

Sustainability Report

2024



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A foreword from our Chair.

Hillgrove Resources Limited (Hillgrove) is an ASX listed Australian resources company that owns and operates the Kanmantoo Copper Gold Mine in South Australia.

This document is an update of our 2023 Sustainability Report and is aligned with globally recognised reporting frameworks.

As we move from an explorer to a mine operator, we remain committed to maintaining our record on environmental stewardship, and in supporting local communities adjacent to our site. We again undertake to meet and exceed the evolving Environmental, Social, and Governance (ESG) good practice expectations of our stakeholders.

Locally we are seeking to minimise impact on the environment, and our actions are already contributing to native revegetation, biodiversity and conservation efforts through our land management and restoration.

At a global level, we are exploring ways to further enhance our contribution to the carbon neutral transition. By example, the underground operations have transitioned from diesel generated power to grid electricity, taking advantage of the South Australian energy network which has reached 70% renewable generation and has aspirations is to achieve 100% net renewables by 2030¹.

We will continue to identify the ESG topics material to our business as we ramp up the underground operations.

In addition to our materiality assessment, we have also assessed our current action and achievements linked to each material issue; identifying areas where further action is needed; and setting medium to long-term stretch goals.

The contents of this report only relate to the company's sole current asset, the Kanmantoo Copper Gold Mine. Should the company commence or acquire new mining operations, our ESG reporting will expand accordingly.

**Derek Carter, Chair
Hillgrove Resources**

¹. <https://www.energymining.sa.gov.au/industry/modern-energy/leading-the-green-economy>

Introduction.

Standards Alignment

This report has been compiled using the GRI Reporting Framework. Additionally, the GRI Environmental Performance Indicators, the UN Sustainable Development Goals (SDGs), and the International Council on Mining and Metals (ICMM) Mining Principles were used as the core reference points to identify ESG topics currently or potentially material to our operations.

Methodology

To produce this report, Hillgrove undertook the following process in line with GRI best practice:

Step 1: Preparation and planning

Convened a sustainability working group to define and deliver the project;

Developed the report vision and framework;

Consulted on the overall approach with two independent, ESG technical experts.

Step 2: Scoping and engagement

Undertook a materiality assessment to identify topics of relevance;

Validated and grouped topics in line with global standards and frameworks (GRI Indicators, UN SDGs, ICMM Principles);

Mapped, surveyed, and interviewed internal and external stakeholders on the material topics and their respective importance. Stakeholders included: staff, contractors, suppliers, community members, investors and customers.

Step 3: Framework and reporting

Reviewed and consolidated quantitative and qualitative feedback from the stakeholder consultation process;

Finalised the ESG materiality matrix;

Reviewed and reported on actions taken to date against relevant metrics where available/relevant;

Where possible/relevant, established practical and meaningful commitments and/or goals for the company to aim for, monitor, and report against annually;

Established an internal governance structure and process for the ongoing monitoring of action committed to in the report.

Hillgrove's ESG Materiality Focus 2024.

When establishing our materiality, we assessed topics through the prism of Environmental Social and Governance (ESG).

In each area, topics were identified through desk research, a literature review covering industry good practice publications, market insight, media reporting and stakeholder commentary. Identified topics were then assessed in the context of Hillgrove's operations to assess materiality. The findings of the internal Sustainability Report working group and the independent consultant producing the report were then tested through a survey and interview process with internal and external stakeholders.

