

25 FEBRUARY 2026

GROWTH IN EARNINGS AND INVESTING FOR THE FUTURE

Hillgrove Resources Limited (**Hillgrove**, the Company) (ASX: HGO) advises the release of its full-year financial results for the year ended 31 December 2025.

2025 was a year focused on disciplined investment and growth, laying the groundwork for a stronger operational and profit outlook in 2026 and beyond.

Financial Highlights

- Revenue of \$167.6 million, supported by increased copper and gold production with favourable pricing.
- EBITDA of \$26.0 million, reflecting disciplined cost control and improved operational performance.
- Increased cash balance of \$21.0 million at year-end.
- Capital investment of \$40.3 million, to expand copper and gold production.
- Strengthened balance sheet, providing flexibility to advance growth initiatives into 2026.

Operational Highlights

- 11,315 tonnes (t) Cu production at US\$4.29/lb All-in-costs (**AIC**), within the guidance range.
- Mining run rate ramped to over 1.5 Million tonnes per annum (**Mtpa**)¹, exceeding the 1.4 Mtpa target.
- Nugent development completed on schedule and within the \$21 million budget², creating a second mining front to support the planned Kanmantoo ramp-up to 1.7-1.8Mtpa run rate within H1 2026.
- 2025 Mineral Resources and Ore Reserves Estimate delivered significant increase in Reserve and Resource tonnes post depletion³.
- Advancing Emily Star, as a potential third ore source, supporting future throughput beyond 1.8 Mtpa.
- Advancement of near-mine and regional exploration and updated Exploration Targets across the broader Kanmantoo province⁴.

\$ Million	12 Months Ended 31 December 2025	12 Months Ended 31 December 2024	Change
Revenues	167.6	112.2	55.4
EBITDA	26.0	22.3	3.7
EBIT	5.6	(9.7)	15.3
Net Profit / (Loss) After Tax	0.1	(14.8)	14.9
\$ Million	As at 31 December 2025	As at 31 December 2024	Change
Closing cash balance	21.0	3.3	17.7
Total assets	150.2	107.4	42.8

¹ Refer to ASX release on 19 December 2025, titled "Hillgrove Delivers on 2025 Guidance and Sets Path for 2026".

² Refer to ASX release on 19 December 2025, titled "Nugent Completed on Schedule".

³ Refer to ASX release on 30 October 2025, titled "Hillgrove Resources Delivers Reserve Extension at 1.0%CuEq*".

⁴ Refer to ASX release on 11 December 2025, titled "Kanmantoo 2026 Exploration Update".

Commenting on CY2025 full-year results, Hillgrove CEO and Managing Director, Bob Fulker said:

"2025 was a defining year for Hillgrove, marked by disciplined investment to position the business for the next phase of delivery and growth. While the benefits of these investments were not fully reflected in the 2025 production or financial outcomes, the work completed has created the platform for stronger performance in the years to come.

Completing Nugent on schedule and within budget was a major achievement and has already delivered significant operational benefits, including increased flexibility and throughput above our initial targets. Importantly, the Kanmantoo operation remained cash-positive throughout the year, generating \$35.8 million¹ of operating mine cash flow, demonstrating the strength of the Kanmantoo asset and the capability of our team.

With Nugent now online, our attention has turned to Emily Star, which has the potential to become our third ore source and support further increases in production further utilising our available plant capacity. We are expecting updated drill results from Emily Star in H1 2026, which will inform our Stage 2 investment decision. We are entering 2026 with strong momentum, a clear growth pathway, and a commitment to delivering long-term value for our shareholders."

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

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.

¹ Refer to ASX release on 22 January 2026, titled "Quarterly Report and Appendix 5B for 31 December 2025". This figure differs to cash flow from operating activities in the Consolidated Statement of Cash Flows within the Annual Financial Report For the year ended 31 December 2025 as it excludes corporate costs, VOX royalties, and movements in working capital, but includes lease costs.

Preliminary final report for the year ended 31 December 2025

Name of entity: Hillgrove Resources Limited
ABN: 73 004 297 116
Current reporting period: 12 Months to 31 December 2025
Previous corresponding period: 12 Months to 31 December 2024

Results for announcement to the market	Up/Down	2025 \$m	2024 Restated \$m	Change \$m	Change %
Revenue from ordinary activities	Up	167.6	112.2	55.4	49.4%
Profit/(Loss) from ordinary activities after tax attributable to the owners of Hillgrove Resources Limited	Up	0.1	(14.8)	14.9	100.7%
Profit/(Loss) for the period attributable to the owners of Hillgrove Resources Limited	Up	0.1	(14.8)	14.9	100.7%

Dividends

There were no dividends paid, recommended or declared during the current or prior financial period.

Dividend reinvestment plans

Not applicable.

Details of associates and joint venture entities

Not applicable.

Details of entities over which control has been gained or lost during the period

The Company did not gain or lose control over any other entities during the period.

Net tangible assets	31 December 2025	31 December 2024 Restated
Net tangible assets per ordinary security	2.8 cents	2.4 cents

Earnings per share	31 December 2025	31 December 2024 Restated
Basic EPS (rounded to one decimal place)	0.0 cents	(0.7) cents
Diluted EPS (rounded to one decimal place)	0.0 cents	(0.7) cents

Additional information

This information should be read in conjunction with the 2025 Annual Financial Report which has been audited by PricewaterhouseCoopers and provides an unqualified opinion.



**Hillgrove Resources Limited
ACN 004 297 116
and Controlled Entities
Annual Financial Report
For the year ended 31 December 2025**

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Directors' Report

The Directors present their report on the consolidated entity (referred to hereafter as “the Group”) consisting of Hillgrove Resources Limited (Hillgrove or the Company) and the entities it controlled during the 12 months ended 31 December 2025.

Principal Activities

Hillgrove is an Australian mining company listed on the Australian Securities Exchange (ASX: HGO) and focused on mining the Kanmantoo Underground Copper Mine in South Australia and mineral exploration in the south-east of South Australia. The Kanmantoo Copper Mine is located 55 kilometres from Adelaide in South Australia.

Directors and Officers

The Directors and Officers of the Company during the whole of the financial year and up to the date of this report are:

Mr Derek Carter
Independent Non-Executive Chair
Chair Nomination Committee
BSc, MSc, FAusIMM

Derek has over 50 years' experience in exploration and mining geology and management. He held senior positions in Burmine Ltd and the Shell Group of Companies where he was responsible for discovering the Los Santos tungsten deposit in Spain, before founding Minotaur Gold NL in 1993. He resigned as Chair of Minotaur Exploration Ltd in November 2016. Derek was awarded AMEC's Prospector of the Year Award (jointly) in 2003 for the discovery of the Prominent Hill copper-gold deposit, the AusIMM President's Award and is a Centenary Medallist. Derek is currently the Chair of PTR Minerals Ltd (ASX: PTR).

Derek is a member of the Audit and Risk, Remuneration and Nomination Committee.

Appointed 24 April 2020.

Mr Robert Fulker
Chief Executive Officer and Managing Director
BEng (Mining), MSc (Mineral & Energy Economics), FAusIMM

Robert is a highly experienced Mining Engineer with over 40 years of experience in the minerals industry. He has held Senior Executive positions at Evolution Mining and OZ Minerals, where he was responsible for leading the safe and efficient delivery of significant operations. Robert's extensive experience spans Australia, Africa, and Canada, where he has consistently achieved outstanding results in various mineral sectors. His strategic leadership in corporate roles and operational excellence through innovative solutions have significantly enhanced safety, operations, and profitability. Throughout his career, Robert has worked with industry leaders such as Rio Tinto, Normandy Mining, BHP, OZ Minerals, and Evolution Mining.

Appointed 1 July 2024.

Mr Murray Boyte
Independent Non-Executive Director
Chair Audit and Risk Committee
BCA, CA, MAICD

Murray has over 40 years' experience in merchant banking and finance, undertaking company reconstructions, mergers and acquisitions in Australia, New Zealand, North America and Hong Kong. Murray holds a Bachelor of Commerce and Administration from the Victoria University in Wellington and is a member of the Australian Institute of Company Directors, and Chartered Accountants Australia & New Zealand. In addition, Murray has held executive positions and directorships in the transport, horticulture, financial services, investment, health services and property industries. Murray is currently Chair of National Tyre & Wheel Limited (ASX: NTD). He retired as the Chair of Eureka Group Holdings Limited (ASX: EGH) on 25 February 2025, and as a Non-Executive Director of Eumundi Group (ASX: EBG) on 14 February 2025.

Murray is a member of the Audit and Risk, Remuneration and Nomination Committee.

Appointed 10 May 2019.

Mr Roger Higgins
Independent Non-Executive Director
Chair Remuneration and Nomination Committee
BE (Hons), MSc, PhD, FAusIMM, FIEAust

Roger has over 50 years of experience in the resources industries, including being a former Managing Director of Ok Tedi Mining Limited in Papua New Guinea and Senior Vice President Copper at Canadian metals and mining company Teck Resources Limited. He was also Vice President and Chief Operating Officer with BHP Base Metals (Australia) and held senior operations and project positions with BHP in Chile. He is an Adjunct Professor with the Sustainable Minerals Institute, University of Queensland. He was previously the Chair of both Minotaur and Demetallica Limited and a Non-Executive Director of Newcrest Mining Limited and Worley Limited.

Roger is a member of the Audit and Risk, Remuneration and Nomination Committee.

Appointed 6 June 2023.

Mr Luke Anderson
Chief Financial Officer and Joint Company Secretary
BA (Acc), CA, MAICD

Luke is a Chartered Accountant with over 25 years' experience in financial management, corporate development, and executive leadership across the resources and transport sectors in Australia and the United States. He has held senior roles including CEO of One Rail Australia and Andromeda Metals, President and CEO of Unimin Corporation, and CFO of OZ Minerals. Luke brings deep expertise in executive leadership, corporate strategy and financial operations to Hillgrove Resources, supporting the Company's continued growth.

Appointed 2 June 2025.

Mr Jake van der Hoek
Joint Company Secretary

Appointed 29 November 2024.

Mr Joe Sutanto
Chief Commercial Officer (Previously Chief Financial Officer and Joint Company Secretary)

Appointed 16 June 2023 in previous role. Appointed 2 June 2025 as Chief Commercial Officer.
Employment ceased on 31 August 2025.

Directors' Meetings

The attendance of Directors at Board and Committee meetings during the financial year were as follows:

Meetings Held	Board		Remuneration Committee		Audit & Risk Committee		Nomination Committee		Remuneration and Nomination Committee**		Treasury Committee***	
Director	A	B	A	B	A	B	A	B	A	B	A	B
Mr D Carter	18	17	2	2	7	7	3	3	1	1	-	-
Mr M Boyte	18	18	2	2	7	7	3	3	1	1	-	-
Mr R Higgins	18	17	2	2	7	6	3	2	1	1	-	-
Mr R Fulker	18	18	2	2*	7	7*	3	3*	1	1*	-	-

A – Number of meetings held during the time the Director was a member of the Board and/or Committee.

B – Number of meetings attended during the time the Director was a member of the Board and/or Committee.

*Attendance at Committee meeting by invitation.

** On 22 August 2025, the Board approved the dissolution of the Remuneration Committee and the Nomination Committee, and the constitution of a combined Remuneration and Nomination Committee.

*** On 22 August 2025, the Board approved the dissolution of the Treasury Committee, the responsibilities of which are now overseen by the Audit and Risk Committee.

Financial Review

Consolidated Profit or Loss Summary

	2025 (\$M)	2024 Restated (\$M)
Revenue from ordinary activities net of treatment costs and refining costs (TCRCs)	167.6	112.2
Profit / (Loss) from ordinary activities after tax attributable to the owners of Hillgrove Resources Limited	0.1	(14.8)
Profit / (Loss) for the year attributable to the owners of Hillgrove Resources Limited	0.1	(14.8)

For the year ended 31 December 2025, the net profit after tax was \$0.1 million compared to a net loss after tax of \$14.8 million for the year ended 31 December 2024 (restated).

Consolidated Statement of Profit or Loss Overview

	Dec 2025 (\$M)	Dec 2024 Restated (\$M)	Change (\$M)
Copper revenue	153.9	111.2	42.7
Gold revenue	12.3	5.4	6.9
Silver revenue	4.6	2.9	1.7
Less: TCRCs	(3.2)	(7.3)	4.1
NET REVENUE FROM SALE OF CONCENTRATE	167.6	112.2	55.4
Mining costs	(85.2)	(53.4)	(31.8)
Processing costs	(23.8)	(20.5)	(3.3)
Transport and shipping costs	(6.4)	(4.0)	(2.4)
Other direct costs	(7.5)	(5.0)	(2.5)
Movement in inventory stockpile valuation (cash costs)	(1.2)	2.5	(3.7)
Government royalties	(8.3)	(5.4)	(2.9)
Corporate costs	(8.3)	(4.7)	(3.6)
Exploration and project costs written off	(1.0)	(0.4)	(0.6)
TOTAL COSTS	(141.7)	(90.9)	(50.8)
Net realised gains/(losses)	0.2	0.2	0.0
Other income and expenses	(0.1)	0.8	(0.9)
EBITDA	26.0	22.3	3.7
Depreciation and amortisation	(20.9)	(31.8)	10.9
Movement in inventory stockpile valuation (non-cash costs)	0.5	(0.2)	0.7
EBIT	5.6	(9.7)	15.3
Net interest and financing charges	(4.6)	(4.9)	0.3
Income tax expense	(0.9)	(0.2)	(0.7)
NET PROFIT/(LOSS) AFTER TAX	0.1	(14.8)	14.9

Net revenue (inclusive of fixed pricing) increased by \$55.4 million to \$167.6 million, reflecting the first full year of underground mining at Kanmantoo and a step-change in mining rates to 1.45Mtpa, up from 0.9Mtpa in 2024. This uplift in throughput translated directly into higher copper, gold and silver revenues, supported by an average realised copper price of \$14,321 per tonne.

Total costs increased by \$50.8 million to \$141.7 million, aligned with the expanded operating activities. Mining costs increased in-line with tonnes mined. Processing costs increased disproportionately to the change in production volumes with some economies of scale being realised, but the prior year also included additional non-recurring plant start up expenditure.

EBITDA increased to \$26.0 million (2024: \$22.3 million), reflecting stronger operating performance and improved revenue scale. Profitability in 2025 was moderated by the average mined grade of 0.83%, reflecting the scheduled progression through the lower-grade Kavanagh "pinch zone" in the second half of the year.

Net profit after tax for 2025 of \$0.1 million, represented a \$14.9 million increase from the \$14.8 million loss recorded in 2024. This largely reflected the reduction in depreciation and amortisation of \$10.9 million due to an increase in the estimated mine life.

Consolidated Cash Flow Overview

	Dec 2025 (\$M)	Dec 2024 (\$M)	Change (\$M)
Net cash flows from operating activities	20.4	21.0	(0.6)
Net cash used in investing activities	(40.3)	(32.0)	(8.3)
Net cash flows from financing activities	37.6	4.1	33.5
Net increase in cash held	17.7	(6.9)	24.6
Cash and cash equivalents at the end of the year	21.0	3.3	17.7

Cash Flows from Operating Activities

For the year ended 31 December 2025, the Group generated net cash flows from operating activities of \$20.4 million, broadly in line with the prior year (2024: \$21.0 million). This outcome reflects the first full year of underground production at Kanmantoo, higher copper production volumes and improved realised prices, offset by higher operating costs associated with increased mining and processing activity. Additionally, 2024 had a higher proportion of mine development costs capitalised, which is included in investing activities.

