Interim Report

Tuesday, 26 August 2025

Half Year Financial Results for the Half Year Ended 30 June 2025

Hillgrove Resources Limited (ASX:HGO) is pleased to report an improved set of financial and operational results for the six months ended 30 June 2025, marking the Group's first half-year of net profit since the commencement of production of the Kanmantoo Underground Copper Mine.

Key Highlights for the Half Year are:

- $81.3 million in revenue generated from the sale of copper, gold, and silver concentrate.
- EBITDA of $14.4 million, almost double the equivalent half in the prior year.
- $12.4 million in net cash inflow from operating activities, with closing cash of $10.6 million.
- Multiple concentrate shipments successfully completed under the offtake agreement.
- Ongoing underground development continues to open new mining fronts, with a Mineral Resource and Ore Reserve update targeted for H2 2025.

Commenting on the half year, Hillgrove's Managing Director Mr Bob Fulker said:

> *"It is pleasing to see the business deliver an improved financial outcome from a full half of production, validating the capital investment made to bring the Kanmantoo Underground Copper Mine online. Capital mine development continues to be a focus as the operation undertakes the Nugent acceleration project to develop the Nugent deposit to expand the mine and increase production from 1.4mpta to 1.7-1.8mtpa. This is expected to further expand operating margins and generate additional cashflows given the high fixed cost nature of the operation, utilising more of the available capacity of the 3.6mtpa processing plant."*
>
> *"As we look to the second half, we look forward to unlocking additional value through resource growth and mine life extensions on the back of a 60,000m drilling program currently being undertaken."*

Finance

Hillgrove delivered revenue of $81.3 million for the half (HY2024: $40.2 million). EBITDA was $14.4 million, almost double the comparative half year (HY2024: $7.7 million), with net profit after tax of $1.5 million (HY2024: loss of $4.7 million). Net operating cash inflows improved to $12.4 million, and the Group closed the period with $10.6 million in cash. Hillgrove remains debt free as at 30 June 2025.

The below table outlines the key monthly operating and financial metrics:

	HY2025	HY2024
Copper Produced (t)	5,545	3,412
Net Revenue (A$M)*	81,349	40,247
AIC (US$/lb sold)@.64AUD/USD	4.10	4.59
EBITDA (A$M)	14,375	7,747
Net Operating Cash Flows (A$M)	12,447	1,622

*Unsold copper concentrate at 30 June 2025 of circa 0.5k dmt.

Authorised for release by the Board of Hillgrove Resources Limited.

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Interim Report
for the Half Year Ended
30 June 2025

Hillgrove Resources Limited
and its Controlled Entities

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Contents

	Page
Directors' Report	4
Auditor's Independence Declaration	12
Interim Financial Report	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	13
Consolidated Statement of Financial Position	14
Consolidated Statement of Changes in Equity	15
Consolidated Statement of Cash Flows	16
Notes to the Consolidated Financial Statements	17
Directors' Declaration	25
Independent Auditor's Review Report to the Members	26

Note: All dollars in this report are Australian unless otherwise noted.

Directors' Report

The Directors present their report on the consolidated entity consisting of Hillgrove Resources Limited ("Hillgrove" or the "Company") and its controlled entities (the "Group" or the "Consolidated Entity") for the six-month period to 30 June 2025.

Directors

The Directors of the Company during this period and up to the date of signing were:

- Derek Carter;
- Murray Boyte;
- Roger Higgins; and
- Robert (Bob) Fulker.

Principal Activities

Hillgrove is an Australian mining company listed on the Australian Securities Exchange (ASX: HGO) and focused on copper production from the Kanmantoo Underground Copper Mine in South Australia.

Kanmantoo Copper Mine

The Kanmantoo Copper Mine in South Australia is located 55 kilometres from Adelaide. A main highway passes close to the project and being approximately 90 kilometres by road to Port Adelaide, enables the trucking of copper concentrate to the port. The mine site is connected to the electricity grid and has water supplied by the District Council of Mount Barker's treated wastewater facility with additional water capacity from the Murray River which provides 100% redundancy for the project.

