Hillgrove Resources Limited (ABN 73 004 297 116) (ASX: HGO) (“Hillgrove”) is pleased to announce the repayment in full of the $4.3m SA Government Loan and associated costs, and the establishment of a copper pre-pay facility (“Facility”) with its large shareholder and offtake partner Freepoint Metals & Concentrates LLC (“Freepoint”).

The SA Government Loan was one of a number of initiatives from key stakeholders to assist Hillgrove overcome a cash shortfall during a major cutback at the Kanmantoo Copper Mine during a significant downturn in the copper market (refer market release 28 June 2016). The repayment was scheduled to be repaid in the first quarter of 2018.

The Facility will provide Hillgrove with general working capital and enable Hillgrove to reduce its copper price risk exposure, during 2018. This working capital will enable Hillgrove to take advantage of transactions such as buying back future liabilities at a discount and to continue to advance growth projects.

Importantly, the structure of the Facility has allowed Hillgrove to fix the price of an additional 5,000 tonnes of copper in a robust copper market.

The key terms of the Facility are as follows:

- Freepoint will advance Hillgrove $4.0 million, which will convert to a prepayment of $800 per tonne on 5,000 tonnes of future copper sales;
- Hillgrove will repay the Facility from the sale of these 5,000 tonnes during the period from July 2018 to December 2018;
- The price of the 5,000 tonnes has been fixed at an average after margin price of $8,885/tonne;
- The Facility is secured by a security package which includes the mortgages over the real property which was previously used to secure the SA Government Loan; and
- The Facility will incur interest at 7% pa.

Mr Steven McClare, CEO and Managing Director, said “Hillgrove on behalf of all of its employees and stakeholders would like to sincerely thank the SA Government for its continued support. In particular, Minister for Mineral Resources and Energy Tom Koutsantonis, who has been a key supporter of the SA Copper Strategy and the role Hillgrove can play in growing South Australia’s copper production. This support has enabled two hundred and sixty employees to continue employment, contractors to continue working, near mine rehabilitation to continue and importantly South Australia to continue to earn export revenue from our business.
Hillgrove has been able to access the traditional debt markets, which is a show of confidence by the market and in particular our offtake partner Freepoint – this follows the recent completion of the cutback of the Giant pit and the improvement in performance of both the pit and the processing plant, leading to increased levels of copper production.”

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