Cash receipts from customers increased to \$159.9 million, compared with \$106.8 million in the prior period, reflecting the transition to steady-state underground production. Operating cash outflows increased in line with higher production levels and expanded operational activity.

Cash Flows used in Investing Activities

Net cash outflows from investing activities were \$40.3 million (2024: \$32.0 million), primarily comprising of major capital for mine development at Nugent, as well as other surface and underground sustaining capital to support increased copper production for 2025 and beyond. Exploration and evaluation expenditure totalled \$0.5 million during the year.

Cash Flow from Financing Activities

The Group recorded net cash inflows from financing activities of \$37.6 million (2024: \$4.1 million), driven by \$43.0 million raised through equity issuances, net of transaction costs. These inflows were partially offset by \$4.9 million of lease repayments and \$0.8 million of borrowing transaction costs associated with the Freeport standby facility. Interest income of \$0.3 million was received during the year.

As a result, cash and cash equivalents increased by \$17.7 million, from \$3.3 million at 31 December 2024 to \$21.0 million at 31 December 2025, strengthening the Group's liquidity position and providing funding capacity to support ongoing operations and growth initiatives.

Consolidated Statement of Financial Position Overview

	31 Dec 2025 (\$M)	31 Dec 2024 Restatement (\$M)	Change (\$M)
Cash and cash equivalents	21.0	3.3	17.7
Trade and other receivables	9.2	3.7	5.5
Inventories	7.5	7.3	0.2
Property, plant and equipment	100.0	76.9	23.1
Right-of-use assets	6.0	9.2	(3.2)
Exploration and evaluation expenditure	6.5	7.0	(0.5)
Total assets	150.2	107.4	42.8
Trade and other payables	26.1	26.1	-
Provisions	9.1	9.5	(0.4)
Lease liabilities	4.6	8.7	(4.1)
Employee benefits payable	4.8	3.4	1.4
Other liabilities	9.6	9.2	0.4
Total Liabilities	54.2	56.9	(2.7)
NET ASSETS/EQUITY	96.0	50.5	45.5

At 31 December 2025, the Group's total assets increased by \$42.8 million to \$150.2 million, reflecting continued investment in the Kanmantoo underground operation and a materially strengthened cash position.

Property, plant and equipment increased by \$23.1 million to \$100.0 million, primarily due to underground mine development at Nugent and other capital works to support production growth. Cash and cash equivalents increased by \$17.7 million to \$21.0 million, reflecting operating cash generation and equity capital raised during the year. Trade and other receivables increased by \$5.5 million, largely due to the timing of concentrate shipments and provisional pricing at period end.

Inventory levels increased modestly by \$0.2 million to \$7.5 million, with a higher stockpile value on hand at year end offset by lower concentrate inventories. Exploration and evaluation assets decreased by \$0.5 million, reflecting additions less impairment charges recognised in the consolidated statement of profit or loss during the year.

Total liabilities decreased by \$2.7 million to \$54.2 million. This reduction was primarily driven by a \$4.1 million decrease in lease liabilities, reflecting repayments, and early lease terminations. Provisions reduced by \$0.4m following updates to rehabilitation estimates, partially offset by higher employee-related liabilities associated with workforce growth.

As a result of these movements, net assets increased by \$45.5 million to \$96.0 million, underpinned by equity capital raisings completed during the year to invest in capital expansions of the mine and a return to operational profitability. The Group closed the year with a strong balance sheet, no drawn debt, and enhanced financial flexibility to support ongoing operations and future growth.

Other liabilities - retrospective application of a change in accounting policy

During the year ended 31 December 2025, the Group voluntarily restated its prior period financial information to reflect a change in the accounting treatment of a revenue-linked royalty arrangement. The restatement followed a reassessment of the substance of the arrangement and was not the result of the correction of an error. The Directors determined that the revised accounting policy appropriately reflects the economic substance of the arrangement and provides more reliable and relevant information to users of the financial statements in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The impact of the restatement was limited to the presentation and measurement of certain balance sheet and profit or loss items and did not affect cash flows. Further details of the nature of the change and the quantitative impact on prior period balances are set out in Note 1(h) to the consolidated financial statements.

Operating Review

2025 represented the first full year of operation from the underground mine. The Company expanded its operating footprint through the year, delivering higher copper production volumes and advancing the development required to sustain and grow the Kanmantoo operation. Underground performance strengthened, supporting more consistent ore delivery and enabling the processing plant to operate at increased throughput. Despite lower grade as the operation moves through the Kavanagh “pinch” zone, the fourth quarter copper production of 2,962 tonnes was a record for the underground operation. This uplift in mine and mill performance underpinned operational stability and provides the foundation for improved financial outcomes.

A major achievement for the year was the development of the Nugent mining area to provide a second mining front that is expected to increase operational flexibility and support the ramp-up of processing throughput. Along with Kavanagh, Nugent will support the planned Kanmantoo ramp-up to 1.7-1.8Mtpa by H1 2026.

Development and geological work also progressed on future growth areas, with the Company advancing drilling and planning for the Emily Star deposit. Emily Star represents the next logical expansion step for Kanmantoo, with the potential to support the mine to beyond 1.8Mtpa. Work completed in 2025 focused on preparatory work including the commencement of the Emily Star exploration drive, which will support the planned drilling and economic assessment in 2026.

Across the operation, the Company continued to invest in infrastructure, mine services and operational readiness to support higher production. Upgrades in ventilation, material handling and underground services strengthened the mine’s capacity to sustain multiple active mining fronts. The processing plant delivered consistently strong metallurgical performance.

By year-end, the Company has established a more resilient and scalable operating system. The addition of Nugent as a second mining front, combined with advancing Emily Star as the next potential ore source, created a clear pathway for continued organic growth across Kanmantoo in the years ahead.

Kanmantoo Production Metrics	Units	2025 Total	Dec 2025 Quarter	Sep 2025 Quarter	Jun 2025 Quarter	Mar 2025 Quarter
Mining Physicals						
Total Development	m	7,823	2,116	1,879	2,011	1,817
Inventory Mined	kt	1,451	402	375	336	338
Grade Mined*	%	0.83	0.75	0.82	0.78	0.96
Processing Physicals						
Tonnes Processed	kt	1,445	410	366	353	316
Grade Processed*	%	0.83	0.76	0.81	0.77	0.99
Recoveries	%	94.9	95.5	94.5	95.2	94.2
Production						
Copper Produced	t	11,315	2,962	2,808	2,593	2,952
Gold Produced	oz	2,749	753	711	555	730
Silver Produced	oz	85,721	20,899	20,321	19,604	24,897

*Weighted average grade.

Outlook and Future Developments

The Company enters 2026 with a defined pipeline of growth opportunities. The immediate focus is on completing the ramp-up of Nugent and increasing the mine throughput to 1.7-1.8Mtpa by the end of H1 2026. The full benefit of the Nugent investment is expected to be realised in the second half of 2026, with higher mining rate supporting lower unit costs and increased by-product credits reflecting Nugent's higher gold content. In parallel, the Emily Star Exploration Drive is progressing to enable resource definition drilling and extensional drilling to enable completion of the economic assessment of the resource. Emily Star has the potential to become a third mining front, supporting throughput beyond 1.8Mtpa and further enhancing operational flexibility. Subject to positive drilling results and a favourable economic assessment, an investment decision for Emily Star, Stage 2, is expected in second half of 2026.

The Company continues to advance a suite of near-mine Exploration Targets that leverage existing underground access and surface infrastructure. These opportunities provide a low-cost pathway to extend mine life, increase production optionality, and unlock the broader potential of the Kanmantoo province. The Company is also undertaking assessments of its tenement holding to ensure the portfolio remains strategically aligned with the future development priorities and long-term value creation. Together, these initiatives position the Company to continue to increase copper and gold production, improving unit costs, and delivering long-term value from its established operating base in South Australia.

Material Business Risks

The Company prepares its business plan based on estimates of production and financial performance, using a range of assumptions and forecasts. However, these assumptions and forecasts, due to the nature of the business, are subject to inherent uncertainties, and variations from them may result in actual performance differing from expected outcomes. The Company recognises that business risks can evolve over time and therefore continuously reviews key risks and uncertainties that have the potential to impact its operations. These uncertainties arise from various factors, including the inherent characteristics of the mining industry and broader economic conditions.

The Group actively manages material risks, along with other operational risks, through a range of structured and formal processes, including oversight by Board Committees, risk assessments conducted by leadership teams, and formal risk reporting mechanisms. The key business risks that may impact the Group's operational and financial performance as of 31 December 2025 are outlined below.

Fluctuations in Metal Prices and Exchange Rate Risk

The Group's revenues are exposed to fluctuations in copper, gold, and silver prices as well as USD:AUD exchange rate. The volatility of metal prices creates revenue uncertainty and necessitates proactive management to ensure that operating cash margins are maintained in the event of a decline in the Australian dollar price of these commodities. Given copper, gold and silver are sold in US dollars, changes in the USD:AUD exchange rate can impact the Australian dollar revenue received and may either mitigate or amplify the impact of metal price fluctuations and associated commodity cost inputs. A sustained decline in metal prices could also impact operational decisions, including the need to reassess the economic feasibility of particular exploration activities or the Kanmantoo mine.

Mineral Resources and Ore Reserves

The estimation of Mineral Resources and Ore Reserves requires the application of geological, technical, and economic assumptions. This process involves determining the size, shape, and depth of mineralised ore bodies through the analysis of geological data, such as drilling samples. Given the complexity of geological formations, these estimations often require intricate geological interpretations and calculations.

Economic assumptions underpinning Mineral Resource and Ore Reserve estimates may vary from year to year. Additionally, as new geological data is obtained through ongoing exploration and mining activities, these estimates may be subject to change. Variations in reported Mineral Resources and Ore Reserves can have either a positive or negative impact on the Group's financial performance.

There is no certainty that current or future exploration programs will result in the discovery of additional mineral resources. There is also a risk that Ore Reserves may be depleted without sufficient replacement through new discoveries, conversions or acquisitions. Should the Mineral Resource base decline without adequate replenishment, the Group may be unable to sustain production levels beyond the current mine life, based on existing production rates.

Mining Risks and Insurance Risks

The mining industry is subject to a range of significant risks and hazards. These include environmental incidents, industrial accidents, unforeseen geological conditions, shortages of materials and equipment, pit wall failures, rock bursts, seismic events, cave-ins, and adverse weather conditions such as flooding and bushfires, many of which are beyond the Group's control. Such events have the potential to cause substantial costs or operational delays, which could materially affect the Group's financial performance, liquidity, and overall results.

To mitigate these risks, the Group maintains insurance coverage for some mining-related hazards. The level of insurance coverage is assessed based on the nature of each identified risk, with consideration given to factors such as property and liability exposure. However, it is important to note that insurance may not be economically available or may not always provide full coverage for losses associated with these or other unforeseen risks and hazards.

Production and Cost Estimates

The Group prepares estimates of future production, cash costs, and capital costs for its operations. However, there is no assurance that these estimates will be achieved. Failure to meet production or cost targets, or material increases in costs, could negatively impact the Group's future cash flows, profitability, operational results, and overall financial condition.

Actual production and costs may differ from estimates due to numerous factors, including:

- Variations between estimated and actual ore grades, tonnage, dilution, and metallurgical characteristics;
- Short-term operational factors related to Ore Reserves, such as the need for sequential development of ore bodies and processing of different ore grades;
- Revisions to mine plans;
- Mining-related risks and hazards;
- Natural phenomena such as adverse weather conditions, water availability, and flooding; and
- Unexpected labour shortages.

Production costs may also be influenced by factors such as labour costs, commodity price fluctuations, general inflationary pressures, and exchange rate volatility.

Environmental Regulatory Risk

The Group's operations are subject to environmental regulations at both the Commonwealth and State levels, covering areas such as air and water quality, waste management, emissions control, environmental impact assessments, mine rehabilitation, and access to ground and surface water. Some operations must also comply with environmental protection legislation and development consents specific to their jurisdiction.

The Directors are not aware of any material breaches of the Company's licences, and all mining and exploration activities are conducted in compliance with relevant environmental regulations. However, the Company's projects remain subject to evolving environmental laws and regulations, which may create regulatory risk.

The Company is committed to complying with all applicable environmental laws and regulations and conducts its activities in a responsible manner to minimise environmental impact.

Climate Change

The Group recognises that climate change is occurring and acknowledges its potential to impact communities, business operations, financial performance, cash flows, and investment decisions. Key climate-related risks include:

- Physical risks: Energy and emissions management, water security, and the effects of extreme weather events or health-related incidents.
- Transition risks: Legislative and regulatory changes, reputational considerations, technological advancements, market shifts, and increased shareholder activism.

The Group is committed to proactively managing these risks and integrating climate considerations into its business strategy and decision-making processes.

Financial Solvency Risks

The Group seeks to maintain an adequate cash balance to ensure sufficient liquidity for ongoing operations. Given the substantial working capital requirements associated with commodity sales and price volatility, maintaining liquidity is a critical factor in the financial stability of the Company.

Operational and financial risk factors impact liquidity, and the Board and management continuously monitor the Group's solvency position. The Company aims to maintain an appropriate level of working capital to mitigate solvency risks and ensure business continuity.

Operational Risk

The Company produces copper, gold, and silver under commercial contracts, with ongoing production essential for funding planned expenditures. Operational success depends on efficient resource management, production continuity, and effective risk mitigation.

Potential risks include:

- Operational disruptions: Underground mining issues, reserve variability, machinery failures, power outages, and supply chain issues; and
- Environmental hazards: Spills, emissions, noise, and extreme weather; and
- Industrial incidents: Workplace accidents and unforeseen cost escalations; and
- Regulatory and market risks: Government policy changes, inflation, and commodity price fluctuations.

Sustained production also requires resource discovery, efficient exploration, and securing necessary permits and approvals. The Group actively manages operational risks through structured governance and contingency planning.

Capital Raisings

In March 2025, the Company completed a combined equity raising of \$18.0 million (before costs) comprising placement to institutional and sophisticated investors, and a Share Purchase Plan ("SPP") to existing shareholders. The combined equity raise funded the Nugent Acceleration and general working capital requirements. The combined equity raise was completed at 3.5 cents per share with 515,275,666 new ordinary shares issued. All proceeds were received in 2025.

In September 2025, the Company completed a placement of \$28.0 million (before costs), to Australian and international institutional and sophisticated investors. Proceeds raised were to advance exploration drilling and development at Emily Star, complete development of the Nugent ore body, and support working capital requirements. The placement was completed at 3.5 cents per share, and 800,000,000 new ordinary shares were issued. All proceeds were received in 2025.

Dividends

There were no dividends paid, recommended or declared during the current or prior financial period.

Significant Changes in the State of Affairs

Other than those matters listed in this report there have been no significant changes in the affairs of the Group during the period.

Events Subsequent to Balance Date

No material events have occurred post the reporting period until the date of signing.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the Group in the short to medium term will largely be focussed on production from the Kanmantoo Underground and increasing the mine life.

Environmental Regulation

Closure of an operation brings with it potential significant financial, environment, and social impacts. Recognising this, a closure management plan for Kanmantoo has been prepared, which includes long term monitoring to verify that controls are effective, and standards are maintained.

The Group has a policy of engaging appropriately experienced contractors and consultants to advise on and ensure compliance with environmental regulations in respect of its exploration and development activities. There have been no reports of material breaches of environmental regulations in the financial period at the date of this report, however elevated metals in groundwater detected in a borehole on the mining lease was reported to the Regulator in October 2021. Whilst this is currently immaterial, and there were no notable changes to the levels during 2025, Hillgrove Resources continues to monitor the borehole to ensure that it does not lead to a material breach of any environmental regulations.