The mine is fully permitted and has strong community support in an excellent mining jurisdiction, with exploration upside both on the mining lease and nearby areas which provides an opportunity to further increase the mining inventory to take advantage of forecast rising copper prices as the world decarbonises.

Environment and Community

Hillgrove continues to maintain the rehabilitated areas on the Kanmantoo Mining Lease and its established high-quality native vegetation on surrounding properties to meet its environmental offset obligations. These areas in total amount to 122 hectares of vegetation.

Hillgrove continues to actively engage with local communities and landowners around the Kanmantoo mine, through regular meetings of the Kanmantoo Callington Community Consultative Committee and the Master Planning Committee, which has the ongoing amenity of the mine site and surrounds post-closure as an objective.

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Directors' Report (continued)

Production Performance

Following the successful transition to commercial production in the second half of 2024, the Kanmantoo underground operation achieved consistent production throughout the first half of 2025, with ongoing development of additional stoping areas and stable plant performance.

Total copper production for the half was 5,545 tonnes, representing a 63% increase on the prior corresponding period (HY2024: 3,412 tonnes). This growth was achieved due to the continued ramp up of operations, leading to higher tonnes mined and processed. Milled tonnes averaged approximately 110,000 tonnes per month over the period, delivering metallurgical recoveries of 95%.

Mine development advanced by 3,827 metres in H1 of 2025, a 45% increase compared to 2,643 metres in H1 2024. Development focused on opening additional areas within the Kavanagh zone and accelerating access to the Nugent deposit, in line with Hillgrove's strategy to support higher throughput and operational flexibility.

While June 2025 production was impacted by lower-grade stopes, the processing plant remained consistently available and delivered strong recoveries. Milled tonnes increased 86% to 669,981 tonnes in comparison to H1 2024. With higher-grade areas scheduled to be accessed in the second half of 2025, the Group anticipates improvement in copper output, though full-year production is now expected to track toward the lower end of the 12,000-14,000 tonne guidance range.

On 17 March 2025, the Group announced the Nugent Acceleration Project, with a planned investment of $8 million to fast-track development of the Nugent orebody. The Nugent development decline progressed well during the period, with first ore anticipated in Q4 2025. The accelerated development of this zone is expected to support higher production levels and operational flexibility from FY2026 onward.

	HY2025	HY2024
Milled (dmt)	669,981	360,121
Copper Feed Grade (%)	0.88%	1.06%
Copper Recovery (%)	95.0%	89.7%
Copper Produced (t)	5,545	3,412

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Directors' Report (continued)

Exploration Activities

During the half-year ended 30 June 2025, Hillgrove Resources advanced exploration activities across the Kanmantoo Copper Mine and regional tenements. A total of 27,627 metres of underground drilling was completed in the period to 30 June 2025, with drilling targeting the Nugent, Kavanagh, and Valentine systems. Results at Nugent confirmed strong mineralisation continuity, with intercepts including 21.4m @ 1.79% Cu & 0.65g/t Au, extending the system at depth[1].

An updated Exploration Target, released in February[2], set out key 2025 priorities, including drilling at Emily Star, Valentine, and extensions to existing lodes. Maiden drilling at Valentine commenced in April, delivering encouraging initial results[3].

Regionally, early-stage exploration continued across the 4,187km² Southeast tenement area, with geophysical surveys planned for the Southeast and Kanappa areas.

These activities support a broader 60,000m drilling program aimed at mine life extension and increased ore sources for the Kanmantoo plant, currently operating at ~40% capacity. The Company completed 27,627m of this 60,000m drilling program as of 30 June 2025.

Competent Person's Statement

The information in this report that relates to previously reported exploration drilling results were extracted from the ASX release titled 'New High-Grade Copper-Gold Intersections Extend Mineralisation at Nugent' released on 24 March 2025, and the ASX release titled Extensional Drilling Identifies New Mineralisation for previously reported intersections released 22 April 2025 and are 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.

The information in this report that relates to the planned drilling for 2025 is extracted from ASX release titled '2025 Kanmantoo Exploration Target Update' dated 13 February 2025 and 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 announcement and that all material assumptions and technical parameters underpinning the Mineral Resource Estimate 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 announcements.

