

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."

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Authorised for release by the Board of Hillgrove Resources Limited.

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

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Forward Looking Statement

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