Indemnification and Insurance of Officers

Officers' Indemnity

Article 102 of the Company's Constitution provides that "To the extent permitted by law and subject to the restrictions in section 199A of the Corporations Act, the Company indemnifies every person who is or has been an officer of the Company against any liability reasonably incurred by that person as an officer of the Company (including liabilities incurred by the officer as an officer of a subsidiary of the Company where the Company requested the officer to accept that appointment)."

Indemnity of Auditors

Hillgrove Resources Limited has agreed to indemnify their auditors, PricewaterhouseCoopers, to the extent permitted by law, against any claim by a third party arising from Hillgrove Resources Limited's breach of their agreement. The indemnity stipulates that Hillgrove Resources Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

Directors' and Officers' Insurance

During the financial year, the Company paid a premium in respect of a contract for directors' and officers' liability insurance. It is a condition of this Policy that each Insured and/or any persons at their direction or on their behalf shall not disclose the existence of any Coverage Section, its Limits of Liability, the nature of the liability indemnified, or the premium payable.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the period are set out in Note 7(e).

The Audit and Risk Committee has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001*.

None of the services provided undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards. A copy of the Auditors' Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 30.

Corporate Governance

The Board is committed to following ASX Corporate Governance Council *Corporate Governance Principles and Recommendations*. The Company adopts these best practice recommendations in its policies and procedures where it is appropriate to do so, given the size and type of Company and its operations.

The Board has a process of reviewing all policies and corporate governance processes. Charters are reviewed and updated periodically. These charters provide the framework and roles of respective committees for the appointment of Non-Executive Directors to undertake specific responsibilities on behalf of the Board.

Details of the corporate governance policies adopted by the Company and referred to in this statement are available on the Company's website at www.hillgroveresources.com.au.

Remuneration Report (Audited)

The Directors of Hillgrove Resources Limited and its Consolidated Entities present the Remuneration Report for the Company for the year ended 31 December 2025, which forms part of the Director's Report and has been audited in accordance with section 308 (3C) of the Corporations Act 2001.

1.0 Key Management Personnel

Details of the key management personnel are set out in the table below.

Executive Director	Title (At Year End)	Change In 2025 Financial Year
Mr R Fulker	Chief Executive Officer and Managing Director	No changes.
Non-Executive Directors	Title (At Year End)	Change In 2025 Financial Year
Mr D Carter	Chair Member Remuneration and Nomination Committee Member Audit and Risk Committee	No changes.
Mr M Boyte	Director Chair Audit and Risk Committee Member Remuneration and Nomination Committee	No changes.
Mr R Higgins	Director Chair Remuneration and Nomination Committee Member Audit and Risk Committee	No changes.
Other Key Management Personnel	Title (At Year End)	Change In 2025 Financial Year
Mr L Anderson	Chief Financial Officer and Joint Company Secretary	Appointed 2 June 2025
Mr J Sutanto	Chief Commercial Officer*	Employment ceased on 31 August 2025

*Title as at the last day of Mr Sutanto's employment.

2.0 Role of the Board and the Remuneration and Nomination Committee

The Board is responsible for the Company's remuneration strategy and policy. Consistent with this responsibility, the Board has established a Remuneration and Nomination Committee which is chaired by an Independent Non-Executive Director.

The role of the Remuneration and Nomination Committee, in respect of remuneration strategy, is set out in its Charter and in summary is to:

- Review and approve the Company's remuneration strategy and policy;
- Consider and propose to the Board the remuneration of the CEO and consider and approve the remuneration of all designated senior executives;
- Review and approve Hillgrove Resources' short-term incentive (STI) and long-term incentive (LTI) schemes, including amounts, terms and offer processes and procedures;
- Determine and approve equity awards in accordance with policy and shareholder approvals, including testing of vesting and termination provisions; and
- Review and make recommendations to the Board regarding remuneration of non-executive directors.

Further information on the Remuneration Committee's role, responsibilities and membership is contained on the Company's website www.hillgroveresources.com.au.

2.1 Remuneration and Benefits Policy

The Company's approach to remuneration is outlined in the Remuneration and Benefits Policy and is based on providing competitive rewards that motivate talented employees to deliver superior results.

The Remuneration and Benefits policy aims to:

- Align employee remuneration to the principles and measurement of Total Shareholder Return (TSR);
- Present progressive incentive structures to encourage outstanding performance, and hence improved TSR; and
- Mitigate the business risks associated with poor performance, market movements and employee turnover.

The Remuneration Committee Charter and Remuneration and Benefits Policy can be viewed in the Company's website www.hillgroveresources.com.au.

2.2 Use of Remuneration Consultants

The Remuneration Committee is briefed by management, however, it makes all decisions free of influence of management.

Further to the management briefings, to assist in its decision making, the Committee may, from time to time, seek independent advice from remuneration consultants, and in so doing will directly engage with the consultant without management involvement.

In the year ending 31 December 2025, no external consultants were used in relation to remuneration advice.

3.0 Non-Executive Director Remuneration

Elements	Details			
Aggregate Board and Committee Fees	The total amount of fees paid to non-executive directors in the year ended 31 December 2025 is within the aggregate amount approved by shareholders of \$450,000 a year. Non-executive Directors receive a fixed remuneration consisting of a base fee and additional fees for Committee roles.			
Board and Committee Fees Per Annum (including super)		2025	2026	
	Board Chair Fee	\$140,000	\$142,500	
	Board NED Base Fee	\$85,000	\$87,000	
	Remuneration and Nomination Committee Chair Fee	\$7,000	\$7,000	
	Audit and Risk Committee Chair Fee	\$7,000	\$7,000	
Post-Employment Benefits				
Superannuation	Superannuation contributions for Non-Executive Directors are made in accordance with the Superannuation Guarantee legislation. Contributions were made at a rate of 11.5% of base fees until 30 June 2025 and at 12.0% from 1 July 2025 (subject to the Government’s prescribed maximum contribution limits). These contributions are included within the total fees disclosed. Mr Higgins is exempt from the Superannuation Guarantee requirements. Accordingly, no superannuation contributions were made on his behalf. Instead, an equivalent amount is paid directly to Mr Higgins as part of his directors’ fees, and the remuneration disclosed in Table 4.6 represents the total fee paid, including superannuation.			
Other Benefits				
Equity Instruments	Non-Executive Directors may receive equity instruments, including options or performance rights for alignment purposes. Equity instruments granted to Non-Executive Directors are intended to align directors’ interest with long-term shareholder value and do not form part of a performance incentive framework. The Board considers that the use of equity instruments for Non-Executive Directors supports alignment with shareholders while preserving the independence of directors’ judgment. In May 2021, there were two LTI Plans granted to Mr Derek Carter and Mr Murray Boyte. Subsequently, Mr Roger Higgins was granted performance rights in June 2024. At balance date, the following remains outstanding: Tranche 2 = 9,000,000 options In 2025, Non-Executive Directors were each granted LTI plans (2025 PRP). These grants are subject to vesting conditions as detailed in Section 4.4.3. This is designed to support alignment with long-term shareholder outcomes.			
		T2 (2021)	T2 (2024)	2025 PRP
	Exercise Price	\$0.15/share	\$0.15/share	-
	Grant Date	14 May 2021	3 June 2024	16 June 2025
First Exercise Date	14 May 2024	3 June 2024	31 Dec 2027	
Last Exercise Date	14 May 2026	14 May 2026	31 Dec 2027	
Other Fees/Benefits	No payments were made to Non-Executive Directors during the 2025 financial year for extra services or special exertions. Directors are entitled to be reimbursed for approved Company related expenditure e.g. flights and expenses to attend Board meetings.			

4.0 Executive Remuneration

4.1 Executive KMP Remuneration Framework

Hillgrove Resources' executive remuneration strategy is designed to attract, retain and motivate a highly qualified and experienced group of Executives.

4.2 Total Fixed Remuneration

Total Fixed Remuneration (TFR) includes all remuneration and benefits paid to an Executive KMP calculated on a Total Employment Cost (TEC) basis and includes base salary and superannuation benefits paid in line with the prevailing statutory Superannuation Guarantee legislation.

4.3 Remuneration Composition Mix and Timing of Receipt

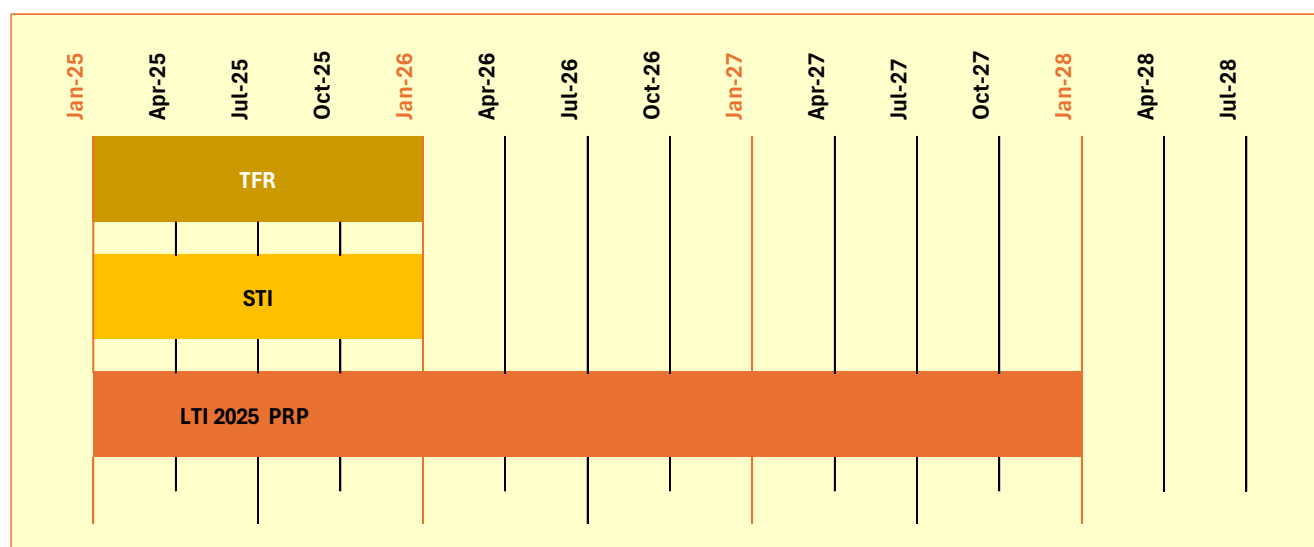
The Company endeavours to provide an appropriate and competitive mix of remuneration components balanced between fixed and 'at risk'. The remuneration composition mix of the Company's Executive KMP can be illustrated as follows:

Remuneration Mix for 2025

Position	TFR	Variable STI as a % of TFR at			Variable LTI as % of TFR
		Threshold	Target	Stretch	
CEO & MD	Refer to Section 6.0	41.25%	55.00%	82.50%	Up to 200%
CFO	Refer to Section 6.0	26.25%	35.00%	52.50%	Up to 150%
CCO	\$393,038	26.25%	35.00%	52.50%	Up to 150%

Note KMPs are classified as Executives for the purposes of remuneration disclosures under the Corporations Act

The three complementary components of Executive KMP remuneration are 'earned' over multiple time ranges. This is illustrated in the following chart, with the dates referring to the first day of each respective month.



4.4 Variable 'At Risk' Remuneration

As set out in Section 4.3, variable remuneration forms a portion of the CEO & MD's and CFO's remuneration. Apart from being market competitive, the purpose of variable remuneration is to direct Executive's behaviours towards maximising Hillgrove Resources' value and return value to shareholders, by targeting short, medium and long- term performance measures. The key aspects are summarised below.

4.4.1 Short Term Incentives (STI)

STI Programme	
Purpose	The STI arrangements are designed to reward executives for the achievement against annual performance targets set by the Board at the beginning of the performance period. The STI programme is reviewed annually by the Remuneration Committee and approved by the Board.
Performance Target Areas	The key performance objectives of the Company vary by level but are currently directed to achieving ambitious targets. The Board adopted a Balanced Scorecard approach to determine 2025 STI performance. The Balanced Scorecard measures performance against the Company's internal goals, which includes safety, physical delivery of development metres and copper production, resource and reserves, and cash flow generation.
Rewarding Performance	A threshold (75% of target STI), target (100%), and stretch (150% of target STI) measure is set for each STI performance metric. Specific performance metrics are not provided in detail due to commercial sensitivity. Validation of performance against the Balanced Scorecard measures set for the KMPs involves a review calculation and recommendation by the CEO & MD, which is reviewed and approved by the Remuneration Committee with final Board sign-off.

4.4.2 Performance Based Remuneration Granted During the Year

Details of STI to be made to Executive KMP in relation to the current year are included in the table below:

KMP	Maximum possible value (\$) ⁽¹⁾	Percentage of maximum awarded	Total Awarded (\$)	Percentage of maximum not awarded
Mr R Fulker	528,000	44.3%	233,973	55.7%
Mr L Anderson⁽²⁾	137,219	44.3%	60,806	55.7%
Mr J Sutanto⁽³⁾	135,113	44.3%	59,873	55.7%

(1) The maximum possible value is inclusive of any superannuation requirements and represents the achievement of stretch measures (150% of target measures), apportioned based on the time served as a KMP during the period. The minimum potential value is nil.

(2) Mr L Anderson was appointed on 2 June 2025.

(3) Mr J Sutanto's employment ceased on 31 August 2025.

4.4.3 Long Term Incentives (LTI) Plans

The LTI provides an annual opportunity for executives and key staff to receive an equity award that is intended to align a significant portion of an executive's overall remuneration to shareholder value over the longer term. All LTI awards remain at risk and subject to clawback (forfeiture or lapse) until vesting and must meet or exceed performance hurdles over the vesting period.

As at the end of the 2025 financial year, there were four LTI Plans outstanding to Executive KMP:

- 2022 Option and Performance Rights Plan (2022 OPRP) = 3,000,000 performance rights
- 2023 Option and Performance Rights Plan (2023 OPRP) = 3,000,000 performance rights
- 2024 Option and Performance Rights Plan (2024 OPRP) = 15,317,500 performance rights; and
- 2025 Performance Rights plan (2025 PRP) = 36,702,697 performance rights.

2022, 2023, 2024 and 2025 OPRP Description

Detail	2022 OPRP	2023 OPRP	2024 OPRP
Purpose	To retain key executives and align their remuneration with shareholder value.		
Award	Under the LTI, executives and key staff are offered options and/or performance rights (to acquire ordinary shares of Hillgrove Resources Limited).		
Exercise Price	Exercise price of nil in the event performance hurdles are met.		
Voting Rights	There are no voting rights attached to options or performance rights.		
LTI Allocation	The size of individual LTI grants for the KMP is determined in accordance with the Board approved remuneration strategy mix. See Section 4.3.		
Service Period	To the later of 1 March 2025 or when the Performance Hurdles are met	To the later of 1 March 2026 or when the Performance Hurdles are met	To the later of 1 March 2027 or when the Performance Hurdles are met
Performance Hurdles			
- Measurement Price	10.0 cents	12.0 cents	14.0 cents
- Price Calculation	10 day VWAP	10 day VWAP	10 day VWAP
- Start of Testing Date	1 March 2024	1 March 2025	1 March 2026
- First Exercise Date	1 March 2025	1 March 2026	1 March 2027
- Last Exercise Date	30 March 2026	30 March 2027	30 March 2028

The LTI granted in 2025 differs from prior years and reflects the introduction of a revised performance framework as outlined below:

Detail	2025 PRP
Purpose	To align executive remuneration with long-term shareholder value creation by linking equity rewards to a balanced set of market-based and operational performance outcomes over the long term.
Award	Under the LTI, executives and key staff performance rights (to acquire ordinary shares of Hillgrove Resources Limited).
Exercise Price	Exercise price of nil in the event performance hurdles are met.
Voting Rights	Performance rights do not carry any voting rights prior to vesting and conversion into ordinary shares.
LTI Allocation	The size of individual LTI grants for the KMP is determined in accordance with the Board approved remuneration strategy mix, refer to Section 4.3.
Service Period	Continued employment with the Group from the grant date through to the vesting date, subject to the terms of the plan and the Board's discretion in the event of cessation of employment.
Testing Period	Three-year testing period from 1 January 2025 to 31 December 2027, with vesting determined based on the extent to which the relevant performance criteria have been satisfied.

