



Garnet Tailings Processing Agreement Executed

Heavy Minerals Limited (ASX:HVY) ("Heavy" or the "Company") is pleased to announce that Hillgrove Copper Pty Ltd, a wholly owned subsidiary of **Hillgrove Resources** (ASX:HGO) ("Hillgrove" or "HGO") and the Company have executed a Binding Tailings Processing Agreement for the development of an Industrial Waterjet cutting Hardrock Almandine Garnet Project utilising Hillgrove's Kanmantoo Copper Mine Tailings in South Australia. The highlights are as follows:

Key Highlights:

▪ Binding Tailings Processing Agreement:

- ✖ Heavy and Hillgrove have executed a Binding Tailings Processing Agreement ("Agreement") for the extraction of industrial use Hardrock Almandine Garnet from the Kanmantoo Copper Mine Tailings. This follows extensive negotiations, sample testing, study work including Project process flow design, plant design, capital requirements, logistics, distribution and financial modelling.
- ✖ The Agreement defines the terms for the interaction between Heavy and Hillgrove during the remaining life of mine at Kanmantoo and the additional potential project life if Heavy elects to extract Garnet from the Tailings Storage Facility (TSF).
- ✖ The Company is aiming to receive feedstock and commence the production of industrial use material in Q4 2026¹.
- ✖ Under the terms of the Agreement and until such time as Heavy obtains Mining Tenure, its production will not exceed 50,000 tonnes per annum.
- ✖ Heavy's Kanmantoo Garnet Project will be a world class high-quality and low-cost Hardrock Almandine Waterjet Garnet Producer.

▪ Agreement Terms:

✖ Consideration payable to Hillgrove consists of:

- An initial \$50,000 payment on execution followed by \$150,000 exclusivity fee pending FID.
- 15% Gross Revenue Payment for the life of the existing copper gold mining operations.
- 5% Gross Revenue Payment for the life of TSF processing by Heavy, once existing copper gold mining operations have ceased or when Hillgrove enters a period of care and maintenance.
- A flat \$25/tonne royalty on out of specification garnet sold by Heavy.

On initial production Heavy will pay a minimum of \$500,000 annually increasing to \$1,000,000 annually when the processing plant is upgraded to a technical processing capacity of 100,000 tonnes per annum. Investors are cautioned that the minimum annual payment is a contractual term under the Agreement and is not a production target or forecast of the Company's

¹ This timetable is indicative only and is subject to change.



estimated production. The Company makes no representations or warranties as to the estimated production under the Agreement.

- ☒ Heavy will be responsible for all government royalties and fees relating to its garnet production.
- ☒ Heavy will operate on a separate mining lease (**Mining Tenure**) within the Kanmantoo Mining Lease.
- ☒ Heavy entitled to take over the Kanmantoo mining leases once Hillgrove ceases copper and gold production from the site.
- ☒ Heavy responsible for all environmental and rehabilitation obligations arising from its operations and for the whole site once Hillgrove completes its obligations and the mining leases are transferred to Heavy.

■ **Milestones:**

- ☒ The Company engaged with Hillgrove in late 2023 with respect to executing a potential agreement.
- ☒ Non-Binding term sheet executed in Q1 2025.
- ☒ Heavy met with North American Waterjet Garnet Distributors at the AMPP Annual Conference 2025, Nashville, TN.
- ☒ 12 tonne bulk sample collected from the live Tailings Stream at the Kanmantoo Mine processing plant in April 2025².
- ☒ IHC processed the bulk sample in May-June 2025 creating ten Garnet Waterjet cutting products³.
- ☒ CSIRO Waterjet cutting test program conducted in July-August 2025.
- ☒ Project financing discussions commenced in September 2025⁴.
- ☒ Distribution discussions commenced in April 2025 to include potential pre-sale funding in Europe & the USA⁴.

■ **Financing:**

- ☒ The Company aims to raise \$25-\$30M via a combination of debt funding, pre-sales and Royalties.
- ☒ The Company is advanced in its funding discussions with several interested parties.

■ **Distribution:**

- ☒ The Company is advancing discussions with distributors in the USA, Europe and Australia. Based on the Kanmantoo Mines geographical location, the Company expects there to be potential demand of 5-15kt of Waterjet Garnet in the Australian domestic market. The Company intends to market directly to end users or sell via distributors.

