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ASX RELEASE

HILLGROVE RESOURCES

Wednesday, 5th March 2025

$16 MILLION PLACEMENT AND SHARE PURCHASE PLAN TO INCREASE COPPER PRODUCTION THROUGH ACCELERATION OF NUGENT DEVELOPMENT

Hillgrove Resources Limited ('Hillgrove', 'the Company') (ASX:HGO) is pleased to announce a combined equity raising of up to $16 million, comprising:

- a $13.0 million placement to institutional and sophisticated investors; and
- a Share Purchase Plan ("SPP") to raise up to $3.0 million, in which existing eligible shareholders will be offered the opportunity to participate.

Key points

Recent positive drilling results at the Nugent deposit (part of Hillgrove's operating Kanmantoo copper mine in South Australia), which are significantly higher than the Resource grade, include[1]:

- **18.55m @ 5.69% Cu + 1.02g/t Au** (uncut) from 187m downhole in 24KVUG0476
- **16.00m @ 2.96% Cu + 0.42g/t Au** (uncut) from 197m downhole in 24KVUG0503

On the back of these results, the Company identified an opportunity to accelerate the Nugent development to access potentially higher grade zones and increase the overall copper production with a view to achieving a material reduction in Kanmantoo's unit costs. The capital raising has been undertaken to expand the mining and processing rate by approximately 25% from 1.4Mtpa to up to 1.8Mtpa and for general working capital purposes.

The Placement was strongly supported by the Company's major shareholders along with new institutions, resulting in demand being well in excess of the targeted amount.

Commenting on the Placement and SPP, Hillgrove CEO and Managing Director, Bob Fulker said:

> *"Following the success of the recent excellent Nugent drilling results, our technical team have identified a path to accelerate the Nugent production profile.*
>
> *This acceleration will allow the Kanmantoo underground mine to increase production up to 1.8Mtpa, with increased production of copper units and a material consequential decrease in our unit costs. Nugent ore is expected to be delivered to our processing plant in the first half of calendar 2026 when Kanmantoo will be drawing from three production areas (the currently operating Kavanagh and Spitfire deposits as well as from the opening up of Nugent). Having three active mining areas will increase the efficiency and flexibility of underground mining operations at Kanmantoo as well as providing a more diversified base of feed to our plant.*
>
> *It was only in the September quarter of last year that we declared commercial production at Kanmantoo. With the opening up of the Nugent deposit, we believe Hillgrove is particularly well placed to take advantage of our amenable underground mining conditions (with consistent ore and large stope sizes) as well as the significant value of our installed processing capacity. South Australia continues to be a world class jurisdiction in which to mine base metals, and we look*

[1] Refer ASX announcement of 21 January 2025.

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forward to updating the market on our production and exploration activities as one of the very few ASX-listed emerging copper producers.

The Company is grateful for the support of our existing shareholders in the Placement, and we are pleased to welcome many new investors onto the Hillgrove share register."

Capital Raising Terms

Hillgrove will undertake the Placement in two tranches as follows ("Placement"):

Tranche 1 Placement

The Tranche 1 Placement will involve the issue of 297,288,505 new fully ordinary shares in Hillgrove ("New Shares") at an issue price of $0.035 per share, raising $10.4 million (before costs). The issue is pursuant to the Company's available placement capacity under ASX Listing Rule 7.1.

Tranche 2 Placement

The Tranche 2 Placement will involve the issue of 74,140,067 New Shares at an issue price of $0.035 per share, raising $2.6 million (before costs). The Company's largest shareholder, Freepoint Metals and Concentrates LLC which has a shareholding of approximately 20% in the Company, requires the approval of the Australian Foreign Investment Review Board ("FIRB)" to participate in this raising. Freepoint will therefore settle in the second tranche of the equity issuance. To allow time to seek and obtain FIRB approval, the issue of shares to Freepoint as part of the Tranche 2 Placement will be subject to the approval of shareholders at the Company's Annual General Meeting, which is to be held in early May.

Share Purchase Plan

In addition to the Placement, Hillgrove proposes to offer eligible shareholders with registered addresses in Australia and New Zealand up to A$30,000 worth of shares under a non-underwritten SPP. The Record Date for the SPP is 7:00pm AEDT on Tuesday, 4 March 2025.

The issue price under the SPP will be at the same price as the Placement.

The offer price of $0.035 per share represents a discount of 12.5% to Hillgrove's last closing price of $0.040 per share on 28 February 2025 and a 15.8% discount to the 5-day VWAP.

Participation in the SPP is entirely optional and is open to all shareholders, other than shareholders who have registered addresses in countries outside Australia and New Zealand where regulatory requirements make participation by the shareholder unlawful or impracticable. Full details of the SPP will be sent to eligible shareholders on the SPP Offer opening date of Monday, 10 March 2025.

New Shares issued under the Placement and SPP will rank equally with existing Hillgrove ordinary shares on issue with effect from their date of issue.

Blue Ocean Equities Pty Ltd (ACN 53 151 186 935) and Canaccord Genuity (Australia) Limited (ACN 075 071 466) are acting as the Joint Lead Managers for the Placement.

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Investor Presentation

Further details of the capital raising are outlined in the investor presentation released on the ASX platform today.

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Indicative Timetable

INDICATIVE TIMETABLE INFORMATION	
PLACEMENT	
Settlement of Tranche 1 Placement Shares	Wednesday, 12 March 2025
Allotment of new shares under Tranche 1 Placement	Thursday, 13 March 2025
Settlement of Tranche 2 Placement Shares	As soon as possible after the AGM
Allotment of new shares under Tranche 2 Placement	The next business day following the Settlement of Tranche 2 Placement Shares
SHARE PURCHASE PLAN	
Record Date for SPP Offer	7:00pm (Sydney time), Tuesday, 4 March 2025
Announcement of SPP Offer	Wednesday, 5 March 2025
SPP Offer opens and despatch of SPP Offer booklet	Monday, 10 March 2025
SPP Offer closing date	Friday, 28 March 2025
Announcement of results of the SPP Offer	Friday, 4 April 2025
Allotment of new shares under the SPP Offer	Friday, 4 April 2025
Quotation of new shares under the SPP Offer	Monday, 7 April 2025

This announcement is authorised for release to the ASX by the Board of Hillgrove Resources Limited.

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Competent Person Statement

The information in this report that relates to previously reported drilling results were extracted from the ASX releases titled 'Quarterly Report and Appendix 5B for 31 December 2024' released on 21 January 2025, this is available to view at www.hillgroveresources.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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