Performance Criteria for 2025 PRP	Criteria Description	Weighting										
Relative TSR	Relative TSR in respect of the Performance Period shall mean the TSR performance of the Company relative to the TSR performance of the 'Comparator Group' which is made up of selected peer companies. Vesting outcomes are determined as follows:	33.33%										
	<table><tr><th>TSR of the Company relative to TSRs of constituents of the nominated peer group</th><th>Proportion of Performance - related Performance Rights that vest</th></tr><tr><td>Below 50th percentile</td><td>0%</td></tr><tr><td>50th percentile</td><td>50%</td></tr><tr><td>Between 50th percentile and 75th percentile (not inclusive)</td><td>Straight line vesting between 50% and 100%</td></tr><tr><td>75th percentile</td><td>100%</td></tr></table>		TSR of the Company relative to TSRs of constituents of the nominated peer group	Proportion of Performance - related Performance Rights that vest	Below 50 th percentile	0%	50 th percentile	50%	Between 50 th percentile and 75 th percentile (not inclusive)	Straight line vesting between 50% and 100%	75 th percentile	100%
	TSR of the Company relative to TSRs of constituents of the nominated peer group		Proportion of Performance - related Performance Rights that vest									
	Below 50 th percentile		0%									
	50 th percentile		50%									
	Between 50 th percentile and 75 th percentile (not inclusive)		Straight line vesting between 50% and 100%									
	75 th percentile		100%									
Absolute Share Price Growth	This hurdle is assessed based on the Company's share price at the conclusion of the Performance Period. Vesting outcomes are determined as follows:	33.33%										
	<table><tr><th>Company Share at the conclusion of the Performance Period</th><th>Proportion of Performance - related Performance Rights that vest</th></tr><tr><td>Less than 6 cents</td><td>0%</td></tr><tr><td>Between 6 cents and 8 cents</td><td>50%</td></tr><tr><td>Between 8 cents and 10 cents</td><td>75%</td></tr><tr><td>Greater than 10 cents</td><td>100%</td></tr></table>		Company Share at the conclusion of the Performance Period	Proportion of Performance - related Performance Rights that vest	Less than 6 cents	0%	Between 6 cents and 8 cents	50%	Between 8 cents and 10 cents	75%	Greater than 10 cents	100%
	Company Share at the conclusion of the Performance Period		Proportion of Performance - related Performance Rights that vest									
	Less than 6 cents		0%									
	Between 6 cents and 8 cents		50%									
	Between 8 cents and 10 cents		75%									
	Greater than 10 cents		100%									
Resource Growth	This hurdle is assessed based on the Company's Resource growth over the Performance Period. Vesting outcomes are determined as follows:	33.33%										
	<table><tr><th>Resource growth over the Performance Period</th><th>Proportion of Performance - related Performance Rights that vest</th></tr><tr><td>Less than 15%</td><td>0%</td></tr><tr><td>15% to 25%</td><td>50%</td></tr><tr><td>25% or greater</td><td>100%</td></tr></table>		Resource growth over the Performance Period	Proportion of Performance - related Performance Rights that vest	Less than 15%	0%	15% to 25%	50%	25% or greater	100%		
	Resource growth over the Performance Period		Proportion of Performance - related Performance Rights that vest									
	Less than 15%		0%									
	15% to 25%		50%									
	25% or greater		100%									

4.4.4 Hedging and Margin Lending Prohibition

Under the Company's Share Trading Policy and in accordance with the Corporations Act 2001, equity granted under the Company's equity incentive schemes must remain at risk until vested or exercised. It is a specific condition of the policy that no schemes are entered into, by an individual or their associates, that specifically protects the unvested value of shares, options or performance rights allocated.

The Company, as required under the ASX Listing Rules, has a formal policy outlining how and when employees may deal in Hillgrove Resources securities.

Hillgrove Resources Limited's Share Trading Policy is available on the Company's website www.hillgroveresources.com.au.

4.5 Relationship Between Performance and KMP Remuneration

4.5.1 Hillgrove Resources Financial Performance (31 December 2021 to 31 December 2025)

	12 Months to 31 December				
	2021	2022	2023	2024 Restated	2025
Sales Revenue (\$M)	-	-	-	112.2	167.6
Underlying EBITDA (\$M)	(5.4)	(4.4)	(14.1)	22.3	26.0
Reported net profit / (loss) (\$M)	(5.9)	(6.0)	(16.3)	(14.8)	0.1
Return on equity (ROE) % ⁽¹⁾	(19.1%)	(17.0%)	(37.3%)	(28.0%)	0.1%
Basic earnings per share (EPS) (cents)	(0.6)	(0.5)	(1.0)	(1.2)	0.0
Diluted EPS (cents)	(0.6)	(0.5)	(1.0)	(1.2)	0.0
Dividends paid (cents per share)	-	-	-	-	-
Share price as at 31 December (cents)	5.4	5.4	9.4	5.2	4.6
Total shareholder return (TSR) % (Annual)	68.8%	0% ⁽²⁾	74.0%	(44.7%)	(11.5%)

(1) Based on average total equity.

(2) Share price as at 31 December was 5.4c in 2021 and 2022, which results in a 0% TSR in 2022.

4.6 KMP REMUNERATION TABLES – AUDITED

	Year	Fixed Remuneration (\$)					
		Short-term		Long-term			Total
		Base Salary and Fees ⁽⁵⁾	Non-monetary Benefits	Super-annuation Benefits ⁽⁶⁾	Termination Benefits	Long Service Leave ⁽⁷⁾	
Directors							
Mr R Fulker ⁽¹⁾	CY25	648,851	-	23,783	-	-	672,634
	CY24	305,000	-	16,825	-	-	321,825
Mr D Carter	CY25	118,807	-	13,975	-	-	132,782
	CY24	112,612	-	12,669	-	-	125,281
Mr M Boyte	CY25	77,107	-	9,073	-	-	86,180
	CY24	72,072	-	8,108	-	-	80,180
Mr R Higgins	CY25	86,000	-	-	-	-	86,000
	CY24	71,853	-	3,733	-	-	75,586
Mr L Wallace ⁽²⁾	CY25	-	-	-	-	-	-
	CY24	253,329	-	4,581	-	13,139	271,049
Total (Directors)	CY25	930,765	-	46,831	-	-	977,596
	CY24	814,866	-	45,916	-	13,139	873,921
Other Key Management Personnel							
Mr L Anderson ⁽³⁾	CY25	255,170	-	18,868	-	-	274,038
	CY24	-	-	-	-	-	-
Mr J Sutanto ⁽⁴⁾	CY25	252,581	-	34,503	230,649	9,826	527,559
	CY24	352,083	-	22,201	-	22,763	397,047
Total (Other KMP)	CY25	507,751	-	53,371	230,649	9,826	801,597
	CY24	352,083	-	22,201	-	22,763	397,047
Total	CY25	1,438,516	-	100,202	230,649	9,826	1,779,193
	CY24	1,166,949	-	68,117	-	35,902	1,270,968

(1) Mr R Fulker was appointed on 1 July 2024.

(2) Mr L Wallace ceased being a KMP on 30 June 2024, employment ceased on 31 December 2024.

(3) Mr L Anderson was appointed on 2 June 2025.

(4) Mr J Sutanto's employment ceased on 31 August 2025.

(5) These amounts are inclusive of the net accrual movement for Annual Leave over the twelve month period.

(6) Represents direct contributions to superannuation funds. Any amount greater than the superannuation cap is paid as cash salary, unless otherwise requested by the KMP.

(7) Represents the net accrual movement for Long Service Leave over the twelve month period.

4.6 KMP REMUNERATION TABLES – AUDITED (CONT.)

	Year	Variable Remuneration (\$)			Total (\$)	Proportion of Total Remuneration	
		STI	LTI	Total	Fixed and Variable	Fixed (%)	Variable (%)
Directors							
Mr R Fulker ⁽¹⁾	CY25	387,397	280,789	668,186	1,340,820	50%	50%
	CY24	-	89,369	89,369	411,194	78%	22%
Mr D Carter	CY25	-	18,937	18,937	151,719	88%	12%
	CY24	-	-	-	125,281	100%	0%
Mr M Boyte	CY25	-	12,119	12,119	98,299	88%	12%
	CY24	-	-	-	80,180	100%	0%
Mr R Higgins	CY25	-	12,119	12,119	98,119	88%	12%
	CY24	-	118,391	118,391	193,977	39%	61%
Mr L Wallace ⁽²⁾	CY25	-	-	-	-	-	-
	CY24	-	83,952	83,952	355,001	76%	24%
Total (Directors)	CY25	387,397	323,964	711,361	1,688,957	58%	42%
	CY24	-	291,712	291,712	1,165,633	75%	25%
Other Key Management Personnel							
Mr L Anderson ⁽³⁾	CY25	60,806	59,650	120,456	394,494	69%	31%
	CY24	-	-	-	-	-	-
Mr J Sutanto ⁽⁴⁾	CY25	59,873	428,485	488,358	1,015,917	52%	48%
	CY24	-	196,382	196,382	593,429	67%	33%
Total (Other KMP)	CY25	120,679	488,135	608,814	1,410,411	57%	43%
	CY24	-	196,382	196,382	593,429	67%	33%
Total	CY25	508,076	812,099	1,320,175	3,099,368	57%	43%
	CY24	-	488,094	488,094	1,759,062	72%	28%

- (1) Mr R Fulker was appointed on 1 July 2024. During the year, Mr Fulker was paid an STI bonus of \$153,424 related to 2024, additionally, \$233,973 was accrued in respect of his 2025 STI.
- (2) Mr L Wallace ceased being a KMP on 30 June 2024, employment ceased on 31 December 2024.
- (3) Mr L Anderson was appointed on 2 June 2025.
- (4) Mr J Sutanto's employment ceased on 31 August 2025. As Mr Sutanto was classed as a good leaver he was entitled to a portion of his long term incentives, therefore the maximum value for future years was brought forward and expensed in the current year.

5.0 Equity Plan Disclosures

5.1 Employee Share Schemes (ESS) Operated by the Group

Plan Details	Type of Instruments	Details	Purpose
General Employee Share Plan (GESP)	Shares	N/A	To incentivise and align part of employee remuneration to shareholder value. KMPs are excluded from the GESP.
Option and Performance Rights Plan (OPRP)	Option and Performance Rights	Refer 4.4.3	To provide equity and/or cash incentives subject to meeting predetermined service and performance conditions.
Performance Rights Plan (PRP)	Performance Rights	Refer 4.4.3	To provide equity incentives subject to meeting predetermined service and performance conditions.

5.2 Analysis of Share-Based Payments Granted as Remuneration to KMP

Details of the vesting profile of the options and performance rights granted as remuneration to each Key Management Personnel, and the movements during the period are set out below:

KMP	Grant Date	Balance held at 31/12/24		Granted	Number Vested and Exercised	% Vested	Number Forfeited	% Forfeited	Balance held at 31/12/25		Maximum value for future years
		Vested	Unvested						Vested	Unvested	
Mr D Carter	May-21	-	7,000,000	-	-	0%	4,000,000	57%	-	3,000,000	-(3)
	Jun-25	-	-	2,455,617	-	0%	-	0%	-	2,455,617	\$69,466
Mr M Boyte	May-21	-	7,000,000	-	-	0%	4,000,000	57%	-	3,000,000	-(3)
	Jun-25	-	-	1,571,595	-	0%	-	0%	-	1,571,595	\$44,458
Mr R Higgins	May-24	-	7,000,000	-	-	0%	4,000,000	57%	-	3,000,000	-(3)
	Jun-25	-	-	1,571,595	-	0%	-	0%	-	1,571,595	\$44,458
Mr L Wallace ⁽¹⁾	Jul-22	-	3,731,135	-	-	0%	-	0%	-	-	-
	Jul-24	-	-	5,000,000	-	0%	-	0%	-	5,000,000	\$43,038
Mr R Fulker	Jul-24	-	-	6,800,000	-	0%	-	0%	-	6,800,000	\$28,714
	Jun-25	-	-	25,145,517	-	0%	-	0%	-	25,145,517	\$711,329
Total (Directors)		-	24,731,135	42,544,324	-	0%	12,000,000	49%	-	51,544,324	\$941,463
Mr L Anderson	Jun-25	-	-	7,735,193	-	0%	-	0%	-	7,735,193	\$218,817 ⁽²⁾
	Jul-22	-	3,000,000	-	-	0%	-	0%	-	3,000,000	-
Mr J Sutanto ⁽²⁾	Jul-23	-	3,000,000	-	-	0%	-	0%	-	3,000,000	-
	May-24	-	5,250,000	-	-	0%	1,732,500	33%	-	3,517,500	-
	Jun-25	-	-	11,581,780	-	0%	7,759,793	67%	-	3,821,987	-
Total (KMP)		-	11,250,000	19,316,973	-	0%	9,492,293	84%	-	21,074,680	\$218,817
Total		-	35,981,135	61,861,297	-	0%	21,492,293	60%	-	72,619,004	\$1,160,280

(1) Mr L Wallace ceased being a KMP on 30 June 2024, employment ceased on 31 December 2024 hence the balance held at 31 December 2025 is not disclosed. No rights or options were granted in the period prior to ceasing to be a KMP.

(2) Mr J Sutanto's employment ceased on 31 August 2025. As Mr Sutanto was classed as a good leaver he was entitled to a portion of his long term incentives, therefore the maximum value for future years was brought forward and expensed in the current year.

(3) No service conditions and therefore these were fully expensed in the year they were granted.

5.3 Value of Options and Performance Rights Granted and on Foot to KMP as at 31 December 2025

KMP ⁽³⁾	Outstanding options and rights	Face Value per right ⁽¹⁾ (\$)	Fair Value per right ⁽²⁾ (\$)	Fair Value (\$)
Directors				
Mr D Carter				
2021 Options Tranche 2	3,000,000	0.046	0.0355	\$106,353
Mr M Boyte				
2021 Options Tranche 2	3,000,000	0.046	0.0355	\$106,353
Mr R Higgins				
2024 Options Tranche 2	3,000,000	0.046	0.0169	\$50,739
Mr R Fulker				
2024 Sign-On Rights	5,000,000	0.046	0.0360	\$180,000
2024 OPRP	6,800,000	0.046	0.0100	\$68,000
2025 PRP	25,145,517	0.046	0.0360	\$905,239
Total (Directors)	45,945,517			\$1,416,684
Other Key Management Personnel				
Mr L Anderson				
2025 PRP	7,735,193	0.046	0.0360	\$278,467
Mr J Sutanto				
2022 OPRP	3,000,000	0.046	0.0694	\$208,200
2023 OPRP	3,000,000	0.046	0.0390	\$117,000
2024 OPRP	3,517,500	0.046	0.0580	\$204,015
2025 PRP	3,821,987	0.046	0.0360	\$137,592
Total (Other KMP)	21,074,680			\$945,274

(1) The Face Value is the closing share price on 31 December 2025.