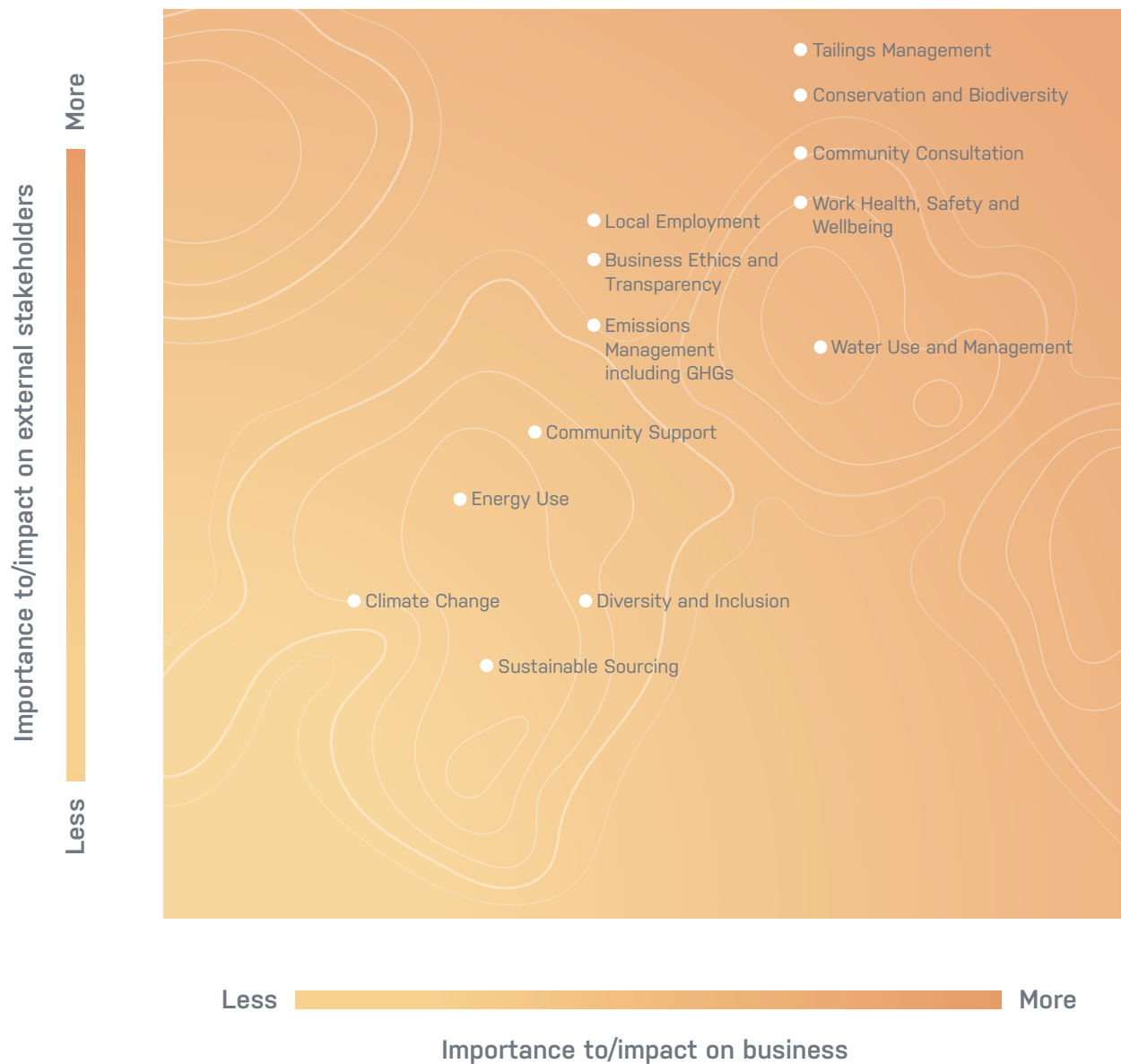
Each materiality topic was assessed in terms of importance to stakeholders and Hillgrove Resources respectively with interviewees also asked if there were any further topics that should be added. The results of this process are outlined in the materiality matrix, which can be found on page 8. The matrix will be re-assessed annually and used to guide Hillgrove's ESG action priorities.

