110,000 |
| Share issue: 26-Mar-25 | - | - | 25,000 | 6,250 |
| Use of ATM Facility: 24-Jun-25 | - | - | - | 93,500 |
| Share issue: 25-Jun-25 | - | - | 100,000 | 25,000 |
| Use of ATM Facility: 25-Jul-25 | - | 220,000 | - | - |
| Use of ATM Facility: 08-Sep-25 | - | 220,000 | - | - |
| Share issue: 25-Sep-25 | 300,000 | 75,000 | - | - |
| Share issue: 06-Oct-25 | 25,000 | 12,188 | - | - |
| Share issue: 09-Oct-25 | 250,000 | 62,500 | - | - |
| Share issue: 09-Oct-25 | 50,000 | 15,880 | - | - |
| Share issue: 09-Oct-25 | 50,000 | 12,500 | - | - |
| Share issue: 03-Nov-25 | 100,000 | 25,000 | - | - |
| Share issue: 01-Dec-25 | 60,000 | 24,516 | - | - |
| Share issue: 12-Dec-25 | 500,000 | 290,000 | - | - |
| Share issue: 16-Dec-25 | 50,000 | 12,500 | - | - |
| Adjustments | - | 229,300 | - | - |
| Capital raising costs | - | (46,761) | - | (46,464) |
| Balance at end of period | 69,053,692 | 10,540,540 | 67,668,692 | 9,387,917 |

The funding obtained under the ATM facility are offset against the 3,300,000 shares issued as collateral on 8 August 2024 (set-off shares). The "Use of ATM facility" funds received are recognised inclusive of costs with the deemed price being at 10% discount to the 15 trading say VWAP on the announcement date. The 10% discount represents the "Capital raising costs".

| | Consolidated Entity 31 December 2025 \$ | Consolidated Entity 30 June 2025 \$ |
|---|---|---|
| 9. Reserves | | |
| <u>Foreign currency translation reserve</u> | | |
| Balance at beginning of period | 33,671 | 35,515 |
| Foreign exchange on translation of operations | <u>(2,200)</u> | <u>(1,644)</u> |
| Balance at end of period | <u>31,471</u> | <u>33,671</u> |
| <u>Share based payments reserve</u> | | |
| Balance at beginning of period | 1,682,185 | 1,318,595 |
| Options exercised | (95,300) | - |
| Options expired | (708,854) | - |
| Options granted ⁸ | 56,207 | 482,390 |
| Performance rights converted | (204,000) | - |
| Performance rights expired | - | - |
| Performance rights granted ⁹ | 71,530 | 102,000 |
| Performance rights cancelled ⁷ | - | <u>(220,800)</u> |
| Balance at end of period | <u>801,768</u> | <u>1,682,185</u> |
| Options granted | 56,207 | 482,390 |
| Performance rights granted | <u>71,530</u> | <u>102,000</u> |
| | <u>127,737</u> | <u>584,390</u> |

⁷ Cancellation of former Director performance rights in FY24. Cancellation of CEO performance rights in FY25.

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE PERIOD ENDED 31 DECEMBER 2025**



9. Reserves (continued)

⁸Variables used to calculate the option valuations are as follows:

