

Thursday, 7 October 2021

UNDERGROUND DEVELOPMENT TO COMMENCE AT KANMANTOO WITH THE ARRIVAL OF THE KOMATSU CONTINUOUS MINER

HIGHLIGHTS

- Komatsu MC51 continuous miner has arrived at the Kanmantoo Copper Project for the commencement of the underground exploration and development decline.
- All development is funded by Komatsu until receipt of project financing for a mine re-start, which is a major endorsement of the potential of the Project.
- Along with providing a head start to any future mining activities, four underground drilling platforms will be established to accelerate drilling and resource growth.
- The portal cut is expected to commence in October 2021, with Pybar Mining Services providing ground support assistance.
- The Company is also in the process of finalising drill mobilisation schedule with the commencement of drilling programs targeted to start this month.

Commenting on the arrival of the Komatsu MC51 continuous miner, Hillgrove CEO and Managing Director, Lachlan Wallace said:

"I am pleased to announce that the continuous mining machine has arrived at site and Pybar has been engaged to provide ground support services. Preparation of the portal location is on schedule for the initial cut to commence later this month.

The development of the underground decline and establishment of underground drilling platforms is a key milestone in the Kanmantoo Underground development program – with the underground drill platforms accelerating and reducing the cost of the upcoming drilling program, and the decline bringing forward the potential restart of copper production and further reducing what is already a low-cost mine development.

Along with the progression of the portal preparation works, we are also in the process of finalising the mobilisation of drill rigs, the first of is anticipated to be onsite later this month."



Figure 1 Komatsu MC51 arriving at Kanmantoo



Kanmantoo Underground Decline Update

Following on from the ASX announcement of 31 August 2021 (“Hillgrove Awarded \$2m Grant To Commence Underground Decline”), portal preparation works have continued to progress, which include:

- Establishment of communications, safety and crib facilities.
- Set up of power, including a generator and transformer, and bunded fuel facilities.
- Portal face preparation, including thin spray-on lining of the portal entrance, and constructing concrete entrance ramp at 1:7 decline grading.
- Arrival of critical equipment, including the Komatsu MC51 continuous miner.

Decline Development Benefits

The Komatsu MC51 continuous miner trial will create a portal towards the base of the Giant Pit and establish a number of underground drill platforms from which the Kavanagh and Spitfire lodes can be drilled. Drilling has demonstrated that the Kavanagh lodes extend for up to 500m below the base of the pit (~900m below surface). The underground drilling platforms reduce the length of drill holes and thereby will lead to a faster and lower cost drill out of the Kavanagh mineral resource. In addition, the underground drill platforms will enable areas directly below the base of the pit, particularly South West Kavanagh and Spitfire, which are otherwise difficult to target from surface, to be drilled and brought into future mineral resource estimates.

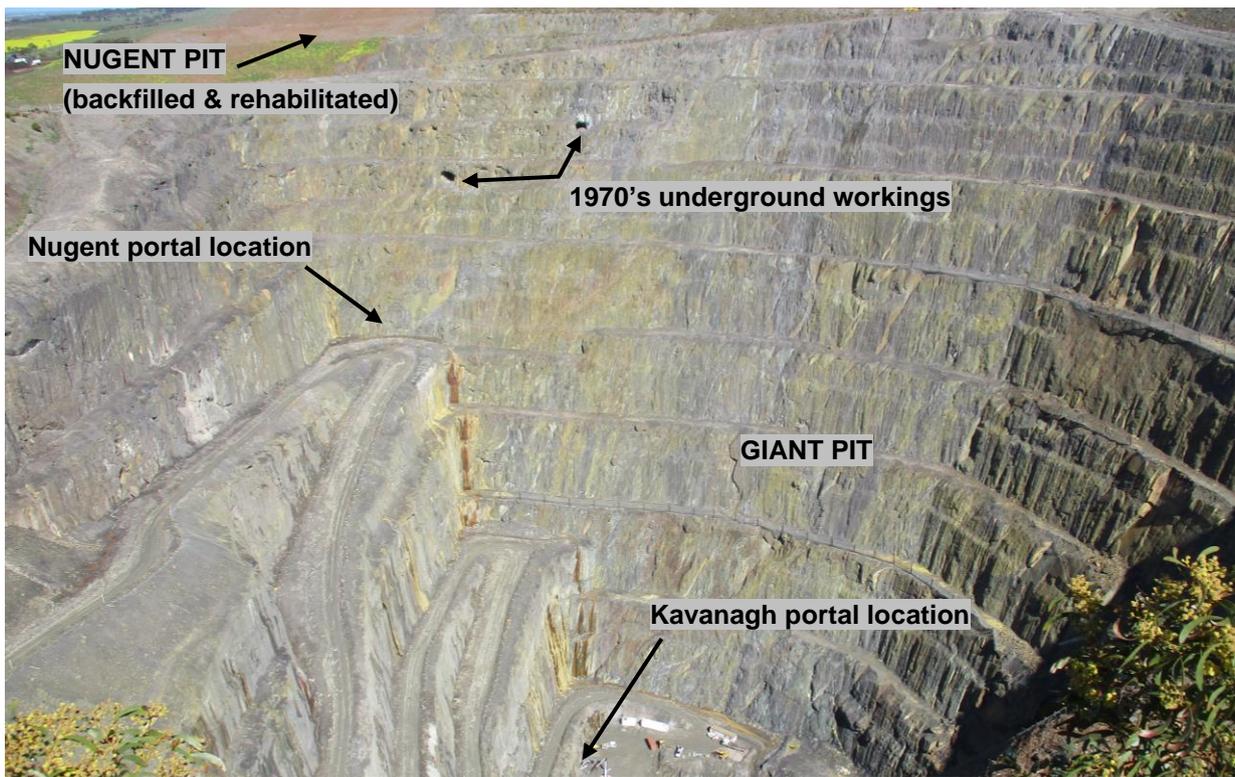
The decline not only assists in the resource definition and expansion, but also enables close spaced stope definition drilling to be brought forward, potentially removing this work from the critical path to first copper production. Being able to undertake this either prior to Final Investment Decision (FID) and project financing, or in parallel with the remaining development works after FID, will bring forward copper production, which ultimately reduces the working capital required.

This trial accelerates and reduces an already very low cost and near-term copper mining development which is permitted and benefits from having all existing infrastructure in place, including an operational 3.6Mtpa processing facility and tailings storage facility.

Figure 2 Preparing the portal location



Figure 3 Layout of the Kanmantoo Underground looking south across the Giant Pit



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ABOUT HILLGROVE

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