ASX RELEASE

HILLGROVE RESOURCES

12 February 2024

HILLGROVE ACHIEVES SIGNIFICANT MILESTONE AS COPPER PRODUCTION COMMENCES AT KANMANTOO MINE

HIGHLIGHTS

- Hillgrove achieves significant milestone with the **production of first copper concentrate** from the Kanmantoo mine following successful commissioning of the processing facility.
- Plant commissioning and production of copper achieved within targeted timeframe of Q1 2024.
- Hillgrove is now positioned as one of the few pure play copper producers on the ASX with first revenues from sales of the copper concentrate to be received this week.
- A significant opportunity exists to grow the Resource and therefore mine life, as evidenced by:
  - the substantial JORC Exploration Target at the Project of 60 – 100Mt @ 0.9% to 1.2% Cu and 0.1 g/t to 0.2 g/t Au[1], and
  - recent drilling results including[2]:
    - **36.6m @ 3.35% Cu** from 43m downhole in East Kavanagh (23KVUG064)
    - **45.4m @ 1.19% Cu** and 0.12g/t Au from Spitfire from 428.5m downhole (KTD243_W1)
    - **40m @ 1.27% Cu** from 43m downhole in Central Kavanagh (23KVUG072)
    - **33.23m @ 1.46% Cu** from 42m downhole in East Kavanagh (23KVUG083)
- Mains power has now been established to the underground operation resulting in a substantial circa **65% cost reduction to power use** from circa $0.40 per kilowatt hour to circa $0.13 per kilowatt hour. Further, connection to the South Australian power grid, which is supplied by over 70% renewable energy generation, substantially reduces Kanmantoo's carbon footprint.

Commenting on the commencement of copper production, Hillgrove CEO and Managing Director, Lachlan Wallace said:

"First copper production from the Kanmantoo underground operation, and the transition to cashflow generation, is a watershed moment for the Company. Over the next few months, the mine output and copper production are expected to ramp up as the planned additional work areas are established underground.

[1] ASX Announcement 11/10/23. The Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource under the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code" (JORC 2012). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve.

[2] ASX Announcements 13/11/23, 28/8/23

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Completing this transition from explorer to producer makes Hillgrove Resources one of only a few copper producers on the ASX, and doing so in eight months highlights the Company's capability to deliver on stated objectives. Operations will be bedded down at Kanmantoo as we ramp up to steady stage production, and our attention will turn to growing the business by converting future exploration and development opportunities.

The project is well positioned to take advantage of the anticipated growth in demand for copper as the world continues to decarbonise through electrification. To leverage our position as a copper producer into the future, we are actively seeking to grow both the mine life and the annual copper production profile through exploration, starting with our substantial 60-100 million tonne exploration target within in close proximity to the underutilised processing plant, including the recently discovered Kanmantoo Deeps target."

About Kanmantoo

The Kanmantoo Underground project is located approximately 55km from Adelaide. From 2010 to 2020 Hillgrove Resources operated a series of open pits, producing approximately 137k tonnes of copper and 55k ounces of gold. In 2020 the Company commenced exploration and economic studies to evaluate the potential for an underground operation to be developed. In mid-2023 the underground commenced development with a single decline towards the base of one of the pits. Primary ventilation and secondary egress were established in late 2023, followed by stoping and the growth of ore stockpiles. In early 2024, the processing plant was recommissioned, and copper production commenced, seeing the Company transition to a producer and cashflow generation. Over the next few months, additional work areas will be established as the underground development advances, which enables copper production to increase.

Concurrent to the ramp up of copper production, the Company continues to actively drill targets around the processing plant aimed at expanding mine life and annual copper production. In 2023 the Company drilled approximately 25km with some excellent results including;

- A step out hole in Spitfire more than 100m from any previous copper intercept which returned 45.4 metres at 1.19% Cu and 0.12g/t Au[3]; and
- Down dip extensions in Emily Star that include 71.7 metres at 0.89% Cu and 68.8 metres at 0.9% Cu[4].
- Stope infill holes including[5]:
    - 36.6m @ 3.35% Cu from 43m downhole in East Kavanagh (23KVUG064)
    - 45.4m @ 1.19% Cu and 0.12g/t Au from Spitfire from 428.5m downhole (KTD243_W1)
    - 40m @ 1.27% Cu from 43m downhole in Central Kavanagh (23KVUG072)
    - 33.23m @ 1.46% Cu from 42m downhole in East Kavanagh (23KVUG083)
    - 26.4m @ 1.39% Cu from 47.9m downhole in East Kavanagh (23KVUG085)
    - 21.55m @ 1.45% Cu from 93.45m downhole in Central Kavanagh (23KVUG047)

[3] ASX Announcement 28/8/23
[4] ASX Announcement 3/7/23
[5] ASX Announcement 13/11/23

A revised Mineral Resource Estimate is being compiled, which will include maiden Resource announcements for Emily Star and North Hub, two satellite mineralised zones on the mining lease which are not currently in the mine plan, as well as an update to the main Kavanagh Mineral Resource Estimate.

Furthermore, the Company announced the discovery of Kanmantoo Deeps, a large low resistivity anomaly, 1km in strike length, which is coincident with both a strong ground gravity and heli-magnetic anomaly. Kanmantoo Deeps returns a similar resistivity signature to the main lode system at Kanmantoo and is potentially a northern continuation that has been offset down plunge by a recently identified fault. The Exploration Target immediately around the process plant is now 60 to 100 million tonnes at 0.9% to 1.2% Cu and 0.1g/t to 0.2g/t Au , which is an order of magnitude above our existing mining inventory, and represents a material opportunity for the Company.

Authorised for release by the Board of Hillgrove Resources Limited.

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Figure 1 **Copper concentrate**

Figure 2 **Copper concentrate production through the flotation circuit**

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Figure 3 **Copper concentrate production through the flotation circuit**

Figure 4 **Copper concentrate stockpile**

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Figure 5 **Copper concentrate is transported to Port Adelaide in rotable containers**

Figure 6 **Installing the overhead powerlines from the main switchyard to the underground operation**