| Inputs | Director Tranche A Options [FY23/24] | Director Tranche B Options [FY23/24] | Director Tranche C Options [FY23/24] | Director Tranche D Options [FY23/24] | Royalty Options [FY24/25] | Royalty Options [FY24/25] | Royalty Options [FY24/25] | Royalty Options [FY24/25] | Royalty Options [FY24/25] | Royalty Options [FY24/25] |
|----------------------------------|---|--|--|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Number of options | 750,000 | 750,000 | 1,500,000 | 1,500,000 | 100,000 | 25,000 | 500,000 | 10,000 | 50,000 | 375,000 |
| Exercise price | \$0.20 | \$0.25 | \$0.30 | \$0.1399 | \$0.25 | \$0.25 | \$0.25 | \$0.25 | \$0.25 | \$0.25 |
| Expiry date | 07-Dec-26 | 07-Dec-26 | 07-Dec-26 | 07-Dec-26 | 19-Apr-26 | 18-Jul-26 | 07-Aug-26 | 09-Aug-26 | 28-Jul-26 | 07-Aug-26 |
| Grant date | 07-Dec-23 | 07-Dec-23 | 07-Dec-23 | 07-Dec-23 | 19-Aug-24 | 19-Aug-24 | 19-Aug-24 | 30-Sep-24 | 29-Nov-24 | 29-Nov-24 |
| Share price at grant date | \$0.096 | \$0.096 | \$0.096 | \$0.096 | \$0.12 | \$0.12 | \$0.12 | \$0.09 | \$0.12 | \$0.12 |
| Risk free interest rate | 3.92% | 3.92% | 3.92% | 3.92% | 3.59% | 3.59% | 3.59% | 3.51% | 3.99% | 3.99% |
| Volatility | 120% | 120% | 120% | 120% | 151% | 151% | 151% | 272% | 272% | 272% |
| Option value | \$0.061 | \$0.057 | \$0.054 | \$0.067 | \$0.066 | \$0.072 | \$0.073 | \$0.081 | \$0.107 | \$0.107 |
| Probability | 60% | 50% | 75% | 60% | N/A | N/A | N/A | N/A | N/A | N/A |
| Value in current period accounts | \$27,450 | \$21,375 | \$60,750 | \$60,300 | \$6,600 | \$1,800 | \$36,000 | \$810 | \$5,350 | \$40,125 |
| Vesting condition | Upon the Company announcing a positive Preliminary Feasibility Study evidencing a ratio of net present value (NPV-8%) to capital of greater than 2.5 at the Port Gregory Project. | Upon the Company announcing a positive Bankable Feasibility Study evidencing a ratio of net present value (NPV-8%) to capital of greater than 2.5 at the Port Gregory Project. | The Company raising a minimum \$3,000,000 via the grant of a Royalties at the Company's Port Gregory Project prior to a final investment decision at the Port Gregory Project. | Upon the Company announcing a JORC Code 2012 compliant Mineral Resource at the Company's Red Hill Garnet Project of at least an inferred classification of >3mt contained garnet at a minimum grade of not less than 4% total heavy mineral. | N/A | N/A | N/A | N/A | N/A | N/A |
| Vested at balance date | No | No | No | No | N/A | N/A | N/A | N/A | N/A | N/A |

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE PERIOD ENDED 31 DECEMBER 2025**

9. Reserves (continued)

| Inputs | Royalty Options [FY24/25] | Royalty Options [FY24/25] | Royalty Options [FY24/25] | Royalty Options [FY24/25] | Royalty Options [FY24/25] | Royalty Options [FY24/25] | Royalty Options [FY24/25] | Royalty Options [FY24/25] | Royalty Options [FY24/25] | Royalty Options [FY25/26] | Royalty Options [FY25/26] | Royalty Options [FY25/26] | Royalty Options [FY25/26] |
|----------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Number of options | 375,000 | 10,000 | 20,000 | 20,000 | 100,000 | 20,000 | 50,000 | 60,000 | 25,000 | 10,000 | 25,000 | 20,000 | 100,000 |
| Exercise price | \$0.25 | \$0.25 | \$0.25 | \$0.3255 | \$0.3255 | \$0.3295 | \$0.3882 | \$0.4086 | \$0.4484 | \$0.46 | \$0.4875 | \$0.5045 | \$0.4714 |
| Expiry date | 07-Aug-26 | 04-Feb-27 | 30-Jun-26 | 27-Apr-27 | 28-Apr-27 | 01-May-27 | 20-May-27 | 30-May-27 | 24-Jun-27 | 03-Jul-27 | 18-Jul-27 | 04-Aug-27 | 01-Sep-27 |
| Grant date | 17-Feb-25 | 17-Feb-25 | 06-Mar-25 | 30-Jun-25 | 30-Jun-25 | 30-Jun-25 | 30-Jun-25 | 30-Jun-25 | 30-Jun-25 | 08-Sep-25 | 08-Sep-25 | 08-Sep-25 | 08-Sep-25 |
| Share price at grant date | \$0.24 | \$0.25 | \$0.27 | \$0.30 | \$0.30 | \$0.30 | \$0.30 | \$0.30 | \$0.30 | \$0.30 | \$0.31 | \$0.31 | \$0.31 |
| Risk free interest rate | 3.85% | 3.85% | 3.80% | 3.19% | 3.19% | 3.19% | 3.19% | 3.19% | 3.19% | 3.44% | 3.44% | 3.44% | 3.44% |
| Volatility | 483% | 483% | 483% | 471% | 471% | 471% | 471% | 471% | 471% | 465% | 465% | 465% | 465% |
| Option value | \$0.239 | \$0.240 | \$0.269 | \$0.30 | \$0.30 | \$0.30 | \$0.30 | \$0.30 | \$0.30 | \$0.309 | \$0.309 | \$0.309 | \$0.310 |
| Probability | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Value in current period accounts | \$Nil | \$Nil | \$Nil | \$Nil | \$Nil | \$Nil | \$Nil | \$Nil | \$Nil | \$3,090 | \$7,725 | \$6,180 | \$31,000 |
| Vesting condition | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Vested at balance date | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

