ASX RELEASE

HILLGROVE RESOURCES

Monday, 5 June 2023

FIRB APPROVAL SEES COMPLETION OF FUNDING, MINING COMMENCES AT KAMANTOO

SUMMARY

- Foreign Investment Review Board (FIRB) approval for the Freepoint transaction received.
- Completion of Freepoint Placement, with gross proceeds of approximately $17.2 million received. This takes total proceeds raised to approximately $38 million which is sufficient to complete the underground development and continue mine life expansion drilling.
- Execution of definitive documentation for the secured hedging completed.
- Formal positive Final Investment Decision (FID) expected imminently. In anticipation of a positive FID:
  - The Company has entered into the key contracts;
  - Appointed key employees for the underground development; and
  - Commenced the underground development.
- Early works have continued to progress, with additional infrastructure installed on site, including a 100 person change house.
- Hillgrove on track for first copper concentrate production to occur in the first quarter of 2024.

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Hillgrove Resources Limited (Hillgrove, the Company) (ASX:HGO) is pleased to advise that the Freepoint Placement (which consists of Tranches 1 and 2), as first announced to the market on 1 March 2023, has completed – which has enabled the Company to commence decline development as planned. All conditions precedents to the Freepoint Placement, including the execution of formal agreements facilitating the hedging arrangement (which include security documents) and Foreign Investment Review Board approval, were met – with gross proceeds of approximately $17.2 million received by the Company (through the issue of 325,000,000 new Ordinary Shares in the Company at an issue price of $0.053 per share).

In addition, the secured hedging arrangements with Freepoint Metals & Concentrates LLC (**Freepoint**) are expected to complete in June 2023, upon the satisfaction of conditions precedents, which includes a formal positive Final Investment Decision by the Board of Hillgrove. In order for the Company to place this hedging, the copper price will need to be above the aggregate of A$12,500 per tonne plus hedging margin.

Commenting on the Freepoint agreements, Hillgrove's Managing Director, Lachlan Wallace said:

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"The placement completes a broader funding package which enables the commencement of the Kanmantoo underground and continuation of mine expansion drilling. The Company is in the enviable position of starting the mining operation without debt, enabling the team to focus on delivery of the mine plan and growing the mining inventory.

Since the announcement of the capital raising on 1 March 2023, we have been actively progressing the project on a number of fronts to make sure we remain on track for first copper production in early 2024. These activities include:

- *Major contracts – all the major contracts with various counterparties have been executed, with mobilisation of the fleet for the initial commencement completed successfully. These contracts include the supply and maintenance of the underground mining fleet and explosive supply.*

- *Employees – a successful recruitment program has filled all the key positions that are required as part of this initial development phase. We have been pleased with the high level of interest in the site, owing to both the opportunity to be involved in the start-up of a new project with an agile mining company, as well as the mine's location only 40 minutes from Adelaide. A further 130 people will be employed over the next 6 months as the mine expands, and we prepare the process plant for first copper production.*

- *Early works – on 17 March 2023 we announced early works including geotechnical remediation of the pit walls, haul road preparation, and dewatering. Subsequent to that announcement, we have also installed a 100 person change house and fitted out the maintenance workshop with tooling and a lube distribution system.*

- *Mine life extension – the mine expansion drilling continues concurrent to the underground development, with a view to potentially increase both mine life and annual copper production.*

Looking forward, with funding now concluded, the Board will consider a formal Final Investment Decision (FID) in the coming weeks. In anticipation of a positive FID, underground development has already commenced. The first underground blast occurred in May and the development rate has quickly ramped up to planned levels. Ore intersected in the primary decline and ventilation drive is being stockpiled ahead of first copper production which is planned to occur in the first quarter of 2024.

In addition to this, a hedging agreement with Freepoint has been executed which enables up to 16,000mt of copper to be hedged. Subject to positive FID, and the copper price meeting the requisite hurdle under the hedging agreements, we expect to place the first 6,000mt of AUD copper hedging to protect early revenues.