² As announced by the Company in its quarterly activities report for the quarter ending 30 June 2025.

³ As announced by the Company in its quarterly activities report for the quarter ending 30 September 2025.

⁴ At present the Company has not entered into formal agreements in respect of financing or distribution. Investors are cautioned that there is a risk that the Company may not be able to secure financing or distribution arrangements on acceptable terms, or at all.

Commentary from Executive Chairman, Mr. Adam Schofield:

"The Company is pleased to announce the execution of the Binding Tailings Processing Agreement with Hillgrove Resources which is the culmination of 18 months of negotiations, test work, process flow design, plant designs, capital estimation, financial modelling, logistics, distribution and contract negotiations.

Hard Rock Almandine Waterjet Garnet is an industrial use product that must meet end user specifications and requirements. Unlike mineral products, the quality of industrial use garnet is not assessed based on its mineral content but rather on its suitability for industrial applications such as waterjet cutting. This Agreement sets the pathway for Heavy to become Australia's only domestic Hard Rock Almandine Waterjet Garnet Producer. Subject to funding, the Company anticipates a Financial Investment Decision (FID) being made in the near term with equipment orders intended to be placed with IHC Mining shortly after FID. Current equipment manufacture times are approximately 8 months with 2 months required for shipping and installation. The funding requirement for the Project is estimated to be approximately AU\$25m - AU\$30m and the Company intends to raise funding in as non-dilutive a manner as is possible. The Company expects to release the modelling results in the coming weeks. The Kanmantoo Hard Rock Garnet Project work has been conducted in parallel to the Port Gregory PFS which the Company expects to be released in the coming weeks.

We believe this is an exceptional starter project for Heavy with the project balance sheet creating the possibility for a non-dilutive pathway to building the Port Gregory Project which will require a significantly larger capital investment. Heavy's strategic intention is to enter the global garnet market as early as possible and develop a strong international garnet distribution network ahead of production from Port Gregory.

We trust shareholders will recognise the significant work that has gone into the Kanmantoo Hard Rock Garnet Project to date and that they will be as excited as we are about its potential. We believe this sets a clear pathway for the Company to commence short term production ahead of fully developing its Port Gregory and Red Hill Projects."

Kanmantoo Garnet Project

The Kanmantoo Garnet Project is located approximately 44 km southeast of Adelaide within the Mount Barker District Council area in the Adelaide Hills (Figure 1).

The Kanmantoo Garnet Project is located within Hillgrove Resources Kanmantoo Copper Gold Mine which is an active underground mine with its access portal located in the previously mined open pit.

The Mine utilises the original processing plant and tailings storage facility used for the mining of the open pit.