[1] ASX release: New High-Grade Copper-Gold Intersections Extend Mineralisation at Nugent (24 March 2025)
[2] ASX release: 2025 Kanmantoo Exploration Target Update (13 February 2025)
[3] ASX release: Extensional Drilling Identifies New Mineralisation (22 April 2025)

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Directors' Report (continued)

Operating and Financial Review

Review of Consolidated Financial Results

For the half-year ended 30 June 2025, the Group delivered an underlying profit of $1.5 million, a significant improvement compared to a loss of $4.7 million in the prior corresponding period, with revenue increasing 102% to $81.3 million. EBITDA increased by 86% to $14.4 million for HY2025 (HY2024: $7.7 million), reflecting a full six months of production, reinforced by steady operational performance, consistent concentrate sales, and improved cost control.

The Group's cash balance as at 30 June 2025 was $10.6 million, up from $3.3 million as at 31 December 2024, supported by strong operating cashflows and the successful equity raise completed in May 2025 raising net proceeds of $17.1 million. The Group remains debt-free.

Income Statement Overview

$000's	HY2025	HY2024	Change
Revenue	81,349	40,247	41,102
Other income	293	231	62
TOTAL REVENUE	**81,642**	**40,478**	**41,164**
Mining costs	(39,947)	(17,035)	(22,762)
Processing costs	(10,613)	(9,453)	(1,160)
Transport and shipping	(3,474)	(1,304)	(2,140)
Other site costs	(3,328)	(2,394)	(934)
Movement in inventory stockpile valuation	(1,693)	1,416	(3,109)
Government royalties	(3,926)	(1,942)	(1,984)
Corporate costs	(4,212)	(2,002)	(2,300)
Other	(74)	(17)	(57)
TOTAL COSTS	**(67,267)**	**(32,731)**	**(34,536)**
EBITDA	**14,375**	**7,747**	**6,628**
Depreciation and amortisation	(9,462)	(10,304)	842
EBIT	**4,913**	**(2,557)**	**7,470**
Net interest and financing charges	(3,140)	(2,185)	(955)
Income tax benefit/(expense)	(272)	-	(272)
NET PROFIT/(LOSS) AFTER TAX	**1,501**	**(4,742)**	**6,243**

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Directors' Report (continued)

Operating and Financial Review (continued)

Revenue

Revenue for the six months to 30 June 2025 was $81.3 million, an increase of $41.1 million on the prior corresponding period (HY2024: $40.2 million). The increase reflects a full six-month period of production and sales from the Kanmantoo Underground Copper Mine, compared to the prior period which included only four months of sales following first production in February 2024.

Revenue was underpinned by solid underground mine performance, with steady production and mill throughput during the period. Copper concentrate sales accounted for the majority of revenue, supplemented by by-product credits from gold and silver. The increased production resulted in additional concentrate shipments compared to the prior half. The Group continues to benefit from stable operations and favourable metallurgical recoveries.

Other income for the period was $0.3 million (HY2024: $0.2 million), primarily comprising interest received and ongoing release of the government grant income.

Costs

Total operating costs for the period were $67.2 million (HY2024: $32.7 million), reflecting a full half-year of costs as the operation.

Mining costs of $39.9 million (HY2024: $17.0 million) reflect a full half-year of underground mining activity, including stoping, development, ground support, and mining support services. Costs reflect increased physical activity and mine throughput relative to the prior period.

Processing costs increased to $10.6 million (HY2024: $9.4 million), consistent with higher plant utilisation across the half-year. While volumes processed were materially higher, cost growth was moderated by operating efficiencies and improved control over key consumables. This reflects the higher fixed cost nature of the processing activities with significant available capacity.

Transport and shipping costs of $3.4 million (HY2024: $1.3 million) correspond to the increased number of shipments of copper concentrate during the period, compared to the first half of 2024.

Other site costs increased to $3.3 million (HY2024: $2.4 million), reflecting a ramp-up in site personnel, regulatory compliance costs, and general operating support functions.

The movement in inventory stockpile valuation was a negative adjustment of $1.7 million (HY2024: positive $1.4 million), due to timing of concentrate sales.

Government royalties of $3.9 million (HY2024: $1.9 million) were consistent with the 5% South Australian royalty rate on gross concentrate revenue less allowable deductions.