We look forward to providing regular update on the status of works in the coming weeks and months."

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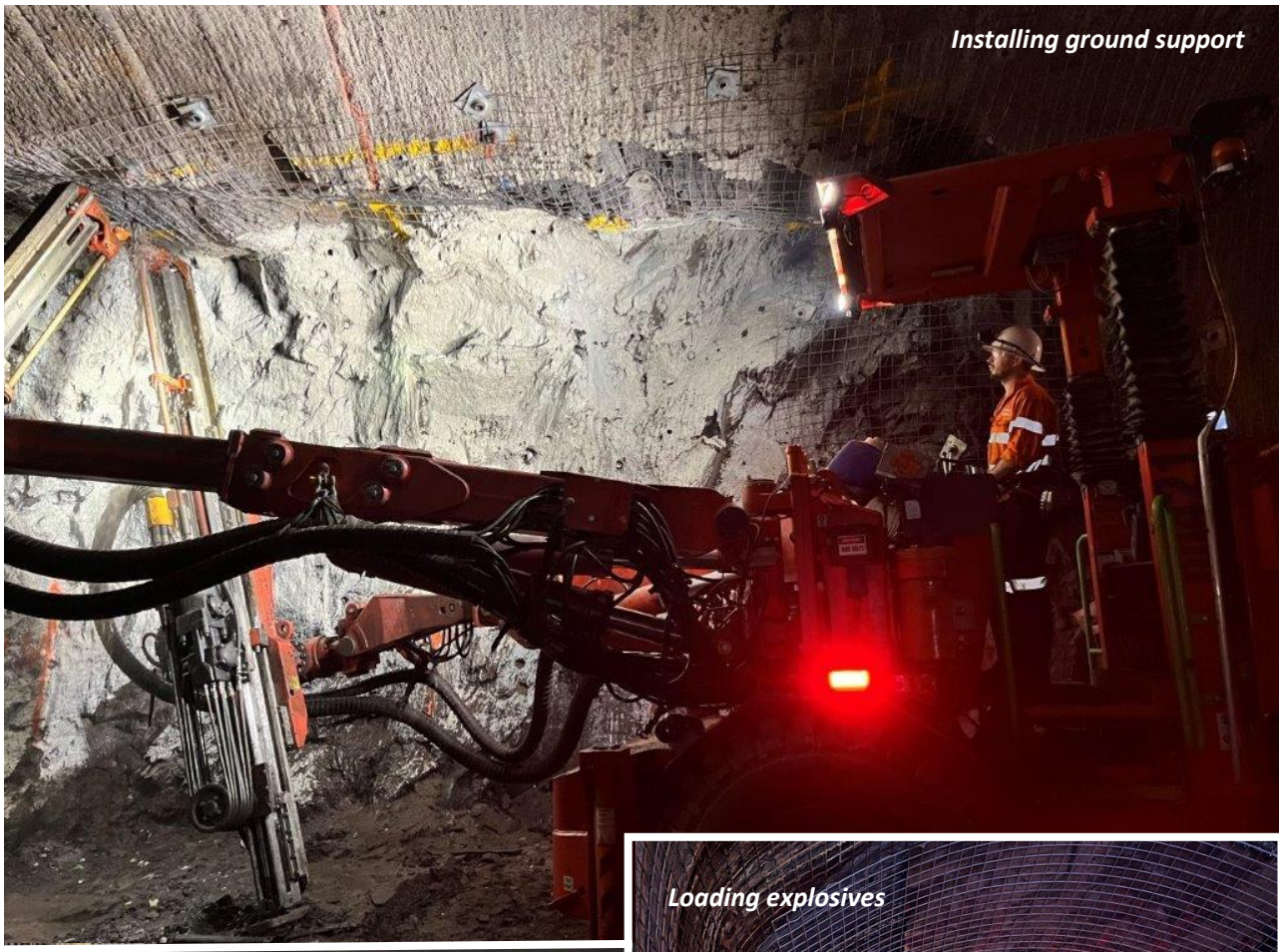
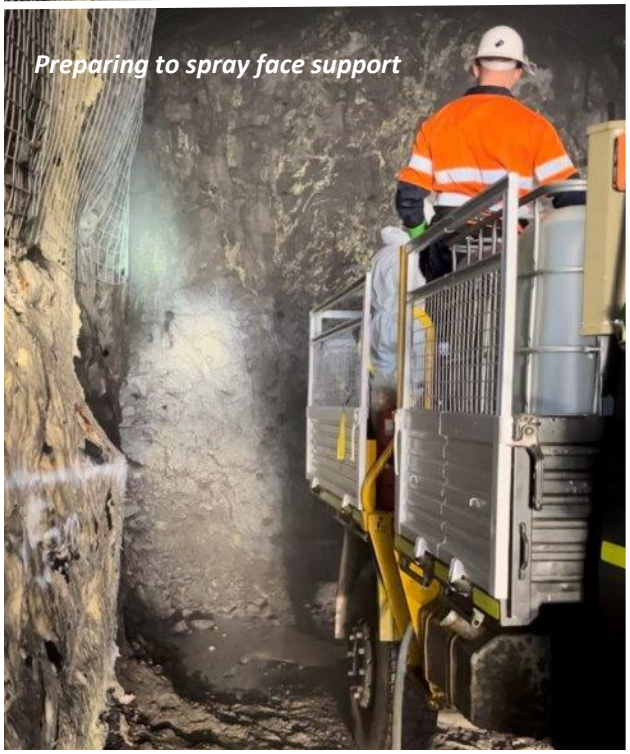