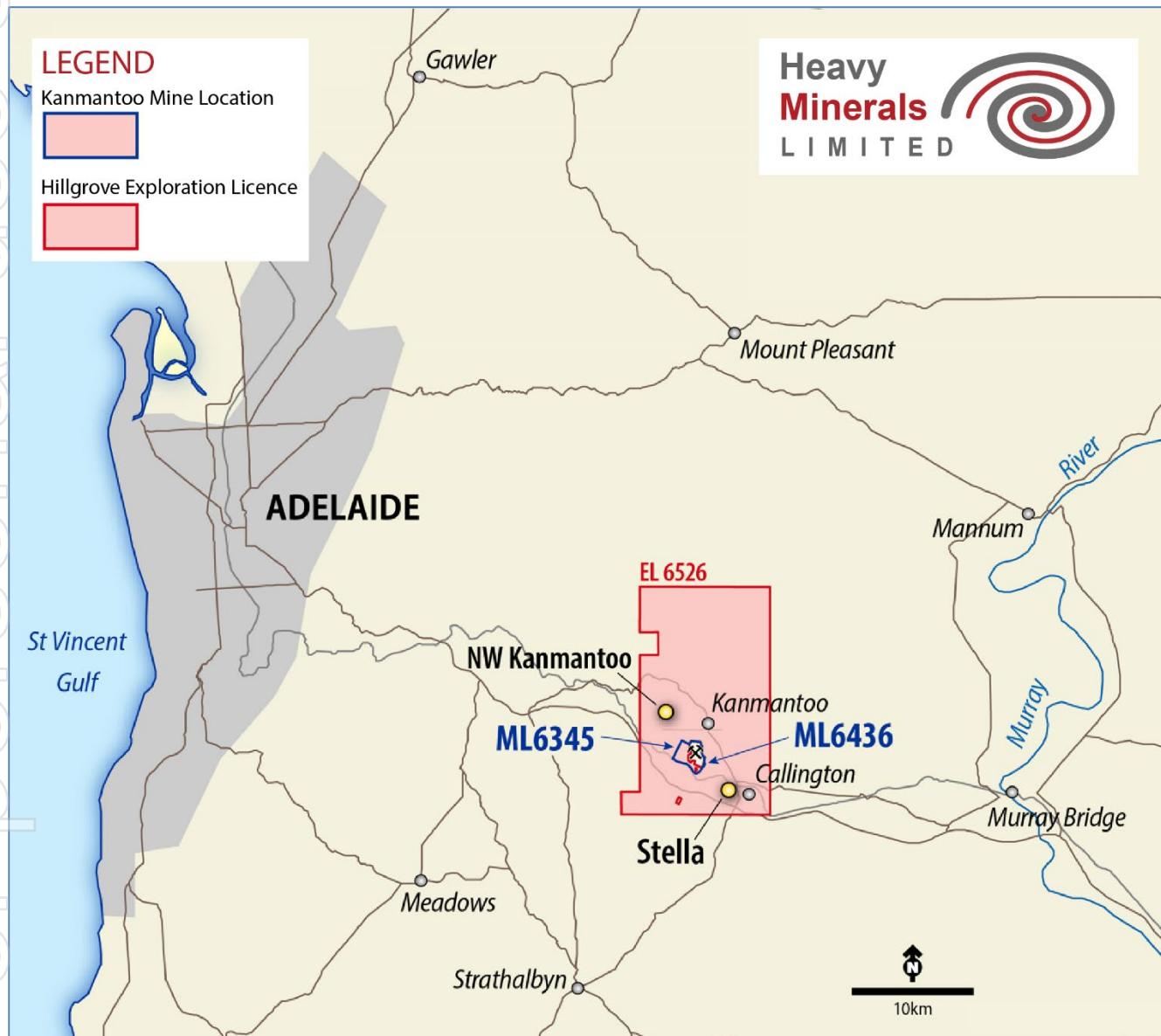


Figure 1 – Location of Hillgrove Mining Area (blue outline) within which Heavy has been allocated an area for its wet and dry plant.

Heavy has been allocated an area within the Kanmantoo Mines Processing Plant area and concentrate storage shed (Figure 2 & 3). The Heavy's Kanmantoo Garnet Project will receive live tailings from Hillgrove Resources Kanmantoo Underground Copper operation for the remainder of the estimated mine life before Heavy Minerals transitions to being the mine operator and processing the Tailings Storage Facility (Figure 4 & 5).

Under the terms of the Agreement, Heavy's production must not exceed 50,000 tonnes of Waterjet Garnet per annum until such time as the processing capabilities of its plant are upgraded to 100,000 tonnes per annum. Global Waterjet demand is approximately 500,000 tonnes per annum.

The Company has conducted significant work on the potential to extract a Waterjet Garnet from the Kanmantoo Copper Mine tailings which includes:

- Intercepting a 12-tonne bulk sample (Figure 6) directly from Kanmantoo's Copper Gold processing plant live tailings stream.
- Processing the bulk sample at IHC Mining in Yatala, Queensland to produce blended industrial grade Waterjet Garnet test products (Figure 7 & 8) to meet end user requirements.
- These Waterjet test samples were then successfully tested at CSIRO (Pullenvale, Queensland) on a Technijet – Intec 510-G2 waterjet cutting machine using a Quantum ESP 37 kw / 66,000 psi water pump (Figure 9).

Studies have also been conducted with IHC Mining and Allied Project Developments to determine process flow design and plant design. The Company has received firm capital costs for equipment and is finalising financial modelling, which will be released to market in the coming weeks.

IHC Mining conceptual 50,000 tonne per annum wet and dry plant designs are shown in Figures 10 & 11.



Figure 2 – Location of area (red outline) allocated to Heavy for its wet and dry processing plant.



Figure 3 – Kanmantoo Copper Gold Mine processing plant where Heavy's wet and dry processing plant will be located (Tailing Dam and Open Pit can be seen in the background).



Figure 4 – Kanmantoo Mine Tailings Storage Facility (TSF).