| Inputs | Class A Options [FY25/26] | Class B Options [FY25/26] | Class C Options [FY25/26] | Class D Options [FY25/26] | Class E Options [FY25/26] | Class F Options [FY25/26] | Class G Options [FY25/26] | Class H Options [FY25/26] |
|----------------------------------|---|---|---|---|--|--|--|---|
| Number of options | 150,000 | 50,000 | 150,000 | 50,000 | 150,000 | 50,000 | 150,000 | 150,000 |
| Exercise price | \$0.7275 | \$0.7275 | \$0.7275 | \$0.7275 | \$0.7275 | \$0.7275 | \$0.7275 | \$0.7275 |
| Expiry date | 11-Dec-28 | 11-Dec-28 | 11-Dec-28 | 11-Dec-28 | 11-Dec-28 | 11-Dec-28 | 11-Dec-28 | 11-Dec-28 |
| Grant date | 12-Dec-25 | 12-Dec-25 | 12-Dec-25 | 12-Dec-25 | 12-Dec-25 | 12-Dec-25 | 12-Dec-25 | 12-Dec-25 |
| Share price at grant date | \$0.50 | \$0.50 | \$0.50 | \$0.50 | \$0.50 | \$0.50 | \$0.50 | \$0.50 |
| Risk free interest rate | 4.21% | 4.21% | 4.21% | 4.21% | 4.21% | 4.21% | 4.21% | 4.21% |
| Volatility | 477% | 477% | 477% | 477% | 477% | 477% | 477% | 477% |
| Option value | \$0.50 | \$0.50 | \$0.50 | \$0.50 | \$0.50 | \$0.50 | \$0.50 | \$0.50 |
| Probability | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% |
| Value in current period accounts | \$0.50 | \$0.50 | \$0.50 | \$0.50 | \$0.50 | \$0.50 | \$0.50 | \$0.50 |
| Vesting condition | The Company achieving a market capitalisation of \$40,000,000 on or before the Vesting Date | The Company achieving a market capitalisation of greater than \$40,000,000 for 12 months (whether continuous or non-continuous) on or before the Vesting Date | The Company achieving a market capitalisation of \$80,000,000 on or before the Vesting Date | The Company achieving a market capitalisation of greater than \$80,000,000 for 12 months (whether continuous or non-continuous) on or before the Vesting Date | The Company achieving a market capitalisation of \$120,000,000 on or before the Vesting Date | The Company achieving a market capitalisation of greater than \$120,000,000 for 12 months (whether continuous or non-continuous) on or before the Vesting Date | The Company achieves first Commercial Production on or before the Vesting Date | The Company achieves second Commercial Production on or before the Vesting Date |
| Vested at balance date | No | No | No | No | No | No | No | No |

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE PERIOD ENDED 31 DECEMBER 2025**



9. Reserves (continued)

^aVariables used to calculate the performance right valuations are as follows:

Prior periods:

| Inputs | Director & Consultant Class B Performance Rights [FY20/21] | CEO Employee Class A Performance Rights [FY22/23] | Class B Performance Rights [FY24/25] | Class C Performance Rights [FY24/25] | Class A Performance Rights [FY25/26] | Class B Performance Rights [FY25/26] | Class C Performance Rights [FY25/26] | Class D Performance Rights [FY25/26] | Class E Performance Rights [FY25/26] | Class F Performance Rights [FY25/26] | Class G Performance Rights [FY25/26] | Class H Performance Rights [FY25/26] |
|----------------------------------|--|---|--|--|---|---|---|---|--|--|--|---|
| Number of performance rights | 1,440,408 | 500,000 | 500,000 | 500,000 | 850,000 | 850,000 | 850,000 | 850,000 | 850,000 | 850,000 | 2,250,000 | 2,250,000 |
| Expiry date | 14-Sep-26 | 03-Apr-26 | 12-Dec-25 | 12-Dec-26 | 01-Dec-29 | 01-Dec-29 | 01-Dec-29 | 01-Dec-29 | 01-Dec-29 | 01-Dec-29 | 01-Dec-29 | 01-Dec-29 |
| Grant date | 07-May-21 | 03-Apr-23 | 12-Mar-25 | 12-Mar-25 | 01-Dec-25 | 01-Dec-25 | 01-Dec-25 | 01-Dec-25 | 01-Dec-25 | 01-Dec-25 | 01-Dec-25 | 01-Dec-25 |
| Share price at grant date | \$0.20 | \$0.15 | \$0.255 | \$0.255 | \$0.61 | \$0.61 | \$0.61 | \$0.61 | \$0.61 | \$0.61 | \$0.61 | \$0.61 |
| Performance right value | \$0.10 | \$0.135 | \$0.153 | \$0.051 | \$0.4453 | \$0.3901 | \$0.3755 | \$0.3054 | \$0.3262 | \$0.2592 | \$0.55 | \$0.55 |
| Value in prior period accounts | \$144,041 | \$67,500 | \$76,500 | \$25,500 | \$Nil | \$Nil | \$Nil | \$Nil | \$Nil | \$Nil | \$Nil | \$Nil |
| Value in current period accounts | \$Nil | \$Nil | \$Nil | \$Nil | \$0.4453 | \$0.3901 | \$0.3755 | \$0.3054 | \$0.3262 | \$0.2592 | \$0.55 | \$0.55 |
| Vesting condition | Delineation of a 250MT Inferred Mineral Resource at 3.0% THM (with a minimum cut-off grade of 2%) at the Inhambane Project | Upon the announcement of a positive and completed pre-feasibility study for the Port Gregory Project. | HVY's Share Price achieves a minimum Share Price of 30 cents for a minimum of 7 consecutive days | HVY's Share Price achieves a minimum Share Price of 60 cents for a minimum of 7 consecutive days | The Company achieving a market capitalisation of \$40,000,000 on or before the Vesting Date | The Company achieving a market capitalisation of greater than \$40,000,000 for 12 months (whether continuous or non-continuous) on or before the Vesting Date | The Company achieving a market capitalisation of \$80,000,000 on or before the Vesting Date | The Company achieving a market capitalisation of greater than \$80,000,000 for 12 months (whether continuous or non-continuous) on or before the Vesting Date | The Company achieving a market capitalisation of \$120,000,000 on or before the Vesting Date | The Company achieving a market capitalisation of greater than \$120,000,000 for 12 months (whether continuous or non-continuous) on or before the Vesting Date | The Company achieves first Commercial Production on or before the Vesting Date | The Company achieves second Commercial Production on or before the Vesting Date |
| Vested at balance date | No | No | Yes | No | No | No | No | No | No | No | No | No |

| | Consolidated Entity 31 December 2025 No. | Consolidated Entity 30 June 2025 No. |
|---|--|--|
| 9. Reserves (continued) | | |
| <u>Unlisted options</u> | | |
| Balance at beginning of period | 7,390,000 | 17,200,000 |
| Options granted ⁹ | 1,055,000 | 1,915,000 |
| Options expired | - | (10,000,000) |
| Options cancelled | - | (1,600,000) |
| Options converted | (885,000) | (125,000) |
| | <hr/> | <hr/> |
| Balance at end of period | 7,560,000 | 7,390,000 |
| <u>Unlisted performance rights</u> | | |
| Balance at beginning of period | 2,940,408 | 2,940,408 |
| Performance rights granted ⁹ | 9,600,000 | 1,000,000 |
| Performance rights cancelled ⁸ | - | (1,000,000) |
| Performance rights converted | (500,000) | - |
| | <hr/> | <hr/> |
| Balance at end of period | 12,040,408 | 2,940,408 |