Corporate costs increased to $4.2 million (HY2024: $2.0 million), primarily driven by $1.0 million in financing charges, $0.7 million in group-wide support functions including growth initiatives, $0.4 million related to corporate restructuring and staffing, and $0.2 million for IT and cybersecurity infrastructure upgrades.

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Directors' Report (continued)

Operating and Financial Review (continued)

Cash Flow Overview

$000's	HY2025	HY2024	Change
Net cash inflows from operating activities	12,447	1,622	10,825
Net cash used in investing activities	(19,394)	(12,359)	(7,035)
Net cash inflows from financing activities	14,306	7,924	6,382
Net increase/(decrease) in cash held	7,359	(2,813)	10,172
Cash and cash equivalents at the end of half year	**10,619**	**7,427**	**3,192**

Operating Activities Cash Flow

Net cash inflow from operating activities was $12.4 million, representing a significant increase from HY2024 ($1.6 million). The result was underpinned by a full half-year of production from the Kanmantoo Underground Copper Mine, with consistent mine development, improved stope turnover, and reliable mill performance.

Cash receipts were driven by higher copper concentrate sales from increased copper production, additional gold and silver credits and higher copper and gold prices compared to prior year. Cash outflows related to operating costs, site support services, and corporate overheads.

Investing Activities Cash Flow

Net cash used in investing activities totalled $19.4 million, reflecting continued investment in underground development including the Nugent Acceleration project and sustaining capital to support mine plan delivery. Key areas of expenditure included:

- $11.9 million in capitalised development related to Kavanagh and Nugent;
- $2.8 million on the Nugent Acceleration Project (in addition to the above development spend);
- $1.1 million of exploration activities inclusive of $0.2 million off lease exploration; and
- Capital investment in motor vehicles, tailing raises. lease assets, and other equipment.

Financing Activities Cash Flow

Net cash inflows from financing activities totalled $14.3 million (HY2024: $7.9 million), primarily comprising:

- $17.1 million in net proceeds from the equity raising completed in May 2025;
- $0.1 million in bank interest received; and
- Partially offset by $2.9 million in lease liability payments.

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Directors' Report (continued)

Operating and Financial Review (continued)

Statement of Financial Position Overview

$000's	30 June 2025	31 Dec 2024	Change
Cash and cash equivalents	10,619	3,260	7,359
Receivables and inventories	18,785	11,045	7,740
Property, plant and equipment	86,995	76,881	10,114
Right-of-use assets	7,358	9,237	(1,879)
Exploration	8,288	6,962	1,326
Total assets	**132,045**	**107,385**	**24,660**
Trade and other payables	(33,631)	(26,133)	(7,498)
Provisions	(9,693)	(9,448)	(245)
Lease liabilities	(6,551)	(8,685)	2,134
Employee benefits payable	(3,545)	(3,383)	(162)
Deferred income	(1,679)	(1,989)	310
Other financial liabilities	(16,205)	(16,176)	(29)
Total liabilities	**(71,304)**	**(65,814)**	**(5,490)**
Net Assets/Equity	**60,741**	**41,571**	**19,170**

Assets

Total assets increased by $24.7 million to $132.0 million, primarily due to continued investment in the Kanmantoo Underground Copper Mine and the Nugent acceleration project. Property, plant and equipment rose by $10.1 million, reflecting underground advancement and expansion of the mining fleet. Cash increased by $7.4 million, driven by robust cash generation from operations, disciplined capital investment, and the successful completion of an equity raise in the first half of 2025. Receivables and inventories rose mainly due to timing of sales including an end of month shipment in June, the proceeds of which were receive at the beginning of July. Exploration expenditure also increased from drilling at Spitfire and Kavanagh. Right-of-use assets decreased due to depreciation and the termination of leases during the period.

Liabilities

Total liabilities increased by $5.5 million to $71.3 million as at 30 June 2025, primarily reflecting the operational ramp-up at Kanmantoo and ongoing development activities, including the Nugent Acceleration Project. Trade and other payables rose by $7.5 million, driven by heightened business activity and project execution. Lease liabilities declined by $2.1 million due to payments and lease terminations. Deferred income decreased slightly as government grant income continued to be released to the income statement. Provisions and employee benefits experienced only minor movements. During the period, the royalty rights were transferred from Freepoint to Vox; however, this had no impact on the accounting treatment, as reflected by the stable financial liabilities balance.