Figure 5 – Image showing the top of the Tailings Storage Facility (TSF) at Kanmantoo Mine.



Figure 6 – Image showing bulk sample being collected at the Kanmantoo Mine processing plant in April 2025.



Figure 7 – IHC processing Kanmantoo Mine bulk tailings Sample in May-June 2025. Garnet Concentrate visible in drum.



Figure 8 – IHC samples of Industrial Waterjet Cutting Garnet, derived from the Kanmantoo Mine live tailings stream.



Figure 9 – CSIRO Queensland (Engineering Workshop) Technijet - Intec 510-G2 waterjet cutting machine



Figure 10 – Location of IHC 50,000 tonne per annum conceptual Wet Plant in front of the Kanmantoo Copper Gold Processing Plant.



Figure 11 – Location of IHC 50,000 tonne per annum conceptual Dry Plant located in the Kanmantoo Copper Concentrate storage warehouse.

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 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 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.

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 ilmenite⁵.

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 garnet⁶. 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 Mineral⁷.

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

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

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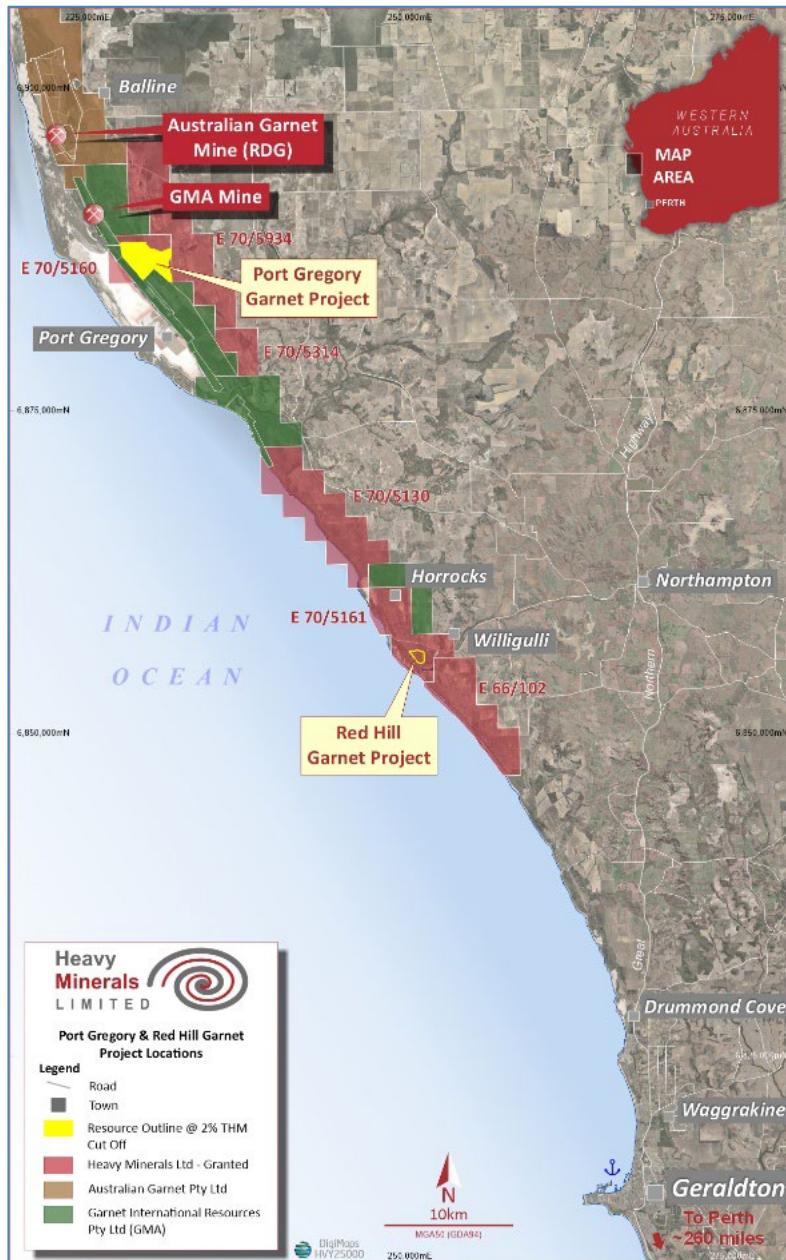


Figure 12 – Western Australian Project Locations - Port Gregory and Red Hill