Environmental	Definition
Climate Change	Develop and commit to a climate change position statement.
Energy Use	Explore new technology and initiatives to reduce energy consumption and increase use of renewables.
Water Use and Management	Explore new technology and initiatives to reduce water consumption and utilise recycled water whenever commercially viable.
Emissions Management including GHGs	Meet all regulations on emissions and work to reduce GHGs in line with global and industry standards.
Conservation and Biodiversity	Continually monitor and manage land use including meeting and exceeding all land restoration regulations.
Tailings Management	Meet and exceed all regulatory requirements on tailings management.

Social	Definition
Community Consultation	Maintain ongoing formal and informal channels for community members to consult and provide feedback on mine operations.
Community Support	Contribute positively to local communities by reducing impact and creating local benefits.
Local Employment	Preferentially seek to employ from the local community and upskill through onsite training.
Sustainable Sourcing	Develop and commit to a sustainable sourcing policy.
Diversity and Inclusion	Set medium and long-term targets for gender balance.
Work Health, Safety and Wellbeing	Maintain a safety-first culture through systems and processes that embed and monitor good HSE practice at all times.

Governance	Definition
Business Ethics and Transparency	Comply with all relevant laws and regulations, report and disclose accurately to stakeholders, and act ethically and transparently.

ESG Materiality Matrix.



Our performance to date, our commitments, and our long-term goals.

We are committed to setting meaningful medium-term and long-term targets to improve our performance and our impact linked to the ESG topics material to our business. Through the annual sustainability report, we are also committed to continually monitoring action taken in these areas and disclosing this information publicly.

For this report, which covers the Kanmantoo mine site, we map out the actions and achievements delivered to date where they are relevant, including actions and achievements delivered during the period the original open pit mine was operational.

The information will serve as a baseline and a foundation for reporting going forward. We also expect to review and update both our materiality topics and our metrics once underground operations commence.

"As Kanmantoo enters its next stage as Australia's newest copper producing asset, we continue to work closely with our stakeholders and maintain strong engagement with the local communities in which we operate.

The commencement of mining has seen 66 people employed from the local community, equating to 42% of the mine's workforce. In addition, we have preferentially engaged a number of local businesses to support the mining operation.

We continue to ensure our ESG actions are symbiotic and collaborative with the community in what has already been recognised as an award-winning approach to stakeholder consultation.

This report allows us to update and evolve our ESG plans and action, and keeps us accountable to our commitments."

Lachlan Wallace, CEO and Managing Director,
Hillgrove Resources

Environment.

Hillgrove has a strong record of environmental stewardship, and we remain committed to managing and mitigating the impacts our operations have on the environment. We also acknowledge the potential impact of broader changes to the environment and climate on our ability to operate as a business.

Our environmental focus can be seen as having a micro and macro element.

At the micro, or local level, our priority is to minimise impact on the local environment and act as an enabler and accelerator for native revegetation, biodiversity, and conservation through our land management and restoration. The control and management of our tailings facility is also seen as a fundamental responsibility.

At the macro or global level, we are exploring ways to further enhance our contribution to net zero transition. At Kanmantoo, we continue to utilise recycled water, and have recently connected the underground mining operation to the South Australian grid, and has enabled us to decommission the diesel generators. South Australia generates almost 70% of its electricity from renewable sources, and is projected to reach 85% by 2025/26, with a target of 100% net renewable energy by 2030.

"We see an opportunity here, not only to meet our regulatory requirements, but to build on our collaborations with the local communities to take a long-term, strategic approach to mine closure planning and revegetation.

Ultimately, we want to establish a blueprint which demonstrates how communities can benefit from hosting a mining operations well beyond the economic life of the asset.

To date, 122 hectares of land rehabilitation has either been completed or is in progress and we have integrated community led environmental outcomes into our planning. In 2023 we supported the community to successfully secure \$1.3m in grant funding from the Native Vegetation Council to establish a regional greenbelt connecting the mining rehabilitation activities with regional vegetation initiatives."

