

ASX Release

27 January 2026

HILLGROVE SIGNS TAILINGS PROCESSING AGREEMENT FOR GARNET RECOVERY

Hillgrove Resources Limited (**Hillgrove**) (ASX: HGO) is pleased to advise that it has entered into a Binding Tailings Processing Agreement (**Agreement**) with Heavy Minerals Limited (**Heavy Minerals**) (ASX: HVY) for the extraction and sale of garnet from the Kanmantoo process tailings and Tailings Storage Facility (**TSF**).

Key Benefits to Hillgrove are:

- **Income Generation:**
 - Hillgrove will receive 15% Gross Revenue Payments (**GRP**) from the sale of in specification garnet during mine operations (reducing to 5% post-mine closure) plus \$25 per tonne (**t**) for out of specification garnet used by Heavy Minerals.
 - Heavy Minerals guarantees a minimum GRP of \$500,000 per annum (**p.a.**) once garnet production commences. The guaranteed GRP will increase to \$1,000,000 p.a. once garnet production hits 100,000t p.a.
 - In addition to the GRP, an initial payment of \$50,000 will be made on agreement execution, followed by \$150,000 payment at Final Investment Decision (**FID**).
- **TSF Life Extension:** The extraction of garnet is expected to extend the operational life of the current Kanmantoo TSF.
- **Release from Rehabilitation Liabilities:** Upon completion of Hillgrove's mining operations, Heavy Minerals may elect to use the Kanmantoo TSF for further garnet extraction and take over the remaining and associated site rehabilitation obligations, subject to the agreement.

Under the Agreement, Heavy Minerals will construct and operate a garnet processing plant at Hillgrove's Kanmantoo Copper Mine in South Australia, to recover garnet from the existing process stream, with the potential to recover garnet from the TSF following completion of Hillgrove's mining operations.

Garnet is a specialised industrial mineral used in water jet cutting and other abrasive applications, with global waterjet cutting consumption of approximately 500,000t p.a.

Hillgrove anticipates Heavy Minerals will produce up to 50,000t p.a. for the first three (3) years, increasing to 100,000t p.a. in year four (4).

Commenting on the Agreement, Hillgrove CEO and Managing Director, Bob Fulker said:

"This Agreement delivers multiple benefits to Hillgrove shareholders. It provides a new income stream, extends the life of our TSF, and importantly, has the potential to transfer rehabilitation obligations to Heavy Minerals Limited post Kanmantoo closure. It is a strong example of value creation at Kanmantoo beyond copper production."

1 of 2

ASX | HGO

Hillgrove Resources Limited ACN 004 297 116

5-7 King William Road, Unley SA 5061

+61 8 7070 1698 | info@hillgroveresources.com.au

hillgroveresources.com.au

hillgrove
resources

ASX Release

Authorised for release by the Board of Hillgrove Resources Limited.

Engage with this announcement at the [Hillgrove Resources Investor Hub](#).

For more information contact:

Mr Bob Fulker

Chief Executive Officer & Managing Director

Tel: +61 (0)8 7070 1698

Mr Luke Anderson

Chief Financial Officer & Joint Company Secretary

Tel: +61 (0)8 7070 1698

Forward Looking Statement

This Report contains or may contain certain forward-looking statements and comments about future events, that are based on Hillgrove's beliefs, assumptions and expectations and on information currently available to management as at the date of this presentation. Often, but not always, forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "plan", "believes", "estimate", "anticipate", "outlook", and "guidance", or similar expressions, and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production and production potential, financial forecasts, product quality estimates of future Mineral Resources and Ore Reserves. Such statements are only expectations or beliefs and are subject to inherent risks and uncertainties which could cause actual values, results or performance achievements to differ materially from those expressed or implied in this announcement. Where Hillgrove expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and on a reasonable basis. No representation or warranty, express or implied, is made by Hillgrove that the matters stated in this presentation will in fact be achieved or prove to be correct. Except as required by law, Hillgrove undertakes no obligation to provide any additional or updated information or update any forward-looking statements whether on a result of new information, future events, results or otherwise. Readers are cautioned against placing undue reliance on forward-looking statements. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Hillgrove, the directors, and management of Hillgrove. These factors include, but are not limited to difficulties in forecasting expected production quantities, the potential that any of Hillgrove's projects may experience technical, geological, metallurgical and mechanical problems, changes in market prices and other risks not anticipated by Hillgrove, changes in exchange rate assumptions, changes in product pricing assumptions, major changes in mine plans and/or resources, changes in equipment life or capability, emergence of previously underestimated technical challenges, increased costs, and demand for production inputs.