

Friday, 28 April 2023

## **AGM CHAIRMAN'S ADDRESS – 9:30AM, FRIDAY 28 APRIL 2023**

Ladies and Gentlemen, my name is Derek Carter and I am the Chairman of Hillgrove Resources Limited. On behalf of the Board of Directors, I welcome you to the Annual General Meeting and thank you for your attendance for the meeting this morning.

Before I open the meeting to formal business, I want to take this opportunity to provide a brief review of the year's activities to the end of 2022, as well as those planned for the coming year.

It has been an eventful year, not only for Hillgrove, but for those involved in the copper industry in general. Clearly, the world's largest mining companies see copper as a critical metal, evidenced by Glencore's takeover bid for Teck, Newmont's bid for Newcrest and BHP's successful takeover of OZ. Copper is needed in so many aspects of our ongoing economy and the development of Kanmantoo can form part of Australia's and more specifically, South Australia's strong copper mining heritage.

During the year, we continued to drill test the mineralised zones below and adjacent to the open pit. This drilling returned further multiple high grade zones within wider zones of lower grade material. As a result, the potential opportunity to mine underground at Kanmantoo continued to grow, with the compilation of the Kavanagh and Nugent drilling programs adding a further 1.3M tonnes to the Mineral Resource Estimate base<sup>1</sup>. Furthermore, over 5.2M tonnes of Resources are now classified as either Indicated or Measured (up from 3.7M tonnes), which materially improved the geological confidence of the Mineral Resource Estimate.

As a result of the success of the drilling, funding discussions for the restart of operations at Kanmantoo moved to the definitive agreements stage in early 2022. This however stalled in mid 2022 as a result of the significant drop in the copper price, which impacted the project financing process and the ability for the Company to hedge forward production. As a result, in order to continue activities on site and minimise dilution to our shareholders, we secured \$6 million of funding through a royalty agreement with Freeport<sup>2</sup> which enabled drilling to commence in South Hub and North Hub.

With the resurgence in the copper price in early 2023, we announced an up to \$39 million equity funding package which facilitates the commencement of the Kanmantoo underground operation to generate cashflow through production, along with continued mine expansion drilling. This equity funding package was strongly supported by new as well as existing institutional, sophisticated, and retail investors via a placement as well as a share purchase plan.

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<sup>1</sup> Refer ASX announcements of 11 May 2022 and 26 July 2022

<sup>2</sup> Refer ASX announcement of 24 August 2022

With the completion of funding for the restart, subject to Shareholder approvals at this meeting as well as Foreign Investment Review Board, The Board and Management are focussed on not only delivering the outcomes from the Updated Economic Assessment<sup>3</sup> but also additional mining inventory and mine life, should there be further exploration success. I look forward to our year ahead, as we transition from an explorer to become Australia's next copper producer. I would like to thank all our shareholders, our employees and staff, the local and state governments, and our contractors for their dedicated efforts and support to the Company, which enabled us to achieve this.

Many thanks and I trust that you find this meeting, and later the presentation by Lachlan Wallace, informative and interesting.

**Derek Carter**  
Chairman

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<sup>3</sup> Refer ASX announcement of 27 February 2023