Glenn Norris, General Manager,
Hillgrove Resources

Action/Achievements to date where relevant and available	Our commitments	Our long-term goals
Climate Change		
At Kanmantoo, we mine copper which is a critical mineral as the world's energy mix decarbonises through electrification.	Climate Change Position statement developed, agreed by board, and published by the end of 2024.	Creation of resilient mining landforms and revegetation programs that consider the changing climate. Maintain optionality for the creation of Pumped Hydro Energy Storage (PHES) upon mine closure, using the uniquely suitable location and assets for the creation of this system.
Energy Use		
Completed trial of Komatsu's MC51 Continuous Mining Machine at Kanmantoo. The intent of the trial was to advance the development of the MC51 towards commercialisation. The MC51 has potential to replace diesel powered mine development and blasting which may lead to a reduction in mining emissions. The trial was attended by mining companies from around Australia to assess sector-wide adoption of technology. Entered a multi-year energy contract as part of a broader buyer's consortium to facilitate the establishment of new renewable power generation in South Australia. Following the connection of the underground to the South Austrlaian network in early 2024, the site reached 100% grid sourced electricity on site. The SA is increasingly sourcing energy from renewable sources. Completed a scoping study to construct a Pumped Hydro Energy Storage (PHES) facility at Kanmantoo and incorporated into the mine closure plan as part of responsible closure.	Explore further strategic projects to deliver energy efficiency.	Develop a PHES facility at the Kanmantoo mine site if commercial.

Action/Achievements to date where relevant and available	Our commitments	Our long-term goals
Water Use & Management		
Maximising use of recycled water including recycled effluent and recycled water from the pit and TSF.	Continue to maximise usage of recycled water where commercially viable.	No reduction in water availability or quality to the environment or other users as a result of the mine's operation.
Groundwater monitoring on and off site. Maintaining the integrity of storm water runoff.		No discernible impact to local ground water/waterways/ephemeral creeks.
Emissions Management including GHGs		
Meeting all GHG/National Pollutant Inventory (NPI) commitments under the Australian Clean Energy Act, and exceeding requirements through our agreed Community Action Plan.	Continue to meet all emissions regulations and explore further alignment with global standards.	Consider opportunities to further reduce emissions.
Trial of emissions and blast-free mining technology (MC51) in 2021/22 on an open trial basis for benefit of all industry.		
Realtime monitors implemented for continual management of dust emissions, blast vibration and noise.		

Action/Achievements to date where relevant and available

Our commitments

Our long-term goals

Conservation and Biodiversity

Rehabilitation using native vegetation has been completed or is in progress over 122 hectares of land.

Integration of community led environmental outcomes into the Program for Environment Protection and Rehabilitation (PEPR) to connect the mine's rehabilitation with regional vegetation initiatives to create a connected regional greenbelt.

Established seed propagation and multiplication areas on and surrounding the site to produce native seeds on a commercial scale in order to meet and exceed rehabilitation obligations - this resulted in the generation of 983kg of native seed over the past two years, 331kg of which was provided to regional businesses to promote further expansion of native revegetation.

In 2023, we assisted the local community and Goolwa-Wellington LAP to secure a \$1.3m grant to establish a regional greenbelt connecting the mine's rehabilitation activities with regional vegetation initiatives.

Continue to meet all requirements under Hillgrove's PEPR as mandated by the Department for Energy and Mining, Government of South Australia.

Assist community in realising a regional greenbelt through resources and land provision.

Provide enduring protection and conservation of remnant vegetation and rehabilitated areas via legal mechanisms.

Tailings Management

The tailings facilities are planned, designed, constructed, and operated in accordance with leading industry practices and guidelines.

In alignment with the Global Industry on Tailings Management Standard 32, tailings management further integrates climate scenario considerations, stakeholder engagement, our communities, water security, the safety of the facility and closure/reclamation.

Tailings risk assurance is achieved through routine inspections and monitoring and an independent audit process.

Maintain and exceed industry best practice for tailings management.

Continue auditing and QA/QC programs for operation and construction phases of the TSF.

Continue to monitor cover performance for closure criteria.

Achieve closure criteria set for the integrated waste landform.