(2) The Fair Value has been based on a valuation in accordance with accounting standard AASB 2 "Share Based Payments". The fair values are used for accounting purposes only. These have been rounded to four decimal places for presentation in the above table.

5.4 Movement in Equity Held

The movement during the reporting period in the number of ordinary shares of Hillgrove Resources Limited held, directly, indirectly or beneficially, by each specified Director and executive KMP, including their personally related entities:

		Held as at 31/12/24	Exercise of Options and Rights	Net Other Changes	Held as at 31/12/25
Directors and Other KMP					
Mr D Carter	Shares	2,371,247	-	2,114,286	4,485,533
Mr M Boyte	Shares	4,048,253	-	1,685,714	5,733,967
Mr R Higgins	Shares	1,200,000	-	3,400,000	4,600,000
Mr R Fulker	Shares	700,000	-	1,131,428	1,831,428
Mr L Anderson	Shares	-	-	3,510,000	3,510,000
Mr J Sutanto	Shares	8,070,765	-	(3,549,025)	4,521,740 ⁽¹⁾

(1) As at 31 August 2025, the date Mr J Sutanto's ceased employment.

6.0 Service Contracts and Employment Agreements

The Company does not enter into service contracts for KMP. The following sets out details of the employment contract for the Executive KMPs as at 31 December 2025.

Employee	Mr R Fulker	Mr L Anderson
Position	Chief Executive Officer and Managing Director	Chief Financial Officer and Joint Company Secretary
Commencement	1 July 2024	2 June 2025
Total Fixed Remuneration (TFR)	\$640,000 per annum reviewed periodically	\$450,000 per annum reviewed periodically
Short-term Incentive	41.25% to 82.50% of TFR	26.25% to 52.50% of TFR
Long-term Incentive	Up to 200% of fixed remuneration	Up to 150% of fixed remuneration
Contract Length	Indefinite	Indefinite
Notice Periods for Resignation or Termination	6 months	6 months
Redundancy Benefit	National Employment Standards and Group Redundancy Policy	National Employment Standards and Group Redundancy Policy
Death or Total and Permanent Disability Benefit	No specific benefit	No specific benefit
Termination for Serious Misconduct	No notice required, remuneration to the day less advance payments and return of Company property. No payment of STI/LTI	No notice required, remuneration to the day less advance payments and return of Company property. No payment of STI/LTI
Statutory Entitlements	All leave and benefits due per National Employment Standards	All leave and benefits due per National Employment Standards
Post-Employment Restraints	Must not make adverse comments or actions. Additionally, must not recruit employees for 6 months.	Must not make adverse comments or actions. Additionally, must not recruit employees for 6 months.

Corporate Governance Statement

The Company's Board is committed to achieving the highest standards of corporate governance.

Rounding of Amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report are rounded off to the nearest hundred thousand dollars, unless otherwise indicated.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 30.

Signed in accordance with a resolution of the Directors:

Dated at Adelaide this 25th day of February 2026.



Mr Derek Carter
Chair



Mr Robert Fulker
Chief Executive Officer and Managing
Director

AUDITORS INDEPENDENCE DECLARATION



Auditor's Independence Declaration

As lead auditor of Hillgrove Resources Limited's financial report for the year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit of the financial report; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit of the financial report.

A handwritten signature in black ink, appearing to read 'Julian McCarthy', written over a horizontal line.

Julian McCarthy
Partner
PricewaterhouseCoopers

Adelaide
25 February 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

		31 Dec 2025	31 Dec 2024
	Note	\$'000	Restated*
			\$'000
Revenue	5	167,616	112,174
Other income	6	605	838
Expenses	7(a)	(160,953)	(122,269)
Interest and finance charges	7(b)	(5,244)	(4,907)
Impairment charges	7(c)	(1,033)	(380)
Profit/(Loss) before income tax		991	(14,544)
Income tax expense	8	(899)	(227)
Profit/(Loss) for the year attributable to owners		92	(14,771)
Comprehensive income			
Items that may be reclassified to profit or loss:		-	-
Total comprehensive income for the period attributable to equity holders of Hillgrove Resources Limited		92	(14,771)
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	10	0.0	(0.7)
Diluted earnings per share (cents)	10	0.0	(0.7)

*See note 1(h) for details regarding the restatement due to a voluntary change in accounting policy.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the consolidated financial statements set out on pages 35 to 79.

Consolidated Statement of Financial Position

As at 31 December 2025

		31 Dec 2025	31 Dec 2024 Restated*	1 Jan 2024 Restated*
	Note	\$'000	\$'000	\$'000
Current assets				
Cash and cash equivalents	11	20,953	3,260	10,240
Trade and other receivables	12	9,210	3,715	1,461
Inventories	13	7,518	7,330	3,137
		37,681	14,305	14,838
Non-current assets				
Property, plant and equipment	14	100,004	76,881	69,089
Right-of-use assets	18	6,033	9,237	11,800
Exploration and evaluation expenditure	15	6,526	6,962	5,328
		112,563	93,080	86,217
Total assets		150,244	107,385	101,055
Current liabilities				
Trade and other payables	16	26,072	26,133	13,694
Provisions	17	1,170	1,114	1,090
Lease liabilities	18	2,054	4,343	4,311
Employee benefits payable	19	4,842	3,383	1,594
Other current liabilities	21	2,168	2,635	2,727
		36,306	37,608	23,416
Non-current liabilities				
Provisions	20	7,950	8,334	8,500
Lease liabilities	18	2,536	4,342	7,506
Other non-current liabilities	21	7,423	6,608	7,095
		17,909	19,284	23,101
Total liabilities		54,215	56,892	46,517
Net assets		96,029	50,493	54,538
Equity				
Contributed equity	22	346,813	302,711	292,947
Reserves	23	26,959	32,128	31,166
Accumulated losses	24	(277,743)	(284,346)	(269,575)
Total equity		96,029	50,493	54,538

*See note 1(h) for details regarding the restatement due to a voluntary change in accounting policy.

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the financial statements set out on pages 35 to 79.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

		Contributed equity	Reserves	Accumulated losses	Total equity
	Note	\$'000	\$'000	\$'000	\$'000
Balance 1 January 2024		292,947	31,166	(269,237)	54,876
Voluntary change in accounting policy (net of tax)		-	-	(338)	(338)
Restated total equity at the beginning of the financial year		292,947	31,166	(269,575)	54,538
(Loss) for the period (restated*)		-	-	(14,771)	(14,771)
Transactions with owners:					
Contributions of equity, net of transaction costs and tax	22	9,764	-	-	9,764
Share-based payments	33	-	962	-	962
Balance 31 December 2024 (restated*)		302,711	32,128	(284,346)	50,493
Profit for the period				92	92
Transactions with owners:					
Contributions of equity, net of transaction costs and tax	22	44,102	-	-	44,102
Share-based payments	33	-	1,342	-	1,342
Transfer from Share Based Payments Reserve to accumulated losses	23		(6,511)	6,511	-
Balance 31 December 2025		346,813	26,959	(277,743)	96,029

*See note 1(h) for details regarding the restatement due to a voluntary change in accounting policy.

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the consolidated financial statements set out on pages 35 to 79.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

		31 Dec 2025	31 Dec 2024
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash receipts in the course of operations (inclusive of GST)		159,898	106,838
Cash payments in the course of operations (inclusive of GST)		(139,496)	(85,835)
Net cash from operating activities	28	20,402	21,003
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(475)	(2,272)
Payments for property, plant and equipment		(39,836)	(29,950)
Proceeds on disposal of property, plant and equipment		-	200
Net cash used in investing activities		(40,311)	(32,022)
Cash flows from financing activities			
Proceeds from issue of shares (net of transaction costs)		42,950	9,697
Borrowing transaction costs		(798)	-
Lease payments		(4,875)	(5,719)
Interest paid		(8)	-
Interest received		333	61
Net cash from financing activities		37,602	4,039
Net increase/(decrease) in cash and cash equivalents		17,693	(6,980)
Cash and cash equivalents at the beginning of financial period		3,260	10,240
Cash and cash equivalents at the end of the financial period	11	20,953	3,260

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the consolidated financial statements set out on pages 35 to 79.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. Statement of Material Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. Where an accounting policy is specific to one Note, the policy is described in the Note to which it relates. The financial statements are for the Group consisting of Hillgrove Resources Limited and its subsidiaries.

(a) Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to realise its assets and discharge its liabilities in the normal course of business.

For the year ended 31 December 2025, the Group recorded a net profit after tax of \$0.1 million (31 December 2024: net loss after tax of \$14.8 million, restated) and generated net cash inflows from operating activities of \$20.4 million (31 December 2024: \$21.0 million). As at 31 December 2025, the Group held cash and cash equivalents of \$21.0 million and had net assets of \$96.0 million.

At the reporting date, the Group's current assets totalled \$37.7 million (31 December 2024: \$14.3 million) and current liabilities totalled \$36.3 million (31 December 2024: \$37.6 million), resulting in a current ratio of 1.04 (31 December 2024: 0.38). The improvement in the current ratio reflects increased cash balances and trade receivables arising from higher production volumes and equity capital raisings completed during the year.

The Group has no drawn debt facilities at the reporting date. Operations are funded through cash generated from production at the Kanmantoo underground copper mine together with existing cash reserves. During the year, the Group further demonstrated access to capital markets through successful equity raisings completed in March and September 2025.

In assessing the appropriateness of the going concern basis, the Directors have considered the Group's detailed cash flow forecasts for a period of at least twelve months from the date of approval of the financial statements. These forecasts incorporate assumptions relating to production volumes, operating costs, capital expenditure and commodity prices. Production forecasts reflect multiple underground mining areas operating concurrently, with forecast increases in tonnage and grades consistent with the current life-of-mine plan. Commodity price assumptions are based on broker consensus pricing, which is below prevailing spot prices at the reporting date.

Sensitivity analyses, including downside scenarios, have been performed on key assumptions. These analyses indicate that the Group is expected to maintain positive cash balances and sufficient liquidity throughout the forecast period and be able to meet its obligations as and when they fall due.

Based on this assessment, the Directors consider that the Group will be able to meet its debts as and when they fall due and, accordingly, the financial statements have been prepared on a going concern basis, which the Directors consider to be appropriate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. Statement of Material Accounting Policies (continued)

(b) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, Hillgrove Resources Limited is a for-profit entity.

(i) Compliance with International Financial Reporting Standards

Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes of Hillgrove Resources Limited comply with International Financial Reporting Standards (IFRS).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified, when necessary, by the revaluation of certain financial assets and liabilities to fair value through other comprehensive income or through profit or loss.

(iii) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the financial statements are disclosed in Note 2.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. Statement of Material Accounting Policies (continued)

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Hillgrove Resources Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

For the purpose of presenting consolidated financial statements, the assets and liabilities of Hillgrove Resources Limited's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange rate differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

(d) Impairment of assets

The carrying value of property, plant and equipment is assessed for impairment whenever there is an indicator that the asset may be impaired. Determining whether property, plant and equipment is impaired requires an estimation of the recoverable value of the Cash Generating Unit ("CGU") to which property, plant and equipment has been allocated. Impairment is recognised in the consolidated statement of profit or loss when the carrying amount exceeds the recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use (VIU). In its impairment assessment, the Group determined the recoverable amount based on VIU. The assessment was undertaken using a discounted cash flow approach. Cash flow projections are based on the CGU's life of mine plan. In assessing the VIU, the estimated future post-tax cash flows are discounted to their present value using a post-tax discount rate that reflects the current market assessment of the time value of money and business risk. The valuation is considered level 3 in the fair value hierarchy due to unobservable inputs (the Group's internal data and estimates) used in the valuation. Assets that have undergone an impairment charge are reviewed for possible reversal of the impairment at each reporting date.

The specific methods and assumptions used to estimate the discounted future cash flows of the Group's CGU are outlined in more detail in Note 2 "Critical accounting estimates and judgements".

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. Statement of Material Accounting Policies (continued)

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(f) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. The recognition treatment of the grant depends on the purpose of the grant as follows:

- i. Relating to an expense item – recognised as a reduction of the expense to which it relates.
- ii. Relating to property, plant and equipment – recognised as deferred income within the Consolidated Statement of Financial Position and released to the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the life of the associated asset.
- iii. Relating to exploration activities – recognised as a reduction in the carrying value of the associated exploration asset.

The Group previously presented government grants as deferred income in the consolidated statement of financial position and in the related note disclosures. Management has reassessed the presentation and determined that it is more appropriate for government grants to be reclassified to be within other liabilities.

Accordingly, prior year comparatives have been reclassified to conform with the current year presentation. This reclassification has no impact on profit or loss, total assets, total liabilities or net assets, and relates solely to presentation within the statement of financial position and related notes.

(g) Rounding of amounts

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. Statement of Material Accounting Policies (continued)

(h) Restatement due to a voluntary change in Accounting Policy

During the year ended 31 December 2025, the Group reassessed the accounting treatment applied to its royalty arrangement following a change in ownership of the entity to which the royalty is payable. While the contractual terms of the arrangement were unchanged, the change in ownership prompted a refreshed assessment of the accounting interpretation applied to the arrangement.

There is no specific Australian Accounting Standard that directly addresses royalty funding arrangements of this nature. Accordingly, the Group considered relevant accounting principles collectively, including those in AASB 116 Property, Plant and Equipment, AASB 15 Revenue from Contracts with Customers, and AASB 101 Presentation of Financial Statements, to determine the accounting policy that most appropriately reflects the substance of the arrangement. For additional background information refer to Note 21.

Previous accounting policy

In prior reporting periods, the royalty arrangement was accounted for as 'other financial liabilities' in accordance with AASB 9 Financial Instruments, initially recognised at fair value (net of transaction costs) and subsequently measured at amortised cost using the effective interest method.

The unwinding of the discount was recognised within interest and finance charges, and the liability was included within the Group's financial risk management disclosures relating to the maturity analysis of financial liabilities.

New accounting policy

Following reassessment, the Group determined that the royalty arrangement is more appropriately accounted for as a partial disposal of a mineral interest in accordance with AASB 116, rather than as a financial liability.

In applying AASB 116, the Group assessed the timing of recognition of the partial disposal using the transfer-of-control and "over time" concepts in AASB 15.

Accordingly:

- the upfront proceeds received are recognised as deferred revenue (presented as other liabilities);
- the deferred revenue is released to profit or loss over time as sales occur;
- the liability is adjusted for the time value of money, with the unwinding of interest recognised as a finance cost; and
- amounts payable are recognised as a reduction of revenue (contra-revenue) in the period in which the related sales are recognised.

The Directors consider that this change in accounting policy provides more reliable and more relevant information for the users of the financial statements, as it better reflects the substance of the arrangement as a partial disposal of a mineral interest.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. Statement of Material Accounting Policies (continued)

(h) Restatement due to change in Accounting Policy (continued)

Retrospective application

The change in accounting policy has been applied retrospectively in accordance with AASB 108, and comparative information has been restated. In accordance with AASB 101 Presentation of Financial Statements, the Group has presented a third statement of financial position as at 1 January 2024, being the beginning of the earliest comparative period presented.

