



Advancement of debt funding and further wide, copper hits fuel Hillgrove's journey to copper production

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Funding discussions have advanced to definitive agreements, with the required capital for the restart expected to be entirely funded by debt. Moreover, with drilling continuing to deliver wide zones of copper mineralisation, Hillgrove's next Kanmantoo resource estimate is likely to see growth in both size and confidence.

Assays from the final four surface diamond holes drilled in late 2021 into the Kavanagh copper-gold system delivered results such as 36.5m grading 1.76% copper from 367.7m downhole (KTDD208_W2) and 15.3m at 2.15% copper from 471m within a broader 97m zone grading 0.69% copper (KTDD208_W1).

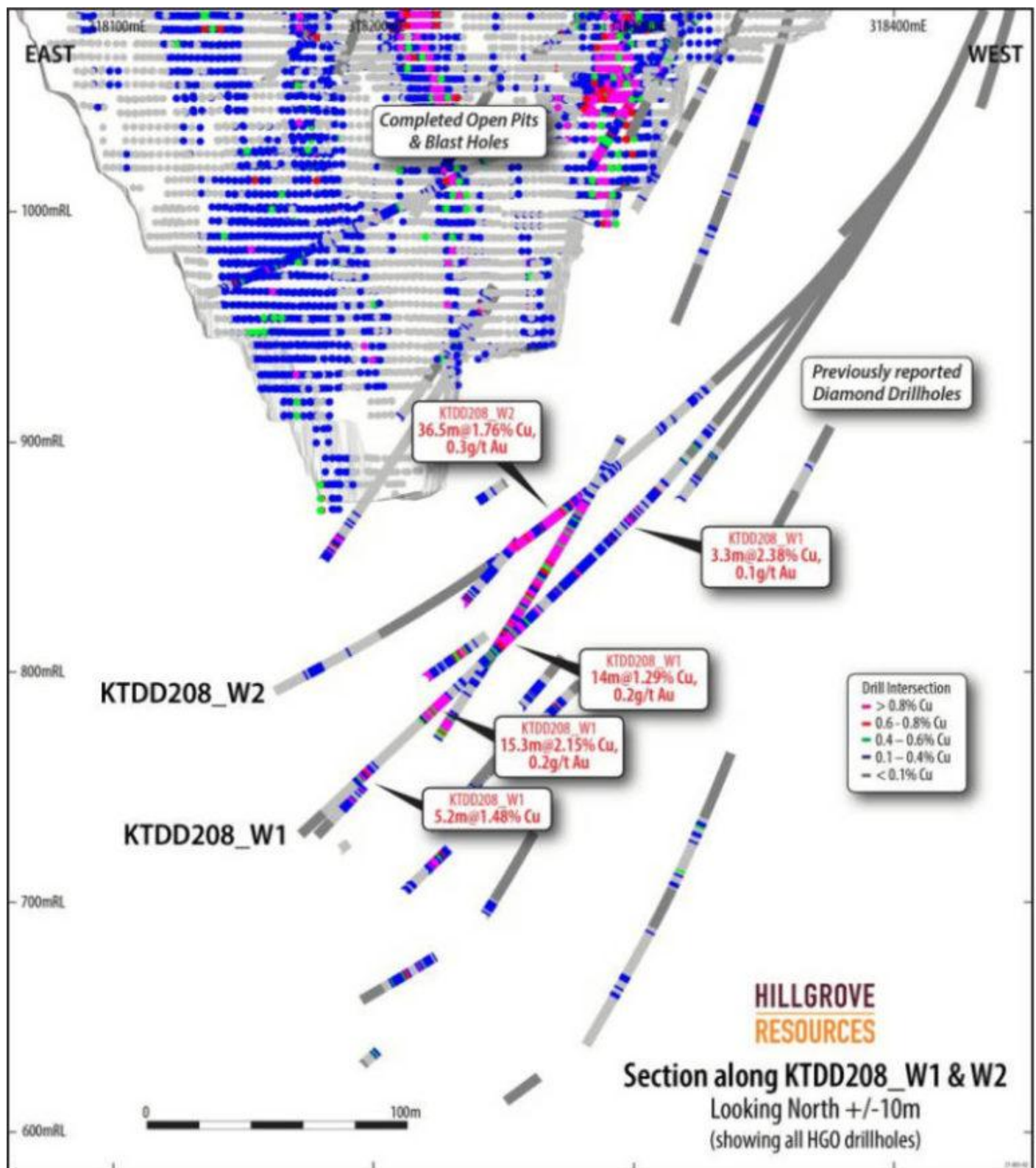
These results confirm the previously reported wide zones of copper-gold mineralisation within this area of Kavanagh, with **Hillgrove Resources (ASX:HGO)** managing director Lachlan Wallace saying that it is a very predictable mineral system with every hole drilled since May 2021 yielding significant intersections of copper.

“The recent drilling results continue this trend, with multiple high-grade zones being delineated within wider zones of copper mineralisation of around 100m in downhole length,” he added.

“The broader mineral zones in holes KTDD208 W1 and W4 complement previous drill results in 2021, including 170m at 1.0% Cu and 166m at 0.9% Cu, and demonstrate the presence of a large copper system at Kanmantoo.

“These wide mineralised zones provide a significant opportunity to increase annual copper production above the **Stage 1 plan presented last year**, which forecast almost \$200m of free cash flow in the initial three years, at prices below current spot, and only requires \$26m of working capital.

“With ample processing and tailings storage capacity already on site, any increase in copper production will not require additional capital or permitting and would be expected to reduce the average all in sustaining cost per tonne of copper produced.”



Cross section view of KTDD208_W1 and KTDD208_W2. Pic: Supplied

Accelerating the return to copper production

Wallace added that the company is bringing forward potential copper production by accelerating the decline development through a short-term mining contract using traditional

drill and blast practices on the back of strong copper demand and the expectation that the required capital for the planned restart to be funded entirely by debt will be secured soon – with funding discussions advancing to definitive agreements stage.

“The Komatsu MC51 mechanical cutting machine continues its trial by cutting the second portal for the ventilation circuit, providing valuable infrastructure development which will also assist in realising earlier copper production,” he noted.

Hillgrove is targeting production restart in Kanmantoo in 2022 as scheduled, a process it sees as essentially restarting a previously producing mine as all the existing infrastructure such as the 3.5Mtpa processing facility, access to grid power, mains water and a short transport route are already in place.

This is highlighted by the company’s previous estimate that first copper sales could occur within seven months of an investment decision.

Underground drilling is continuing at the Nugent lode with the company planning to update its resources once this work is completed.

Any upgrade to the current resource of 5.67Mt at 1.10% copper and 0.33g/t gold, which does not include any drilling from 30 June 2021, will help feed the processing facility that will only see 40% utilisation under Hillgrove’s Stage 1 plan.

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