



Hillgrove eyes Kanmantoo mine life extension, starts early works

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Hillgrove's Kanmantoo Underground Stage 1 development is looking to be a real company maker with the updated economic assessment outlining its ability to deliver free cash flows of more than \$200m. Early works for Stage 1 development have started and further drilling is being undertaken.

With the **recent capital raising** ensuring that the company is fully funded for the development, its attention has now turned towards expanding the four-year mine life, which will further improve the free cash flow.

Hillgrove Resources (ASX:HGO) is moving to achieve this objective with drilling to target both mine life extension opportunities down dip of the existing mine design as well as additional lodes that may enable increased annual production.

The latter objective takes advantage of the fact that the current planned underground operations leaves the processing plant with plenty of spare capacity.

A drill rig has already been secured to carry out this drill program, which will likely add to and tie together the circa 6,000t of resources that are currently not in the mine plan and the upcoming resource upgrade in the June quarter.

“The success of the 2022/23 drilling programs in both Emily Star and North Kavanagh demonstrate that the underground resource estimates published to date are limited by drill density,” managing director Lachlan Wallace said.

“With an exceptional strike rate (143 mineralised intersections from 122 holes to end 2022), and material resource upgrades from each drilling program, there is a reasonable degree of confidence that further drilling will result in additional resource definition.

“The current mine plan utilises only 40% of the processing capacity, and as such, any further resources that can be brought into the mine plan have potential to increase annual copper production.”

Extensional drilling

The upcoming drill program, which is expected to start later this month, will focus on the South Hub and Kavanagh Deeps targets.

Previous drilling at Kavanagh Deeps had returned results such as 3m at 1.11% copper and 5.02 grams per tonne (g/t) gold from a down-hole depth of 794m (KTDD203_W5) as well as intersections of 11m at 1.59% copper and 0.05g/t gold from 393m and 17.3m at 1.18% copper and 0.09g/t gold from 541m in hole KTDD198_W5.

At South Hub, drilling returned a top intercept of 28.75m at 0.73% copper that includes 5.75m at 1.96% copper and 0.19g/t gold from 181.6m and 5.85m at 1.13% copper and 0.1g/t gold from 159.25m.

This drill program will seek to increase the overall resource base though additional mineralised zones can assist to increase the number of potential working areas, and may provide additional project value through more efficient utilisation of the existing processing capacity at Kanmantoo.

Hillgrove has good reason to believe that further drilling will deliver growth given that all resource estimates to date are constrained by the extent of the drilling and not by the geology, in both the strike and dip directions.

Development works starting

Hillgrove is also wasting no time with the restart of the Kanmantoo copper mine.

The company has engaged specialised contractors to commence early works such as geotechnical remediation of the pit walls, haul road preparation and pit dewatering ahead of underground development.

This will enable underground development – contracts for which are currently being finalised – to begin immediately on mobilisation.

“The early works smooth the ramp up, ensuring that once equipment arrives we are able to commence development immediately, and with the portals already established, development can literally walk in on day one and take a productive development cut,” Wallace added.

“We remain on track to commence copper production in early 2024, making Hillgrove Australia’s next copper producer.”

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