Quantitative impact of restatement

(a) Consolidated statement of financial position

The following table summarises the impact of retrospective application on the Group's consolidated statement of financial position:

Statement of financial position (\$'000)	31 December 2024	Increase/ (Decrease)	31 December 2024 (Restated)	31 December 2023	Increase/ (Decrease)	1 January 2024 (Restated)
Other financial liabilities	16,176	(16,176)	-	7,484	(7,484)	-
Other liabilities	-	7,254	7,254	-	7,822	7,822
Net Assets	41,571	8,922	50,493	54,876	(338)	54,538
Accumulated Losses	(293,268)	8,922	(284,346)	(269,237)	(338)	(269,575)
Total Equity	41,571	8,922	50,493	54,876	(338)	54,538

(b) Consolidated statement of profit or loss and other comprehensive income

The following table summarises the impact of retrospective application on the Group's Consolidated Statement of Profit or Loss for the year ended 31 December 2024:

Consolidated statement of profit or loss (\$'000)	2024	Change	2024 (Restated)
Revenue	112,388	(214)	112,174
Interest and finance charges	(14,381)	9,474	(4,907)
(Loss) for the year attributable to owners	(24,031)	9,260	(14,771)

(c) Consolidated statement of cash flows

The restatement did not impact the consolidated statement of cash flows for the prior year ended 31 December 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. Statement of Material Accounting Policies (continued)

(i) Standards and interpretations in issue

(i) Mandatory standards adopted in the current reporting period

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. The adoption of these mandatory standards has not had a material impact on the Group's accounting policies, or the amounts reported during the year.

(ii) Early adoption of standards

There are no standards on issue that are expected to have a material impact on the Group in the current or future reporting periods.

2. Critical Accounting Estimates and Judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

(a) Recoverability of non-current assets

The Group has a single Cash Generating Unit (CGU) being the Kanmantoo copper mine. The recoverable amount is based on value in use calculations which require the use of assumptions. The estimates of discounted future cash flows for the Kanmantoo CGU are based on significant assumptions including:

- Estimates of the quantities of resources, and the timing of access to those resources;
- Future production levels based on plant throughput and recoveries;
- Future copper, gold and silver prices based on spot pricing;
- Future exchange rates for the Australian dollar to US dollar based on spot prices;
- Future operating costs of production, capital expenditure and rehabilitation expenditure;
- The discount rate most appropriate to the CGU; and
- The timing and amounts to be received from the sale of processing equipment and land following completion of mining and processing activities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. Critical Accounting Estimates and Judgements (continued)

(b) Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether future economic benefits are likely, either from development and commercial exploitation, or sale of the respective areas. Estimates and assumptions made may change if new information becomes available.

(c) Restoration, rehabilitation and environmental obligations

Provision is made for the costs of decommissioning and site rehabilitation costs when the related environmental disturbance takes place. Provisions are recognised at the net present value of future expected costs as outlined in Notes 17 and 20.

The provision represents management's best estimate of the costs that will be incurred, but significant judgement is required on cost estimates including inflation and discount rates and changes to the lives of operations, as many of these costs will not crystallise until the end of the life of the mine.

(d) Deferred revenue – disposal of mineral interest

The Group has a royalty arrangement under which it received upfront proceeds and is required to make ongoing payments calculated by reference to net smelter returns.

Following a reassessment of the accounting treatment applied to this arrangement, the Group accounts for the royalty arrangement as a partial disposal of a mineral interest, with the upfront proceeds recognised as deferred revenue and released to profit or loss over time as sales occur.

The deferred revenue is initially recognised at fair value, which was equal to the consideration received, net of transaction costs. The subsequent release is recognised in profit or loss on a units-of-sales basis, reflecting the pattern in which the economic benefits associated with the partial disposal are transferred.

Where applicable, the deferred revenue includes a time value of money component. In such cases, the carrying amount of the deferred revenue is increased over time to reflect the passage of time, with the unwinding recognised as a finance cost in the consolidated statement of profit or loss and other comprehensive income. The effective interest rate is the rate that discounts estimated future cashflows to the initial fair value and this was calculated to be 24.06%, which does not change throughout the life of the liability.

The measurement of the deferred revenue requires estimates and assumptions regarding future production volumes, mine life and the timing of cash flows. Changes in these estimates may result in changes to the timing of recognition of deferred revenue and the amount of finance costs recognised in future periods.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. Critical Accounting Estimates and Judgements (continued)

(e) Lease liabilities

Certain contractual arrangements not in the form of a lease require the Group to apply significant judgement in evaluating whether the Group controls the right to direct the use of assets and therefore whether the contract contains a lease. Management considers all facts and circumstances in determining whether the Group or the supplier has the rights to direct how, and for what purpose, the underlying assets are used in certain mining contracts. Judgement is used to assess which decision-making rights mostly affect the benefits of use of the assets for each arrangement. Where a contract includes the provision of non-lease services, judgement is required to identify the lease and non-lease components.

Where the Group cannot readily determine the interest rate implicit in the lease, estimation is involved in the determination of the incremental borrowing rate to measure lease liabilities. The incremental borrowing rate reflects the rates of interest a lessee would have to pay to borrow over a similar term, with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. Under the Group's portfolio approach to debt management, the Group does not specifically borrow for asset purchases. Therefore, the incremental borrowing rate is estimated referencing the latest data available to management based on relevant contracts that offer interest applied credit facilities.

(f) Reserve and resource estimates

The estimation of ore reserves and resources (reserves) involves judgement and is based on estimates and assumptions relating to a range of technical and economic factors, including quantities and grades of mineralisation, production methods, recovery factors, production and transportation costs, commodity supply and demand, copper prices and foreign exchange rates. Estimates of reserves are based on geological data obtained through drilling and sampling, together with interpretations of geophysical and other geological information. The process of estimating reserves requires complex geological judgement to interpret the available data and to determine the size, shape and depth of ore bodies. The economic assumptions used in estimating reserves may change from period to period as additional technical, operational and geological information becomes available. Accordingly, estimates of reserves may also change over time. Changes in reserve estimates may affect the Group's financial position and financial performance in a number of ways, including:

- the carrying values of mine properties, plant and equipment, where changes in estimated future production levels impact recoverable amounts;
- depreciation, depletion and amortisation expense, where such charges are determined using the units of production method or where the estimated useful lives of assets change; and
- rehabilitation provisions, where changes in reserves estimates affect expectations regarding the timing or cost of mine closure and rehabilitation activities.

(g) Amortisation of mine development asset

Major mine development costs incurred that are capitalised that benefit the entire ore body are amortised using a units of production ("UOP") method and amortised over the reserves of the entire ore body. Sustaining mine development costs incurred that are capitalised that benefit specific areas of the ore body are also amortised on a UOP basis and amortised over the reserves specific to that area. There are significant assumptions involved in estimating reserve data, that is defined under the JORC code, that drives forecast recoverable tonnes which involves complex and difficult geological judgements to interpret the data.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. Dividends

	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Franked dividends paid	-	-
Amount of franking credits available to shareholders for subsequent financial years	17,556	17,556

4. Financial Reporting by Segment

The Group has identified its operating segment based on internal reports that are reviewed and used by the executive team in assessing performance and determining the allocation of resources. Management currently identifies the Group as having only one reportable segment, being exploration, development and operations for minerals through its ownership of the Kanmantoo copper mine. All assets are located in Australia.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. Revenue

	31 Dec 2025 \$'000	31 Dec 2024 \$'000 (restated)
Copper	153,904	111,204
Gold	12,256	5,382
Silver	4,598	2,936
Treatment and refining deductions	(3,142)	(7,348)
Total revenue	167,616	112,174

Revenue is measured at the fair value of the consideration received or receivable and recognised at a point in time, net of the disposal of mineral interest (refer to Note 21 for further information).

The Group sells copper concentrate through an offtake agreement and uses CIF terms (cost, insurance, and freight) for vessel chartering. Under AASB 15, the Group has three performance obligations regarding the concentrate sale: delivering and transferring title at the loading port, loading onto the ship, and transporting to the destination port.

The price for delivering concentrate to the port includes its value adjusted for treatment and refining charges.

The price can be declared at the option of the Group's offtake partner, as either one of: one month before the month of shipment or synthetically spread adjusted to five months after the month of arrival at the discharge port.

6. Other Income

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Interest	395	67
Release of government grant deferred income	194	730
Sale of excess seed	-	25
Other	16	16
Total other income	605	838

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. Expenses

Profit or loss before income tax includes the following expenses:

(a) Expenses per profit or loss

		31 Dec 2025	31 Dec 2024
	Note	\$'000	\$'000
Mining costs	(i)	85,233	53,368
Processing costs	(ii)	23,782	20,465
Transport and shipping	(iii)	6,407	4,024
Other site costs		7,830	5,246
Movement in inventory stockpile valuation (cash costs)		1,163	(2,500)
Government royalties	(iv)	8,295	5,383
Corporate costs	(v)	8,270	4,736
Depreciation and amortisation		20,884	31,763
Movement in inventory stockpile valuation (non-cash costs)		(477)	210
Rehabilitation provision adjustment	(vi)	(328)	(262)
Gain on sale of fixed assets		(205)	(167)
Foreign exchange loss		99	3
Total expenses		160,953	122,269

(i) Mining costs

Mining costs refers to non-capitalised development, drilling and blasting, loading and hauling, underground diamond drilling, mine services, labour, supervision, and technical support.

(ii) Processing costs

Includes costs related to crushing, grinding, flotation and other associated processing activities excluding treatment and refining charges.

(iii) Transport and shipping

All charges related to the transport and shipment of saleable concentrate from site and port.

(iv) Government royalties

The accrued expenditure relating to the royalty payable to the South Australian government, directly linked to the revenue generated from operations less any allowable deductions.

(v) Corporate costs

Reflects costs mainly associated with running the corporate head office, board of directors, and employee share-based expenses.

(vi) Rehabilitation provision adjustment

Reflects the expense associated with the reduction in the rehabilitation provision due to a change in model. This is part of the reduce provision recognised in Note 20.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. Expenses (continued)

(b) Interest and finance charges

	31 Dec 2025	31 Dec 2024
	\$'000	Restated \$'000
Discount on unwind of other liabilities	1,633	1,698
Discount on unwind of rehabilitation provision	392	350
Interest on leases	609	1,103
Borrowing costs, bank fees and charges	8	8
Interest on other liabilities	2,602	1,748
Total interest and finance charges	5,244	4,907

(c) Impairment charges

	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Exploration assets	1,033	380

Expenditure on exploration areas of interest where the prospect of recoupment of costs capitalised through successful development and commercial exploitation is no longer considered likely, is charged to the profit or loss as an impairment charge.

(d) Other required disclosures

	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Employee benefits (excluding share-based payments)	34,914	24,764
Employee share-based payments (see Note 33)	1,261	752

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. Expenses (continued)

(e) Remuneration of auditors

During the year the following fees were paid or payable for services provided by PricewaterhouseCoopers Australia (PwC) as the auditor of the parent entity, Hillgrove Resources Limited, by PwC's related network firms and by non-related audit firms:

	31 Dec 2025	31 Dec 2024
	\$	\$
(i) Auditors of the Group - PwC		
Audit and review of financial reports		
Group	331,107	224,080
Controlled entities	16,680	-
Total audit and review of financial reports	347,787	224,080
Other services		
Tax advice and compliance	12,495	30,000
Other non-audit services	37,760	-
Total other non-audit services	44,135	30,000
Total services provided by PwC	398,042	254,080

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8. Income Tax

	31 Dec 2025 \$'000	31 Dec 2024 Restated \$'000
(a) Income tax expense		
Income tax expense comprises:		
- Current tax expense	-	-
- Deferred tax expense	899	227
Income tax expense	899	227
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(Loss) from continuing operations before income tax expense/(benefit)	991	(14,544)
Tax at the Australian tax rate of 30%	297	(4,363)
Tax effect of amounts which are not deductible in calculating taxable income:		
- Share based payments	452	226
- Non-deductible expenses	4	-
- Non-assessable income	-	(219)
- Tax temporary differences (recognised) / not recognised	146	4,595
Income tax expense	899	227
(c) Amounts recognised directly in equity		
Deferred tax – recognised directly in equity	899	227

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8. Income Tax (continued)

(d) Tax consolidation legislation

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Hillgrove Resources Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Hillgrove Resources Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. The entities in the tax-consolidated group entered into a tax sharing agreement and a tax funding agreement. On adoption of the legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity. The entities have also entered a tax funding agreement under which the wholly-owned entities fully compensate the head entity for any current tax payable assumed and are compensated by the head entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to it under the tax consolidation legislation.

9. Deferred Tax

- (i) Deferred tax assets have been recognised to the extent of the deferred tax liability. As such there are no deferred tax balances on the consolidated statement of financial position.
- (ii) Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

- (iii) Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable future taxable amounts will be available to utilise those temporary differences and losses.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. Deferred Tax (continued)

The balance of deferred tax assets comprises temporary differences attributable to:

	31 Dec 2025	31 Dec 2024
		Restated
	\$'000	\$'000
Tax losses and credits	84,028	84,761
Business related costs	1,135	686
Provisions and accruals	4,184	3,860
Accrued expenses	223	216
Deferred income	2,655	2,557
Lease liability	1,377	2,606
Total deferred tax assets	93,602	94,686

The balance of deferred tax liabilities comprises temporary differences attributable:

	31 Dec 2025	31 Dec 2024
		Restated
	\$'000	\$'000
Exploration expenditure	1,370	1,639
Right-of-use assets	1,810	2,771
Total deferred tax liabilities	3,180	4,410
Net deferred tax assets	90,422	90,276
Deferred tax assets not recognised	(90,422)	(90,276)
Recognised net deferred tax assets	-	-

The Group has unrecognised capital losses of \$11.3 million (2024: \$11.3 million).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

10. Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to consider the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

Classification of securities as ordinary shares

Ordinary shares have been classified as ordinary shares and included in basic earnings per share.

Classification of securities as potential shares

Outstanding performance rights have been classified as potential ordinary shares and included in diluted earnings per share.

(a) Weighted average number of shares used as the denominator	31 Dec 2025	31 Dec 2024
	Number	Number
Weighted average number of ordinary shares used in calculating basic and dilutive EPS	2,655,759,452	2,062,272,006

(b) Reconciliation of earnings used in calculating earnings per share	31 Dec 2025	31 Dec 2024
	\$'000	Restated \$'000
(i) Basic earnings		
Profit/(Loss) from continuing operations attributable to the ordinary equity holders of the Company:	92	(14,771)
(ii) Diluted earnings		
Profit/(Loss) from continuing operations attributable to the ordinary equity holders of the Company:	92	(14,771)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

10. Earnings Per Share (continued)

	31 Dec 2025 Cents	31 Dec 2024 Restated Cents
(i) Basic earnings per share		
Profit/(Loss) from continuing operations attributable to the ordinary equity holders of the Company:	0.0	(0.7)
(ii) Diluted earnings per share		
Profit/(Loss) from continuing operations attributable to the ordinary equity holders of the Company:	0.0	(0.7)

11. Cash and Cash Equivalents

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Cash at bank and on hand	20,601	2,908
Restricted cash	352	352
	20,953	3,260

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Restricted cash cannot be accessed without consent and comprises of two bank guarantees, and a bond.

12. Trade and Other Receivables

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Trade receivables	6,617	1,487
Prepayments	230	211
Other receivables	1,021	764
GST receivable	1,342	1,253
	9,210	3,715

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. Inventories

Current assets	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Consumable inventory and spares	4,937	4,063
ROM stockpiles	704	97
Concentrates	1,877	3,170
Total current inventory	7,518	7,330

Consumable Inventory and Spares

Stores and consumables comprise of materials used in the mining and production process. These inventories are valued at the lower of cost and net realisable value (NRV), with cost determined using the weighted average method. Cost includes purchase price, transportation, and other directly attributable costs incurred to bring the inventory to site.