Rounding of Amounts

The Company is of a kind referred to as ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with the Instrument.

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Directors' Report (continued)

Operating and Financial Review (continued)

Outlook

Following an improved first half marked by sustained production, increased development and exploration and cashflow generation, Hillgrove is well positioned to build on this momentum through the remainder of 2025. The focus remains on consolidating operational performance at Kanmantoo, improving mine productivity, and maintaining cost discipline. Concurrently, drilling efforts will continue to test down-dip and along-strike extensions of the Spitfire, Kavanagh, and Nugent lodes. These programs are expected to support a Mineral Resource and Ore Reserve update in the second half, aimed at further extending mine life and strengthening the Group's long-term copper production outlook.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12.

This report is made in accordance with a resolution of the Directors:

Dated at Adelaide this 26th day of August 2025.

Mr Derek Carter
Chairman

Mr Robert (Bob) Fulker
Managing Director

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Auditor's Independence Declaration

As lead auditor for the review of Hillgrove Resources Limited for the half-year ended 30 June 2025, I declare that to the best of my knowledge and belief, there have been:

a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b. no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Hillgrove Resources Limited and the entities it controlled during the period.



Julian McCarthy
Partner
PricewaterhouseCoopers

Adelaide
26 August 2025

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 30 June 2025

	Note	Half Year June 2025 $'000	Half Year June 2024 $'000
Revenue	2	**81,349**	40,247
Other income	3	**293**	231
Expenses	4	**(76,729)**	(43,035)
Interest and finance charges	5	**(3,140)**	(2,185)
Gain/(loss) before income tax		**1,773**	(4,742)
Income tax benefit/(expense)		**(272)**	-
Gain/(loss) for the half year attributable to owners		**1,501**	(4,742)
Other comprehensive income			
Items that may be reclassified to profit or loss		**-**	-
Total comprehensive income for the period attributable to equity holders of Hillgrove Resources Limited		**1,501**	(4,742)
		Cents	**Cents**
Earnings per share for income attributable to the ordinary equity holders of the Company:			
Basic earnings per share		**0.1**	(0.2)
Diluted earnings per share		**0.1**	(0.2)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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Consolidated Statement of Financial Position

As at 30 June 2025

	Note	30 June 2025 $'000	31 Dec 2024 $'000
Current assets			
Cash and cash equivalents	6	**10,619**	3,260
Trade and other receivables		**12,546**	3,715
Inventories	7	**6,239**	7,330
Total current assets		**29,404**	14,305
Non-current assets			
Property, plant and equipment	8	**86,995**	76,881
Right-of-use assets		**7,358**	9,237
Exploration and evaluation expenditure		**8,288**	6,962
Total non-current assets		**102,641**	93,080
Total assets		**132,045**	107,385
Current liabilities			
Trade and other payables	9	**33,631**	26,133
Provisions	10	**1,080**	1,114
Lease liabilities		**4,310**	4,343
Employee benefits payable		**3,545**	3,383
Deferred Income	11	**709**	1,358
Other financial liabilities		**4,666**	4,470
Total current liabilities		**47,941**	40,801
Non-current liabilities			
Provisions	10	**8,613**	8,334
Lease liabilities		**2,241**	4,342
Deferred income	11	**970**	631
Other financial liabilities		**11,539**	11,706
Total non-current liabilities		**22,363**	25,013
Total liabilities		**71,304**	65,814
Net assets		**60,741**	41,571
Equity			
Contributed equity	12	**320,111**	302,711
Reserves		**32,397**	32,128
Accumulated losses		**(291,767)**	(293,268)
Total equity		**60,741**	41,571

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half year ended 30 June 2025