10. Operating segments

The Consolidated Entity has determined operating segments based on the information provided to the Board of Directors. The Consolidated Entity operates predominantly in one business segment being the exploration for minerals with entities based in three geographic segments, being Australia, Mauritius and Mozambique.

| | Australia Exploration & Corporate | Mauritius Exploration & Corporate | Mozambique Exploration & Corporate | Total |
|-------------------------|---|---|--|-------------|
| 31 December 2025 | | | | |
| Segment income | 19,044 | - | - | 19,044 |
| Segment loss | (651,711) | (8,379) | - | (666,090) |
| Segment assets | 5,533,057 | 5,989 | 356,599 | 5,895,645 |
| Segment liabilities | (3,525,147) | (1,931) | - | (3,527,078) |
| 30 June 2025 | | | | |
| Segment assets | 4,969,741 | 2,977 | 332,666 | 5,305,384 |
| Segment liabilities | (2,953,215) | (1,931) | (19,440) | (2,974,586) |
| 31 December 2024 | | | | |
| Segment income | 22,532 | - | - | 22,532 |
| Segment loss | (472,280) | (14,887) | (8,534) | (495,701) |

11. Events after the end of the reporting period

There are no matters or circumstances have arisen since the end of the period which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods other than the following:

- ✘ On 29 January 2026 the Company drew down on \$175,000 of the ATM facility.
- ✘ On 24 February 2026 the Company issued 3,300,000 shares in conjunction with the ATM.
- ✘ On 23/01/2026 the Company entered into a Binding Tailings Processing Agreement with Hillgrove Resources for the development of an Garnet Project utilising Hillgrove's Kanmantoo Copper Mine Tailings in South Australia. The terms of the agreement required Heavy to pay a \$50K fee to Hillgrove on execution of the Agreement with no subsequent payments or expenditure required until Heavy makes a Financial Investment Decision for the development of the project. This Financial Investment decision is primarily based on the Company being able to raise the capital to develop the project. The Company is currently engaged in a number of discussions in regards to this funding.

| | Consolidated Entity 31 December 2025 \$ | Consolidated Entity 30 June 2025 \$ |
|--|--|--|
|--|--|--|

12. Commitments and contingencies

- a. Commitments relating to operating and exploration expenditures

| | | |
|--|----------------|------------------|
| Not longer than 1 year | 367,054 | 326,655 |
| More than 1 year but not longer than 5 years | 570,165 | 699,436 |
| More than 5 years | - | - |
| | 937,219 | 1,026,091 |

There are no other material commitments as at 31 December 2025.

- b. Contingent assets

As at 31 December 2025 are:

The At-the-Market (ATM) Subscription Agreement which provides the Company with up to \$2,000,000 (subsequently increased to \$2,788,485) of standby equity capital over the coming 5 years to 31 July 2029. The ATM Subscription Agreement is provided by Acuity Capital. The ATM provides the Company with up to \$2,000,000 (subsequently increased to \$2,788,485) of standby equity capital over the coming 5 years to 31 July 2029. Importantly, the Company has full discretion as to whether it utilises the ATM, the maximum number of shares to be issued, the minimum issue price of shares and the timing of each subscription (if any). There are no requirements on the Company to utilise the ATM and the Company may terminate the ATM at any time, without cost or penalty.

12. Commitments and contingencies (continued)

Acuity Capital and the ATM do not place any restrictions at any time on the Company's ability to raise capital via other methods.

c. Contingent assets

As at 31 December 2025 are:

