



Mining

## Hillgrove secures \$6m cash payment for Kanmantoo royalty

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Hillgrove has scored a \$6m cash payment after reaching a royalty agreement with long-standing partner and supporter Freeport Metals and Concentrates.

In return for the payment, Freeport will receive a 2.5% net smelter returns on the first 85,000t of payable copper production from its Kanmantoo mine in South Australia, which reduces to a 0.5% NSR thereafter.

Not only does the payment provide **Hillgrove Resources (ASX:HGO)** with the funds needed to consider a range of restart and resource expansion options, it is also a sign of confidence in its plans to start underground mining at the project.

Managing director Lachlan Wallace said the company was pleased to continue its long-standing partnership with Freeport through the royalty agreement, which demonstrates their strong commitment to the development of the Kanmantoo underground project and understanding of its on-lease exploration upside.

“The agreement highlights the robustness of the Kanmantoo Underground project, as demonstrated in the Economic Assessment, with subsequent updates to the Kavanagh and Nugent Mineral Resource Estimates expected to increase mine life,” he added.

“Moreover, both Nugent and Kavanagh remain open at depth and along strike, and are only two of nine mineral systems that have either been drilled or partially mined within the permitted lease, representing an excellent opportunity to expand the mine life with further drilling.

“The consideration for the royalty immediately boosts our cash position without shareholder dilution, enabling the company to consider a range of restart and resource expansion options, particularly in light of recent changes in the global copper market.”

Freeport senior managing director Philip Bacon said the two companies’ close relationship had been fostered over a long period of time and included financing the Kanmantoo technical studies in the early days.

“Freeport looks forward to the restart of operations at Kanmantoo and continuing our long-term partnership with Hillgrove,” he added.

## Kanmantoo underground mining

The Kanmantoo underground mining plan seeks to bring deeper resources at the project – located just 55km southeast of Adelaide – into production.

Resources at the Kavanagh and Nugent deposits currently total just under 7Mt grading 1.08% copper and 0.16 grams per tonne gold, or 75,900t of contained copper.

Recent results have also been encouraging with assays from 12 recent drill holes at the Spitfire copper-gold system, which were drilled from the underground development at Kanmantoo, returning notable hits such as:

- 82m at 0.95% copper, 0.18 g/t gold from 53.38m downhole;
- 55m at 1.72% copper, 0.22 g/t gold from 56.45m downhole; and
- 13m at 2.1% copper, 0.18 g/t gold from 72m downhole.

This has extended the Spitfire zone to over 100m in strike length and is still open down-dip, and affirmed the company's decision to use the Exploration Decline as a platform for underground drilling of additional copper-gold zones close to the main Kavanagh system.

It also highlights the down-dip continuity of the zones mined within the Giant Open pit and their potential to add significant tonnes per vertical metre for an underground operation.

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