	Contributed equity	Reserves	Accumulated losses	Total equity
	$'000	$'000	$'000	$'000
Balance 31 December 2023	292,947	31,166	(269,237)	54,876
Loss for the period	-	-	(4,742)	(4,742)
Other comprehensive income	-	-	-	-
Transactions with owners:				
Share-based compensation	-	541	-	541
Contributions of equity, net of transaction costs	9,537	-	-	9,537
Balance 30 June 2024	302,484	31,707	(273,979)	60,212
Balance 31 December 2024	**302,711**	**32,128**	**(293,268)**	**41,571**
Gain for the period	**-**	**-**	**1,501**	**1,501**
Other comprehensive income	**-**	**-**	**-**	**-**
Transactions with owners:				
Share-based compensation	**-**	**269**	**-**	**269**
Contributions of equity, net of transaction costs	**17,400**	**-**	**-**	**17,400**
Balance 30 June 2025	**320,111**	**32,397**	**(291,767)**	**60,741**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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Consolidated Statement of Cash Flows

For the half year ended 30 June 2025

	Half-year	
	June 2025	**June 2024**
	$'000	**$'000**
Cash flows from operating activities		
Cash receipts in the course of operations (incl. GST)	**70,453**	37,743
Cash payments in the course of operations (incl. GST)	**(58,006)**	(36,121)
Net cash inflow from operating activities	**12,447**	1,622
Cash flows from investing activities		
Payments for exploration, evaluation and development	**(183)**	(671)
Payments for property, plant and equipment	**(19,211)**	(11,888)
Proceeds on disposal of property, plant and equipment	**-**	200
Net cash outflow from investing activities	**(19,394)**	(12,359)
Cash flows from financing activities		
Proceeds from issue of shares (net of transaction costs)	**17,048**	9,697
Lease payments	**(2,908)**	(1,826)
Net Interest received	**166**	53
Net cash inflow from financing activities	**14,306**	7,924
Net increase/(decrease) in cash held	**7,359**	(2,813)
Cash at beginning of the half year	**3,260**	10,240
Cash at end of the half year	**10,619**	7,427

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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Notes to the Consolidated Financial Statements

For the half year ended 30 June 2025

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1. Basis of Preparation

This consolidated interim financial report for the half year reporting period ended 30 June 2025 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2024 and any public announcements made by Hillgrove Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

a. Going Concern

The consolidated financial statements have been prepared on a going concern basis, which assumes the Group will be able to realise its assets and discharge its liabilities in the normal course of business.

For the six-month period ended 30 June 2025, the Group reported a net profit after tax of $1.5 million (30 June 2024: loss of $4.7 million) and a net current liability position of $18.5 million (31 December 2024: $26.5 million). The Group held cash and cash equivalents of $10.6 million as at 30 June 2025 (31 December 2024: $3.3 million) and generated net cash inflows from operating activities of $12.4 million for the half-year (30 June 2024: $1.6 million). Net revenue for the period was $81.3 million (30 June 2024: $40.2 million), reflecting a full half of production and multiple concentrate shipments from the Kanmantoo Underground Copper Mine.

Operationally, production consistency and throughput continued to improve, with Kanmantoo now operating at steady state. Current cash flow forecasts indicate the Group is expected to generate positive operating cash flows and increase cash reserves over the next twelve months. Based on these forecasts, the Group anticipates meeting its obligations, maintaining working capital, and funding development and sustaining capital.

The Group's ability to continue as a going concern is dependent on achieving and sustaining planned production levels. Given 2025 will be the first full year of underground production, some uncertainty remains regarding the achievement of production and throughput targets. Continued cost control over development and sustaining capital, together with disciplined working capital management, will be critical to ongoing viability. To mitigate short-term downside risk in copper prices, as at 30 June 2025 the Group had fixed pricing for 5,950 tonnes of future copper production at an average price of $14,272 per tonne.

In preparing the financial report, the Directors have reviewed the Group's financial forecasts and funding strategy, having regard to current operational performance and macroeconomic conditions. In the event that operational or financial plans are not met, the Directors remain confident that the Group could take actions to improve liquidity, including:

- Adjusting the timing of mine development expenditure;
- Reducing discretionary capital and exploration programs; and/or
- Funding through debt or equity if required.

As a result of the Group's reliance on achieving planned production and cashflow forecasts, there remains a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding this uncertainty, the Directors believe the Group will be successful in executing its plans and have therefore prepared the financial report on a going concern basis.

b. Changes in Critical Accounting Estimates and Judgements

The interim financial statements have been prepared using methods of computation consistent with those applied in the 31 December 2024 Financial Statements contained within the Group's Annual Report.