Obsolescence and slow-moving stock are reviewed annually, with appropriate provisions made as necessary. The current inventory balance is net of any provisions made.

Run-of-Mine (ROM) Stockpiles

ROM stockpiles relate to unprocessed ore extracted from mining operations. The cost of ROM stockpiles is determined by allocating costs between production and development activities, with costs and activities monitored at each stage of the production process and assigned to physical units accordingly. These are costs that are incurred to date and estimated future costs to process the stockpiles.

ROM stockpiles are valued at the lower of cost and NRV. NRV is based on the estimated amount expected to be realised when the inventory is fully processed and sold. This estimation requires judgement regarding the quantity of recoverable metal, future commodity prices, production costs, and selling costs.

Concentrates

Concentrates represent processed mineral products that are ready for sale. These inventories are recorded at the lower of cost and NRV, with cost determined using the weighted average method. Cost includes direct production costs, an allocation of processing costs, and transport costs to the point of sale. NRV is based on estimated future sales prices, less selling costs.

Stockpile and concentrate valuations are reviewed regularly, considering fluctuations in commodity prices, processing recoveries, and cost structures to ensure appropriate valuation adjustments are made when necessary.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

14. Property, Plant and Equipment

	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Land and buildings		
At cost	5,840	5,840
Accumulated depreciation and impairment	(379)	(379)
	5,461	5,461
Plant and equipment		
At cost	94,838	87,025
Accumulated depreciation and impairment	(72,000)	(64,568)
	22,838	22,457
Motor vehicles		
At cost	1,585	1,075
Accumulated depreciation	(975)	(550)
	610	525
Mine development		
At cost	157,701	231,134
Accumulated depreciation and impairment	(87,452)	(182,881)
	70,249	48,253
Capital work in progress		
At cost	846	185
Accumulated depreciation	-	-
	846	185
Total property, plant and equipment	100,004	76,881

During the current year, fully depreciated items of property, plant and equipment were removed from the asset register which resulted in the derecognition of \$105.9m of 'at cost' and \$105.7m of 'accumulated depreciation'. The net carrying amount of approximately \$0.2 million was recognised as a non-cash disposal in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

14. Property, Plant and Equipment (continued)

All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing assets into use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The units of production basis is used when depreciating mine specific assets which results in a depreciation charge proportional to the depletion of the forecast remaining life of mine production. Changes in factors such as estimates of proven and probable reserves that affect the unit of production calculations are applied on a prospective basis.

The straight line method of depreciation to allocate cost, net of residual values, is used for all remaining assets over estimated useful lives as follows:

- | | |
|---------------------|--------------|
| • Motor Vehicles | 3 years |
| • Plant & Equipment | 3 – 10 years |

The duration reflects the specific nature of the assets. Freehold land is not depreciated. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Mine development includes development costs incurred related to the Kanmantoo mine.

When proven mineral reserves are determined and development is approved, capitalised exploration and evaluation expenditure is reclassified as mine development within property, plant and equipment. All subsequent development expenditure is capitalised and classified as mine development, provided commercial viability conditions continue to be satisfied. On completion of development, all relevant assets included in mine development are reclassified as plant and equipment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

14. Property, Plant and Equipment (continued)

Reconciliations of the carrying amounts for each class of asset are set out below:

	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Land and buildings		
Carrying amount at beginning of period	5,461	5,461
Additions	-	-
Depreciation	-	-
Carrying amount at end of period	5,461	5,461
Plant and equipment		
Carrying amount at beginning of period	22,457	21,673
Additions	645	4,569
Depreciation	(2,976)	(4,387)
Transfers	2,712	744
Disposals	-	(142)
Carrying amount at end of period	22,838	22,457
Motor vehicles		
Carrying amount at beginning of period	525	496
Additions	26	314
Depreciation	(331)	(231)
Transfers	390	17
Disposals	-	(71)
Carrying amount at end of period	610	525
Mine development		
Carrying amount at beginning of period	48,253	41,459
Additions	26,724	28,335
Depreciation	(14,849)	(22,822)
Transfers	10,137	1,281
Disposals	(16)	-
Carrying amount at end of period	70,249	48,253
Capital work in progress		
Carrying amount at beginning of period	185	-
Additions	13,900	2,227
Transfers	(13,239)	(2,042)
Carrying amount at end of period	846	185
Total property, plant and equipment	100,004	76,881

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. Exploration and Evaluation Expenditure

The Group accumulates certain costs associated with exploration activities on specific areas of interest where the Group has rights of tenure and where exploration and evaluation activities in the area of interest have not reached a stage that permits a reasonable assessment of the existence of economically recoverable reserves.

Exploration and evaluation assets are initially measured at cost and include acquisition and renewal of rights to explore, drilling, sampling, assaying and depreciation of assets used in exploration and evaluation activities. General and administrative costs are only included where they are directly related to a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset is estimated to determine the extent of the impairment loss (if any).

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous periods.

Expenditure on exploration areas of interest where the prospect of recoupment of costs capitalised through successful development and commercial exploitation is no longer considered likely, is charged to the profit or loss as an impairment charge.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment, and the balance is then reclassified to development.

	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Exploration and evaluation expenditure	6,526	6,962
Carrying amount at beginning of period	6,962	5,328
Additions	610	1,996
Impairment	(1,033)	(362)
Transfers	(13)	-
Carrying amount at end of period	6,526	6,962

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

16. Trade and Other Payables

	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Trade payables	12,063	17,203
Other payables and accruals	14,009	8,930
	26,072	26,133

Information about the Group's exposure to liquidity risk is provided in Note 25(c).

17. Provisions – Current

	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Rehabilitation provision	1,170	1,114
	1,170	1,114

Movement in provisions

Carrying amount at the beginning of the year	1,114	1,090
Payments charged against provision	(402)	(172)
Transfer from non-current provision	458	196
Carrying amount at the end of the year	1,170	1,114

The rehabilitation provision is based on estimates for tenements held and refers to the measures and actions required to repair land disturbed by exploration and mining activities. The current balance is in respect of the Kanmantoo mine tenement.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. Leases

(i) Amounts recognised in the consolidated statement of financial position

	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Right-of-use assets		
Plant and equipment	6,033	9,237
Closing carrying amount at 31 December	6,033	9,237
Lease liabilities		
Current lease liability	2,054	4,343
Non-current lease liabilities	2,536	4,342
Closing balance at 31 December	4,590	8,685

Additions to the right-of-use assets during current year were \$0.6 million (2024: \$7.2 million).

The total cash outflow for these leases in the current year was \$4.9m (2024: \$4.2 million).

(ii) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income:

	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Depreciation charge of right-of-use assets – Plant and equipment	2,301	4,558
Expense relating to short-term leases (included in expenses)	547	1,178
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in expenses)	21	27
Interest expense (included in interest and finance charges)	609	1,103
Expense relating to variable lease payments not included in lease liabilities (included in expenses)	15,654	8,375

Contractual maturities of lease liabilities

The maturity profile of lease liabilities based on the undiscounted contractual amounts is as follows:

At 31 December 2025	Less than 1 year \$'000	1 to 2 years \$'000	Over 2 years \$'000	Total cash flows \$'000	Carrying amount \$'000
Lease liabilities	2,556	1,524	1,175	5,255	4,590

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19. Employee Benefits Payable

	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Employee benefits payable – current	4,842	3,383

The current provision for employee benefits includes accrued annual leave, long service leave, and other accrued remuneration.

The entire amount of employee benefits payable of \$4.8 million (2024: \$3.4 million) is presented as current since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past utilisation, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Leave obligations expected to settle after 12 months	1,510	1,418

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

20. Provisions – Non-Current

	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Rehabilitation provision	7,950	8,334
Movement in provisions		
Carrying value at the beginning of the period	8,334	8,500
Charged/(credited) to profit or loss		
Discount on unwind of rehabilitation provision	392	350
Transfer to current provisions	(458)	(196)
Reduce provision recognised	(318)	(320)
Balance at end of period	7,950	8,334

The rehabilitation provision is based on estimates for tenements held and refers to the measures and actions required to remediate land disturbed by exploration and mining activities. Closing and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Closing and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during mine development or during the production phase, based on the net present value of estimated future costs.

The costs are estimated based on a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments and are subject to formal review at regular intervals. The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the consolidated statement of profit or loss and other comprehensive income and shown as a financial cost.

The Group has obligations to restore land disturbed under exploration and mining licences. The maximum obligation to the South Australian Government in respect of the Kanmantoo copper mine has been assessed at a value of \$9.2 million and is secured by the South Australian Government on a first ranking basis against the assets of the Group.

Included in the rehabilitation provision is a payment of approximately \$1.5 million to be made to the Native Vegetation Fund over a period of two years, which has commenced in 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

21. Other Liabilities

	31 Dec 2025	31 Dec 2024
		Restated
Current	\$'000	\$'000
Deferred revenue - Sales	742	719
Deferred revenue – Disposal of mineral interest	1,267	1,277
Deferred income - Government grant income	159	639
	2,168	2,635
Non-Current		
Deferred income - Government grant income	940	631
Deferred revenue – Disposal of mineral interest	6,483	5,977
Total other liabilities	7,423	6,608

Deferred revenue - Sales

This derives from the prices allocated to second and third revenue performance obligations, including the loading costs and vessel charter costs required to transport the shipment to its destination.

Deferred revenue – Disposal of mineral interest

During August 2022, the Group entered into a royalty funding arrangement with Freepoint Metals and Concentrates LLC (Freepoint), under which the Group received upfront proceeds of \$5.9 million. In exchange, the Group transferred to Freepoint an economic interest in a portion of future production from the Kanmantoo underground project, entitling Freepoint to 2.5% of net smelter returns on the first 85,000 tonnes of payable copper produced, reducing to 0.5% thereafter. In 2025, ownership of the royalty interest was transferred by Freepoint to VOX Royalty Ltd. This transfer did not result in any changes to the underlying contractual terms of the arrangement.

The arrangement represents a partial disposal of a mineral interest, whereby the Group no longer retains the economic benefits associated with the specified portion of future net smelter returns. Accordingly, the upfront proceeds received are accounted for as deferred revenue, reflecting the consideration received for the transferred interest, and are recognised in profit or loss over time as sales occur, consistent with the pattern in which the economic benefits of the disposed interest are transferred to the counterparty (refer Notes 1(h) and 2(d) for further details on this and the voluntary restatement).

To the extent the arrangement includes a significant financing component, the carrying amount of the deferred revenue is adjusted over time to reflect the time value of money, with the unwinding recognised as finance costs in the consolidated statement of profit or loss and other comprehensive income.

Government grant income

A \$2 million grant was received in 2023 from the South Australian Government to assist with the trial of new underground mining technology. In accordance with AASB 120 Accounting for Government Grants and Disclosure of Government Assistance, the grant was disclosed as deferred income. Since commencement of underground mining operations, the income has been released to the consolidated statement of profit or loss and other comprehensive income over the life of the associated mine development asset.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. Contributed Equity

Share capital

	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Issued and paid-up capital for 3,414,092,137 fully paid shares (31 December 2024: 2,095,555,567)	346,813	302,711

Ordinary shares issued – movements during the period

	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
	No. of shares		\$'000	
Opening balance	2,095,555,567	1,911,971,009	302,711	292,947
Employee option schemes / issues	3,260,904	11,940,313	166	-
Capital raise	1,315,275,666	171,644,245	46,035	10,335
Less – transaction costs (net of tax)	-	-	(2,099)	(571)
Balance at end of period	3,414,092,137	2,095,555,567	346,813	302,711

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at shareholders meetings. In the event of winding up the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any net proceeds of liquidation.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

23. Reserves

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Share based payments reserve	4,877	10,046
Profit reserve	22,082	22,082
	26,959	32,128

Movements:

Share based payments reserve (i)

Opening balance	10,046	9,084
Share based compensation expense	1,342	962
Transfer to retained earnings	(6,511)	-
Closing balance	4,877	10,046

Profit reserve (ii)

Opening balance	22,082	22,082
Transfer of current year profit	-	-
Dividend paid	-	-
Closing balance	22,082	22,082

Nature and purpose of reserves

(i) Share based payments reserve

The share based payments reserve is used to recognise the fair value of:

- Share performance rights issued to employees
- Options granted to the non-executive directors
- Unlisted options issued to the joint lead managers for placement and share purchase plans.

(ii) Profit reserve

The profit reserve is used to accumulate distributable profits, preserving the characteristics of profit by not appropriating against prior year accumulated losses. The reserve can be used to pay taxable dividends.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

24. Accumulated Losses

	31 Dec 2025	31 Dec 2024
		Restated
	\$'000	\$'000
At beginning of the period	(284,346)	(269,575)
Net profit/(loss) (not carried forward to profit reserve)	92	(14,771)
Transfer from Share Based Payment Reserve	6,511	-
Accumulated losses at end of the period	(277,743)	(284,346)

25. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk, foreign exchange risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by senior management under direction of the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas.

(a) Market Risk

(i) Foreign exchange risk

The Group has exposure to FX changes in relation to AUD payments made for a lease charged in USD.

Additionally, at 31 December 2025, the Group has US\$ denominated receivables of \$4,428,850 (31 December 2024: \$924,628). An increase/decrease in AUD:USD foreign exchange rates of 10% will result in US\$443k impact to net assets and pre-tax profit.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

25. Financial Risk Management (continued)

(b) Credit Risk

Credit risk is managed on a group basis. Credit risk can arise from cash and cash equivalents, deposits with banks and financial institutions, derivative financial instruments and receivables. The group holds its cash with Westpac Banking Corporation and Commonwealth Bank of Australia which both have a high credit rating.

The group has trade receivables of \$6,617,136 (31 December 2024: \$1,487,258). The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Applying the principles of the expected credit loss model and historical recovery rates, the Group has not recognised a provision against trade receivables and contract assets.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

GST refunds are receivable from a government agency and are deemed to have no significant credit risk.

For banks, financial institutions and third party debtors, management assesses the credit quality of the counterparty, considering its financial position, experience and other relevant factors.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Liquidity risk is managed on a group basis. The group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The group monitors its cash flow on a regular basis to ensure adequate funds are in place to maintain its payment obligations when they fall due. The group and the parent entity had no drawn borrowing facilities at the reporting date.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

25. Financial Risk Management (continued)

(c) Liquidity risk (continued)

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and includes future interest on borrowings.

31 December 2025 \$'000	Less than 1 year	1 to 2 year(s)	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total cash flows	Carrying amount
Trade and other payables	26,072	-	-	-	-	-	26,072	26,072
Total	26,072	-	-	-	-	-	26,072	26,072

31 December 2024 (Restated) \$'000	Less than 1 year	1 to 2 year(s)	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total cash flows	Carrying amount
Trade and other payables	26,133	-	-	-	-	-	26,133	26,133
Total	26,133	-	-	-	-	-	26,133	26,133

Lease liabilities are excluded from the table above and are disclosed separately in Note 18 in accordance with AASB 16.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

26. Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Hillgrove Resources Limited (the “parent entity”) as at 31 December 2025 and the results of all subsidiaries for the period then ended. Hillgrove Resources Limited and its subsidiaries together are referred to in this financial report as the Group. Subsidiaries are all entities controlled by the Group. Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. Cost is measured as the fair value of the assets given, shares issued, or liabilities incurred or assumed at the date of exchange. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Profit or loss and each component of other comprehensive income are attributed to owners of Hillgrove Resources Limited and to the non-controlling interests where applicable.

