

Wednesday, 30 March 2022

KANMANTOO UNDERGROUND DECLINE PROGRESS

HIGHLIGHTS

- The Komatsu MC51 continuous miner has successfully completed the portal of the exploration decline and has commenced cutting the portal for the ventilation drive.
- The milestones for the first of two tranche payments for the \$2.0m grant from the South Australian Government to trial new underground mining technology have been met. Funds from the first tranche amounting to \$0.8m have been received with the balance \$1.2m expected to be received by mid-2022.
- PYBAR has been engaged to extend the exploration decline using traditional drill and blast practices in order to bring forward first copper, pending a positive investment decision to commence the Underground. First development blast is scheduled to occur this week.

Hillgrove Resources Limited (Hillgrove, the Company) (ASX:HGO) is pleased to announce the receipt of \$0.8m State Government funding to support the Komatsu MC51 continuous mining trial. The funding is the first of two tranches provided by the South Australian Government's Jobs and Economic Growth Fund to trial new underground mining technology, with the balance expected at the conclusion of the trial in mid-2022.

To date the trial has completed the portal for the primary decline and a short section of the decline. The portal and decline will be used for future underground mine access, reducing what is already a low cost and short timeframe to first copper, as outlined in the Economic Assessment¹.

The decline and portal quality is proving superior to traditional drill and blast methods, with virtually no damage to the backs and walls (Figure 1). Thin spray-on liner trials have been undertaken as faster, less expensive alternatives to shotcrete with positive results. However, the rate of advance has been slower than anticipated.

With copper price reaching record prices and in anticipation of a positive investment decision, the Company has engaged mining contractor PYBAR to advance the decline and establish underground drilling platforms using tried and tested drill and blast practices in order to bring forward stope definition drilling, which is on the critical path to first copper. The first development blast is scheduled to occur this week.

¹ Refer ASX Announcement of 14 December 2021



The MC51 trial continues at Kanmantoo with the machine now cutting the portal for the ventilation drive. The trial will continue in this area until the ventilation drive becomes a critical path activity, at which point Hillgrove and Komatsu will consider relocating the machine again to develop the Nugent portal.

Commenting on the underground decline development, Hillgrove CEO and Managing Director, Lachlan Wallace said:

"The mechanical cutting technology being tested at Kanmantoo has yielded some very encouraging results from a safety and quality point of view. It has also enabled us to establish the portal and initial section of the decline without any blasting which prevents any potential blast related impacts to our neighbours. I am excited to be continuing the trial with a second portal cut which will also double as a future ventilation drive for the underground mine."

With the strong copper price remaining above the assumptions in last year's Economic Assessment and project finance discussions proceeding to definitive documentation stage, we have engaged one of Australia's most experienced underground contractors to ramp up the decline development using traditional drill and blast methods order to bring forward the potential timing of first copper production."

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Figure 1 Quality of walls within the decline are exceptional



Figure 2 Portal complete (LHS) and view looking out from inside the portal (RHS) and view from within the decline (lower image)