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2025 (Continued)

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2. Revenue

	Half Year	
	June 2025	**June 2024**
	$'000	**$'000**
Copper	**76,319**	40,109
Gold	**4,554**	1,756
Silver	**2,104**	974
Treatment and refining deductions	**(1,628)**	(2,592)
Total revenue	**81,349**	40,247

Revenue is measured at the fair value of the consideration received or receivable.

The Group sells copper concentrate through an offtake agreement and uses CIF terms (cost, insurance, and freight) for vessel chartering. Under AASB 15, the Group has three performance obligations regarding the concentrate sale: delivering and transferring title at the loading port, loading onto the ship, and transporting to the destination port. The revenue the Group receives for concentrate is net of treatment and refining charges.

The sale price can be declared by our offtake partner as either one of: one month before the month of shipment or synthetically spread adjusted to five months after the month of arrival at the discharge port.

3. Other income

	Half Year	
	June 2025	**June 2024**
	$'000	**$'000**
Interest	**169**	56
Release of government grant deferred income	**93**	143
Sale of excess seed	**-**	32
Other	**31**	-
Total other income	**293**	231

Other mainly comprises of proceeds from non-recurring sale of excess scrap copper cables.

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2025 (Continued)

4. Expenses

	Half Year	
	June 2025	**June 2024**
	$'000	**$'000**
Mining costs	**39,947**	17,035
Processing costs	**10,613**	9,453
Transport and shipping	**3,474**	1,304
Other site costs	**3,328**	2,394
Movements in inventory stockpile valuation	**1,693**	(1,416)
Government royalties	**3,926**	1,942
Corporate costs	**4,212**	2,002
Depreciation and amortisation	**9,462**	10,304
Other	**74**	17
Total expenses	**76,729**	43,035

Mining costs
Mining costs refers to non-capitalised development, drilling and blasting, loading and hauling, underground diamond drilling, mine services, labour, supervision, and technical support.

Processing costs
Includes costs related to crushing, grinding, flotation and other associated processing activities excluding treatment and refining charges.

Transport and shipping
All charges related to the transport and shipment of saleable concentrate from site and port.

Government royalties
The accrued expenditure relating to the royalty payable to the South Australian government, directly linked to the revenue generated from operations less any allowable deductions.

Corporate costs
Reflects costs mainly associated with running the corporate head office, board of directors and employee share option expenses.

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Notes to the Consolidated Financial Statements

For the half year ended 30 June 2025 (Continued)

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5. Interest and finance charges

	Half Year	
	June 2025	**June 2024**
	$'000	**$'000**
Discount on unwind of rehabilitation provision	**202**	175
Discount on unwind of royalty financial liability	**1,946**	822
Bank fees	**1**	1
Interest on leases	**342**	596
Interest on financial liabilities	**754**	522
Revaluation of royalty financial liability	**(105)**	69
Total interest and finance charges	**3,140**	2,185

6. Cash and cash equivalents

	30 Jun 2025	**31 Dec 2024**
	$'000	**$'000**
Cash at bank	**10,267**	2,908
Restricted cash	**352**	352
	10,619	3,260

Restricted cash cannot be accessed without consent and comprises of a bank guarantee and an office rental security bond.

7. Inventories

	30 Jun 2025	**31 Dec 2024**
	$'000	**$'000**
Stores inventory and consumables	**4,387**	4,063
ROM stockpiles	**364**	97
Concentrates	**1,488**	3,170
Total inventories	**6,239**	7,330

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2025 (Continued)

8. Property, plant and equipment

	30 Jun 2025	31 Dec 2024
	$'000	$'000
Land and buildings		
At cost	**5,840**	5,840
Accumulated depreciation	**(379)**	(379)
	5,461	5,461
Plant & equipment		
At cost	**88,036**	87,025
Accumulated depreciation	**(66,143)**	(64,568)
	21,893	22,457
Motor vehicles		
At cost	**1,579**	1,075
Accumulated depreciation	**(792)**	(550)
	787	525
Mine development		
At cost	**241,939**	231,134
Accumulated depreciation	**(189,230)**	(182,881)
	52,709	48,253
Capital work in progress		
At cost	**6,145**	185
Accumulated depreciation	**-**	-
	6,145	185
Total property, plant and equipment	**86,995**	76,881