Intercompany transactions, balances and unrealised gains on transactions between Group companies 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 Group.

The proportion of ownership interest is equal to the proportion of voting power held. The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries;

Name of controlled entity	Country of incorporation	Class of share	Equity holding 31 Dec 2025 %	Equity holding 31 Dec 2024 %
Hillgrove Copper Pty Ltd	Australia	Ordinary	100	100
Hillgrove Copper Holdings Pty Ltd	Australia	Ordinary	100	100
Hillgrove Exploration Pty Ltd	Australia	Ordinary	100	100
Hillgrove Mining Pty Ltd	Australia	Ordinary	100	100
Hillgrove Operations Pty Ltd	Australia	Ordinary	100	100
Hillgrove Wheal Ellen Pty Ltd	Australia	Ordinary	0	100
Kanmantoo Properties Pty Ltd	Australia	Ordinary	100	100
Mt Torrens Properties Pty Ltd	Australia	Ordinary	0	100
SA Mining Resources Pty Ltd	Australia	Ordinary	100	100
Hillgrove Indonesia Pty Ltd	Australia	Ordinary	100	100
PT Hillgrove Indonesia	Indonesia	Ordinary	100	100

During the year, Hillgrove Wheal Ellen Pty Ltd and Mt Torrens Properties Pty Ltd have been dissolved.

In November 2025, an application was submitted to dissolve Hillgrove Mining Pty Ltd and SA Mining Resources Pty Ltd. This application was approved in January 2026, subsequent to the financial year.

There were no transactions with non-controlling interests during the period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

27. Commitments

(a) Non-cancellable commitments

Future commitments not provided for in the financial statements and payable:

	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Within one year	73	76
One to five years	104	-
	177	76

(b) Exploration expenditure commitments

To maintain current rights of tenure to exploration tenements, the Group is required to perform exploration work to meet the minimum expenditure requirements under the various exploration licences which are held. These obligations are expected to be fulfilled in the normal course of operations. Mining interests may be relinquished or joint ventured to reduce this amount. The SA State Government has the authority to defer, waive or amend the minimum expenditure requirements. Eligible exploration expenditure includes an appropriate allocation of overhead costs.

	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Within one year	225	45
One to five years	220	359
	445	404

(c) Capital commitments

At 31 December 2025, there were no contracted capital commitments (31 December 2024: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

28. Notes to the Consolidated Statement of Cash Flows

(a) Reconciliation of cash

For the purposes of the consolidated statement of cash flows, cash includes cash on hand and at bank and short term deposits at call. Cash as at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position as set out in Note 11.

(b) Reconciliation of operating profit after income tax to net cash provided by operating activities

	31 Dec 2024	
	31 Dec 2025	Restated
	\$'000	\$'000
Operating profit/(loss) after income tax	92	(14,771)
Add/(remove) items classified as investing/financing activities		
Borrowing transaction costs	798	-
Net interest paid/(received)	(335)	61
Tax expense (non-cash) on capital raise costs	899	(227)
Gain on disposal of fixed assets (cash and non-cash)	(205)	(167)
Add/(remove) non-cash items		
Depreciation and amortisation	20,884	31,763
Movement in stockpile non-cash valuation	(477)	210
Write-off of assets	1,033	380
Interest on lease liabilities	609	1,103
Non-cash other liabilities restatement	-	(6,317)
Share based payments	1,507	753
Discount on unwind of rehabilitation provision	392	350
Rehabilitation provision adjustment	(328)	(262)
Unrealised foreign exchange gain on lease liability	41	(3)
Changes in operating assets and liabilities		
(Increase)/decrease in receivables, prepayments & inventory	(5,683)	(6,446)
Increase/(Decrease) in trade and other payables	(61)	12,439
Increase/(Decrease) in other operating assets and liabilities	168	579
Increase/(Decrease) in provisions & employee benefits	1,068	1,558
Net cash from/(used) by operating activities	20,402	21,003

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

29. Notes to the Consolidated Statement of Cash Flows (continued)

(c) Net funds/debt reconciliation

This section sets out an analysis of net funds/debt and the movements for each of the periods presented.

	31 Dec 2025	31 Dec 2024
	\$'000	Restated \$'000
Cash and cash equivalents	20,953	3,260
Lease Liabilities (undiscounted) – repayable within one year	(1,834)	(4,343)
Lease Liabilities (undiscounted) – repayable after one year	(2,756)	(4,342)
Net funds/(debt)	16,363	(5,425)

Reconciliation of movement of liabilities to cash flows arising from financing activities

	Other assets		Liabilities from financing activities (undiscounted)		Total
	Cash & bank	Liquid investments	Lease liabilities due within 1 year	Lease liabilities due after 1 year	
Net debt as at 1 January 2024	10,240	-	(4,311)	(7,506)	(1,577)
Cash flows	(6,980)	-	-	-	(6,980)
Other non-cash movements	-	-	(32)	3,164	3,132
Net funds/(debt) as at 31 December 2024	3,260	-	(4,343)	(4,342)	(5,425)
Cash flows	17,693	-	-	-	17,693
Other non-cash movements	-	-	2,289	1,586	4,095
Net funds/(debt) as at 31 December 2025	20,953	-	(2,054)	(2,756)	16,363

Non-cash movements represent accrued interest, repayment timing movements between current and non-current and revaluations.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

30. Key Management Personnel Disclosures

Key management personnel compensation

	31 Dec 2025	31 Dec 2024
	\$	\$
Short-term employee benefits	1,438,516	1,166,949
Post-employment benefits	110,028	104,019
Cash bonus (accrued)	354,652	-
Cash bonus (paid)	153,424	-
Termination payments	230,649	-
Share based payments	812,099	488,094
	3,099,368	1,759,062

Further detail regarding key management personnel compensation can be found in the Remuneration Report.

31. Related Party Transactions

(a) Parent entities

The parent entity within the Group is Hillgrove Resources Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 26.

(c) Key management personnel

Disclosures relating to key management personnel are set out in Note 30.

(d) Related parties

Loans to controlled entities are eliminated on consolidation.

Hillgrove Copper Pty Ltd is the banker for the Group and re-allocates via loan account all costs that relate to the Group. Some assets and liabilities previously recognised in the parent Company, mainly consisting of property, plant, equipment and exploration related assets, have been transferred to the controlled entities via loan account. All these transactions were recorded at carrying value.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

31. Events After the Reporting Period

There were no events subsequent to balance date.

32. Contingent Liabilities

Guarantees

	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Electranet performance bond to support the build, own, operate and maintain agreement for installation of transmission infrastructure at the Kanmantoo site	767	600
Security bond on exploration tenement (restricted cash, note 11)	5	5
Bank guarantees (restricted cash, note 11)	347	312
	1,119	917

The Group had no other contingent liabilities at 31 December 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. Share-Based Payments

(a) Movements in options and performance rights during the year

	31 December 2025		31 December 2024	
	Number of options and performance rights	Weighted average exercise price (\$)	Number of options and performance rights	Weighted average exercise price (\$)
Balance at beginning of year	47,888,903	0.12	53,802,800	0.12
Granted – employees	78,202,308	-	9,657,768	-
Granted – non-executive directors	5,598,807	-	7,000,000	0.12
Forfeited during the year	(12,304,201)	-	(10,631,352)	-
Exercised during the year	-	-	(11,940,313)	-
Expired during the year	(12,000,000)	-	-	-
Balance at end of year	107,385,817	0.12	47,888,903	0.12
Exercisable at end of year	-	-	-	-

The weighted average exercise price is calculated on options only and does not factor in performance rights.

At the end of the year there were 107,385,817 options and performance rights outstanding and the weighted average remaining contractual life at the end of the period was 1.51 years (31 December 2024: 1.31 years).

(b) Summary of options and performance rights outstanding

	31 December 2025		31 December 2024	
	Number of options and performance rights	Last exercise date	Number of options and performance rights	Last exercise date
2021 OPRP (Tranche 2)	-	-	-	30 March 2025
2022 OPRP (Tranche 3)	9,731,135	30 March 2026	9,731,135	30 March 2026
2023 OPRP (Tranche 1)	7,500,000	30 March 2027	7,500,000	30 March 2027
2024 OPRP (Tranche 1)	18,067,500	30 March 2028	9,657,768	30 March 2028
2025 PRP - Employees	57,488,375	31 December 2027	-	-
Director Options T1 (2021)	-	14 May 2025	8,000,000	14 May 2025
Director Options T2 (2021)	6,000,000	14 May 2026	6,000,000	14 May 2026
Director Options T1 (2024)	-	14 May 2025	4,000,000	14 May 2025
Director Options T2 (2024)	3,000,000	14 May 2026	3,000,000	14 May 2026
2025 PRP - Directors	5,598,807	31 December 2027		
Total	107,385,817		47,888,903	

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. Share-Based Payments (continued)

(b) Summary of options and performance rights outstanding (continued)

Further information for each of the outstanding plans are as follows:

	2022 OPRP	2023 OPRP	2024 OPRP	2025 PRP
Consideration	-	-	-	-
Exercise price	-	-	-	-
Method of settlement	Equity	Equity	Equity	Equity
<u>Performance hurdles</u>				
- Share price target (cents)	10.0	12.0	14.0	See note 34(c)
- Price calculation methodology	10 day VWAP	10 day VWAP	10 day VWAP	
- Start of testing date	1 March 2024	1 March 2025	1 March 2026	1 January 2025
- First exercise date	1 March 2025	1 March 2026	1 March 2027	31 December 2027
- Last exercise date	30 March 2026	30 March 2027	1 March 2028	31 December 2027

In addition, further information for each of the outstanding director options are as follows:

	T2 (2021)	T2 (2024)
Consideration	-	-
Exercise price	\$0.15/share	\$0.15/share
Method of settlement	Equity	Equity
Grant date	14 May 2021	3 June 2024
First exercise date	14 May 2024	3 June 2024
Last exercise date	14 May 2026	14 May 2026

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. Share-Based Payments (continued)

(c) Additional information on options and performance rights issued during the year

	2025 PRP
Grant date	16 June 2025
Valuation date	16 June 2025
Consideration	-
Exercise price	-
Number of rights granted	72,001,115
<u>Performance criteria</u>	
- Start of testing date	1 January 2025
- First exercise date	31 December 2027
- Last exercise date	31 December 2027
<u>Valuation</u>	
- Methodology	Monte Carlo
- Share price volatility	62.90%
- Expected dividend yield	0%
- Risk free interest rate	3.30%
- Valuation per right - cents	3.6

Vesting of the performance rights are subject to the satisfaction of service and performance criteria in accordance with the terms of the 2025 PRP set out in the Remuneration Report.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. Share-Based Payments (continued)

(d) Movements in options during the year – capital raise lead managers

	31 December 2025		31 December 2024	
	Number of options	Weighted average exercise price (\$)	Number of options	Weighted average exercise price (\$)
Balance at beginning of year	45,000,000	0.0807	55,000,000	0.0790
Granted	18,571,428	0.0525	10,000,000	0.0900
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	(2,000,000)	-
Expired during the year	-	-	(18,000,000)	-
Balance at end of year	63,571,428	0.0724	45,000,000	0.0807

At the end of the year there were 63,571,428 options outstanding and the weighted average remaining contractual life at the end of the period was 1.05 years (31 December 2024: 1.51 years).

(e) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
<u>Performance rights issued under the OPRP and PRP:</u>		
Equity based	1,095	752
Cash based	-	-
<u>Shares issued under GESP:</u>		
Equity Based	166	-
	1,261	752

The amount above does not include non-employee share based payment arrangements.

During the period, the expensed share based payment amounts were calculated based on an adjusted form of the Black Scholes Model, Monte Carlo simulation, or share price on the date of issue.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. Parent Entity Information

The financial information for the parent entity, Hillgrove Resources Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries are accounted for at cost in the financial statements of Hillgrove Resources Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

Set out below is the supplementary information about the parent entity.

	Parent	
	31 Dec 2025	31 Dec 2024
		Restated
	\$'000	\$'000
Profit / (loss) after income tax	(21,571)	(15,109)
Total comprehensive income	(21,571)	(15,109)
Statement of financial position		
Total current assets	17,277	530
Total non-current assets	57,823	50,319
Total assets	75,100	50,849
Total current liabilities	684	695
Total liabilities	684	695
Net assets	74,416	50,154
Shareholder's equity		
Contributed equity	346,812	302,711
Reserves	11,742	16,912
Accumulated losses	(284,138)	(269,469)
Total equity	74,416	50,154

Material Accounting Policies

The accounting policies of the parent entity are consistent with those of the Group, disclosed throughout the report and notes. Investments in subsidiaries are accounted for at cost, less any impairment.

Consolidated Entity Disclosure Statement as at 31 December 2025

Name of controlled entity ¹	Trustee, partner or participant in JV	% of share capital	Place of incorporation	Australian resident	Foreign jurisdiction(s)
Hillgrove Resources Limited	-	n/a	Australia	Yes	N/A
Hillgrove Copper Pty Ltd	-	100	Australia	Yes	N/A
Hillgrove Copper Holdings Pty Ltd	-	100	Australia	Yes	N/A
Hillgrove Exploration Pty Ltd	-	100	Australia	Yes	N/A
Hillgrove Mining Pty Ltd	-	100	Australia	Yes	N/A
Hillgrove Operations Pty Ltd	-	100	Australia	Yes	N/A
Kanmantoo Properties Pty Ltd	-	100	Australia	Yes	N/A
SA Mining Resources Pty Ltd	-	100	Australia	Yes	N/A
Hillgrove Indonesia Pty Ltd	-	100	Australia	Yes	N/A
PT Hillgrove Indonesia	-	100	Indonesia	Yes	Indonesia

(1) All entities are body corporate entities.

Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 31 to 79 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
- (c) the consolidated entity disclosure statement on page 80 is true and correct

Note 1(b) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Managing Director, and the Chief Financial Officer and Joint Company Secretary required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

Dated at Adelaide this 25th day of February 2026



Mr Derek Carter
Chair



Mr Robert Fulker
Chief Executive Officer and Managing
Director

Independent Auditor's Report to the Members



Independent auditor's report

To the members of Hillgrove Resources Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Hillgrove Resources Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2025 and of its financial performance for the year then ended;
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information;
- the consolidated entity disclosure statement as at 31 December 2025;
- the directors' declaration.

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Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit Scope

Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

- In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group auditor.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matter to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
Mine development expenditure (Refer to note 14) We considered the additions to mine development expenditure recognised during the year to be a key audit matter, given the financial significance of this balance arising from material capital expenditure incurred during the underground mine development phase.	We performed the following procedures, amongst others: • Considered the latest available information regarding the project through inquiries of management and the directors, and inspection of relevant press releases; • For a sample of additions to mine development expenditure, we: ◦ Assessed the appropriateness of the additions to mine development expenditure in accordance with the requirements of Australian Accounting Standards; and ◦ Tested the accuracy of the additions to mine development expenditure by comparing the amounts capitalised to invoices or other relevant supporting documents. • Evaluated the reasonableness of the disclosures against the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2025, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the directors' report. We expect the remaining other information to be made available to us after the date of this auditor's report.



Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2025.

In our opinion, the remuneration report of Hillgrove Resources Limited for the year ended 31 December 2025 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

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A handwritten signature in black ink, appearing to read 'Julian McCarthy', written over a faint, stylized outline of the PwC logo.

Julian McCarthy
Partner

Adelaide
25 February 2026