The At-the-Market (ATM) Subscription Agreement which provides the Company with up to \$2,000,000 of standby equity capital over the coming 5 years to 31 July 2029. The ATM Subscription Agreement is provided by Acuity Capital. The ATM provides the Company with up to \$2,000,000 of standby equity capital over the coming 5 years to 31 July 2029. Importantly, the Company has full discretion as to whether it utilises the ATM, the maximum number of shares to be issued, the minimum issue price of shares and the timing of each subscription (if any). There are no requirements on the Company to utilise the ATM and the Company may terminate the ATM at any time, without cost or penalty. Acuity Capital and the ATM do not place any restrictions at any time on the Company's ability to raise capital via other methods. If the Company does decide to utilise the ATM, the Company sets the issue price floor at its sole discretion, with the final issue price being calculated as the greater of the nominated floor price and up to a 10% discount to a Volume Weighted Average Price (VWAP) over a period of the Company's choosing (again at its sole discretion). As security for the ATM, the Company has placed 3,500,000 fully paid ordinary HVY.ASX shares from its LR7.1 capacity at nil cash consideration to Acuity Capital. Upon early termination or maturity of the ATM, the Company may buy back (and cancel) the shares placed as security for no cash consideration (subject to shareholder approval).

d. Contingent liabilities

Contingent liabilities as at 31 December 2025 consist of the following contingent liability in Mozambique:

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 allocated 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. The Company anticipates that the stamp duty will be approximately USD 750.

In the event that either the Company or any Royalty Holder elects to initiate the Royalty Buyback (60%) as agreed with Royalty Holders, the Company will be required to pay the existing Royalty Holders their original investment plus a 25% premium unless otherwise agreed. This buyback will reduce the Company's long-term Royalty exposure by 60%.

If all Royalty Funding is raised as per the Company's intention, the Company will be required to pay up to 2% of the Gross Revenue of the Port Gregory Project less associated sales and distribution costs. This would be reduced to 0.8% of the Gross Revenue of the Port Gregory Project less associated sales and distribution costs if all buybacks are initiated.

13. Related party transactions

✕ Transactions with related parties

During the reporting period, there were the following related party transactions:

- During the period GNJ Consulting Pty Ltd (a company of which Greg Jones is a director) provided exploration services to the Consolidated Entity to the value of \$30,000 (31 December 2024: \$27,000). The amount payable to GNJ Consulting Pty Ltd at 31 December 2025 was \$16,500 (including GST) (30 June 2025: \$5,500 (including GST)).
- During the period, IHC Robbins Pty Ltd (a company of which Greg Jones was an employee) provided exploration services to the Consolidated Entity to the value of \$54,378 (31 December 2024: \$261,425). The amount payable to IHC Robbins Pty Ltd at 31 December 2025 was \$6,677 (including GST) (30 June 2025: \$16,500 (including GST)).
- During the period, Heavy Minerals Ltd (a company incorporated in England & Wales, related by way of a mutual director, Adam Schofield) was loaned \$Nil (31 December 2024: \$Nil) to cover corporate costs of which \$3,352 was outstanding at the end of the period (31 December 2024: \$3,352).

The Directors of the Consolidated Entity declare that:

The financial statements and notes are in accordance with the *Corporations Act 2001* and:

- ✘ comply with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001;
- ✘ give a true and fair view of the Consolidated Entity's financial position as at 31 December 2025 and of the performance for the period ended 31 December 2025;

In the Directors' opinion there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors



Adam Schofield
Executive Chairman

16 March 2026

Criterion Audit Pty Ltd

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LEEDERVILLE WA 6007

Phone: 9466 9009

Independent Auditor's Review Report

To the Members of Heavy Minerals Limited

Conclusion

We have reviewed the half-year financial report of Heavy Minerals Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Heavy Minerals Limited does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the ethical requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Regarding Continuation as a Going Concern

We draw attention to Note 2(b) to the half year report, which indicates that the Consolidated Entity incurred a loss from ordinary activities of \$666,090 for the period ended 31 December 2025 and net cash outflows from operating activities of \$353,924. The working capital deficiency of the Consolidated Entity at 31 December 2025 was \$2,417,034. As stated in Note 2 (b), these events or conditions, along with other matters as set forth in Note 2 (b), indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity 's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Half-Year Financial Report

The Directors are responsible for the preparation of the half-year financial report that gives us a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a financial report 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 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.

Criterion Audit Pty Ltd

CRITERION AUDIT PTY LTD

ELIZABETH LOUWRENS

ELIZABETH LOUWRENS CA

Director

DATED at PERTH this 16th day of March 2026