Installing ground support



Preparing to spray face support

Loading explosives

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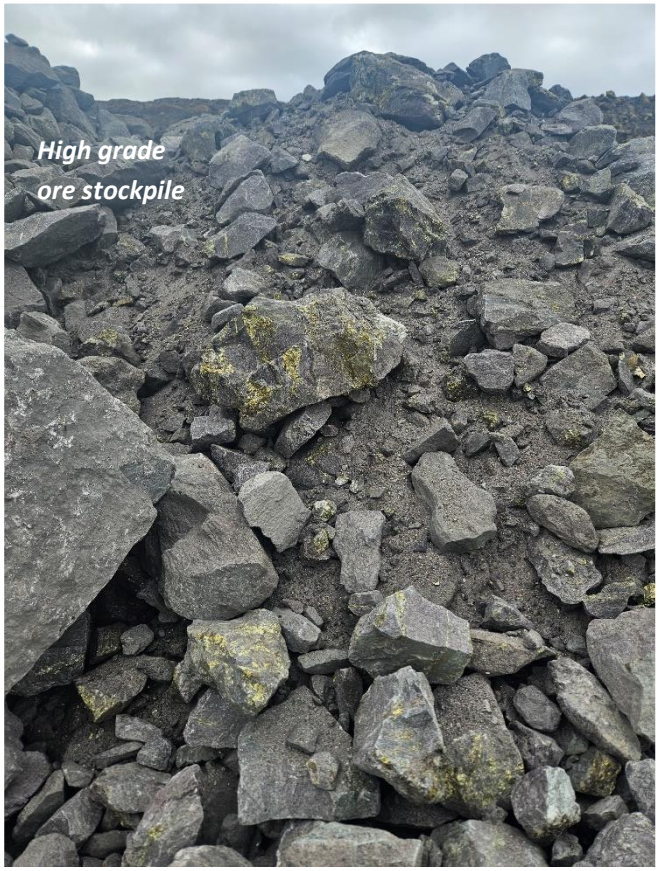
First blast



High grade ore stockpile

Authorised for release by the
Board of Hillgrove Resources Limited.

For more information contact:

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