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Notes to the Consolidated Financial Statements

For the half year ended 30 June 2025 (Continued)

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9. Trade and other payables

	30 Jun 2025 $'000	31 Dec 2024 $'000
Trade payables	**20,117**	17,203
Other payables and accruals	**13,514**	8,930
	33,631	26,133

10. Provisions

	30 Jun 2025 $'000	31 Dec 2024 $'000
Current		
Rehabilitation provision	**1,080**	1,114
	1,080	1,114
Non-Current		
Rehabilitation provision	**8,613**	8,334
Total Provisions	**9,693**	9,448

11. Deferred income

	30 Jun 2025 $'000	31 Dec 2024 $'000
Current		
Deferred revenue	**502**	719
Government grant income	**207**	639
	709	1,358
Non-Current		
Government grant income	**970**	631
Total deferred income	**1,679**	1,989

Deferred revenue derives from the prices allocated to second and third revenue performance obligations, including the loading costs and vessel charter costs required to transport the shipment to its destination.

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2025 (Continued)

12. Contributed equity

	30 Jun 2025 $'000	31 Dec 2024 $'000
Share capital		
Issued and paid up capital shares 2,610,861,233 shares (2024: 2,095,555,567) fully paid	**320,111**	302,711
Ordinary shares - movements during the year		
Balance as at beginning of year	**302,711**	292,947
Shares issued		
Capital raise	**18,035**	10,335
Less – transaction costs (net of tax)	**(635)**	(571)
Balance at end of year	**320,111**	302,711

13. Financial reporting by segment

Through its ownership of the Kanmantoo copper mine, the Group has one operating segment in the resources industry, in Australia.

14. Contingent liabilities

	30 Jun 2025 $'000	31 Dec 2024 $'000
Guarantees		
Electranet performance bond to support the build, own, operate and maintain agreement for installation of transmission infrastructure at the Kanmantoo site	**600**	600
Security bonds on tenements	**5**	5
	605	605

Native vegetation fund payment

The Group has obligations to restore land disturbed under exploration and mining licences for which a rehabilitation provision is recognised on the balance sheet. The maximum obligation to the South Australian Government in respect of the Kanmantoo copper mine has been assessed at a value of $9.2 million and is secured by the SA Government on a first ranking basis against the assets of the consolidated entity.

Included in the rehabilitation provision is a payment of approximately $1.7 million to the Native Vegetation Fund. With permission from the State Government, the Group has delayed the timing of this payment and, whilst the intention is for the payment to be made later, it should be noted that non-payment would increase the Group's rehabilitation provision by approximately $1.5 million. This circumstance is not expected to eventuate.

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Notes to the Consolidated Financial Statements

For the half year ended 30 June 2025 (Continued)

15. Share based payments

Total compensation from share-based payment transactions recognised during the period were as follows:

	Half Year	
	June 2025	**June 2024**
	$'000	**$'000**
Performance rights issued under the OPRP to employees	**269**	332
Performance rights issued to equity raise managers	**-**	209
Total equity-based payments	**269**	541

16. Events occurring after the reporting period

No material events have occurred post the reporting period until the date of signing.

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Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 13 to 24 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2025 and of its performance for the half year ended on that date.

(b) there are reasonable grounds to believe that Hillgrove Resources Limited will be able to pay its debts as and when they become due and payable.

This report is made in accordance with a resolution of the directors:

Dated at Adelaide this 26th day of August 2025.



Mr Derek Carter
Chairman



Mr Robert (Bob) Fulker
Managing Director

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Independent auditor's review report to the members of Hillgrove Resources Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Hillgrove Resources Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, material accounting policy information and selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Hillgrove Resources Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Material uncertainty relating to going concern

We draw attention to Note 1 in the half-year financial report, which describes the directors' assessment of the ability of the Group to continue as a going concern. The events or conditions as stated in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report, in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

Julian McCarthy
Partner

Adelaide
26 August 2025

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