Figure 3 Location of portals for the Kanmantoo underground

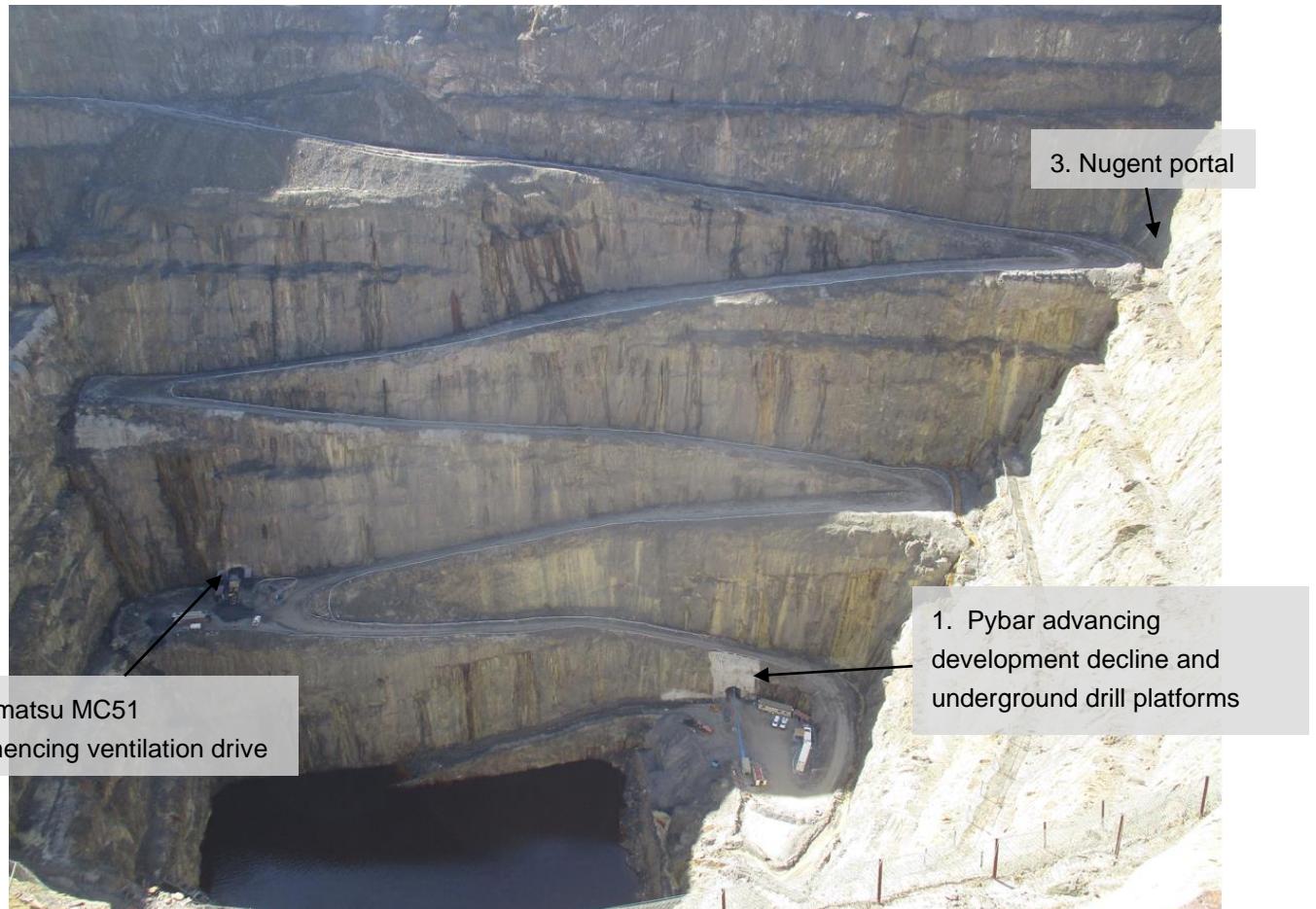


Figure 4 Preparation for first underground development blast

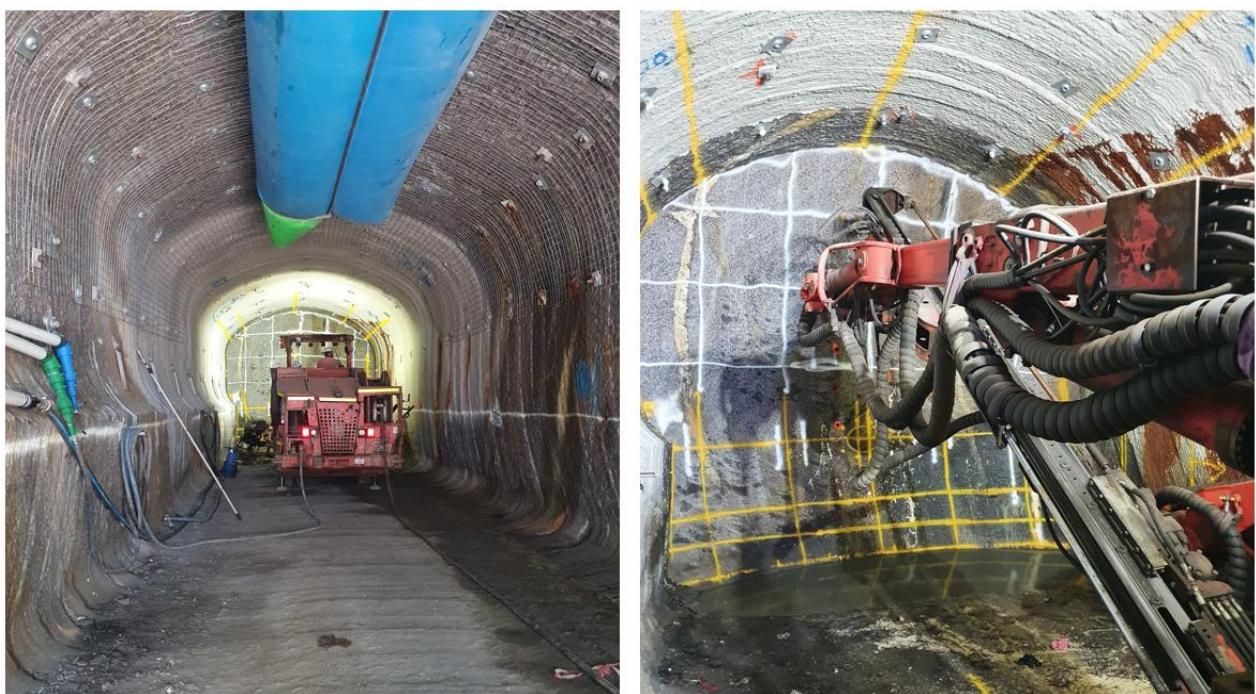


Figure 5 Komatsu MC51 commencing the portal for the ventilation drive (LHS) and jumbo installing the portal ground support (RHS)