Case Study

Reducing our carbon footprint.

Underground mining kicked off at Kanmantoo in May 2023 following a successful feasibility study and subsequent funding. Initial underground development was powered by a series of diesel generators, providing ventilation and power to the underground plant, refuge chambers and ancillary equipment.

Concurrent to the underground mine commencement, a project was initiated to supply the underground with high voltage power from the existing 132 KV to 11 KV electrical switch yard on site. The transmission of 11 kv power is first through a new overhead powerline strung across 11 poles to the open pit crest, then through High Voltage cable hung over the pit wall and down a 170m deep service drill hole to the underground substation where it is stepped down to 1 KV for use in the underground operations. The project took around 6 months to complete, with first mains power to the underground occurring in January 2024.

The transition from diesel generated power to grid electricity, materially reduces our carbon footprint, and takes advantage of the South Australian energy network which has reached 70% renewable generation and has aspirations to achieve 100% net renewables by 2030.



Social.

At Hillgrove we define social as encapsulating the impact we have on our employees and contractors, the communities surrounding our operations and wider stakeholders in our business.

Internally, ensuring the health, safety, and wellbeing of our staff is the most critical part of our business. We are also committed to delivering a diverse and inclusive workforce and increasing the employment opportunities we can offer to as wide a pool of applicants as possible.

Externally, we are focussed on maintaining and strengthening our social licence to operate. We see the key to this as being the maintenance of a transparent, consistent, and equitable dialogue with local communities to ensure that their views are acknowledged and acted upon. Through the set up of the Kanmantoo Callington Community Consultative Committee (K4C) we have established an award-winning stakeholder engagement model, which has led to strong and enduring relationships with the communities that neighbour our operations.

"Hillgrove has always shown a willingness to engage with the local community. Through the company's work in actively supporting the creation of the Kanmantoo Callington Community Consultative Committee (K4C), a really strong structure has been created for both parties – the community and Hillgrove – to meet, discuss, and agree on a range of issues and activities.

"The company also has an open and collaborative approach to community engagement. Hillgrove's management are willing to listen, to talk, and to come up with solutions to community issues. They have also consistently supported local community development from specific projects such as the construction of the Kanmantoo War Memorial and the Callington Community Centre, to the development of an award-winning community-led regional Master Plan."

Harry Seager
Kanmantoo Callington Community
Consultation Committee Member

Action/Achievements to date where relevant and available

Our commitments

Our long-term goals

Community Consultation

Supported the creation of the Kanmantoo Callington Community Consultative Committee (K4C) - a public forum for the community to come together to raise issues and encourage action on matters related to the HGO Mine.

Development of an award-winning community led regional **Master Plan***.

Collaboration with local community to utilise the presence of the mine to improve amenities. Examples include encouraging local heavy vehicle traffic to access Hillgrove's private road, removing heavy traffic from populated areas, and the sharing of environmental and weather data to assist local industrial businesses reduce their emissions in the region, and assist in local agri-business planning.

Continue to play an active role in the K4C.

Continue to report to the K4C and be accountable to agreed actions.

Build on the K4C and develop further channels for individual community members and stakeholders to raise comments and concerns about the Kanmantoo mine via an independent and confidential intermediary in line with stakeholder engagement best practice.

Continue to be recognised as an industry leader in community engagement.

Establish mechanisms which build local community capability that sees host communities receiving long-lasting sustainable benefits well beyond the completion of mining activities.

Community Support

Delivery of annual financial support to a range of local community assets, projects and groups including the Recreation Centre, War Memorial, local sporting clubs and school, infrastructure for recycled water supply to the Callington school and oval.

Maintain annual financial support to local communities.

Develop a PHES facility at the Kanmantoo mine site if commercially viable.

Local Employment

As of January 2024, 42% of Kanmantoo employees live in the surrounding Adelaide Hills, of which 15% live within 5km of the mine.

100% of roles that do not require a specific industry skill or qualification were local employees, demonstrating our commitment to hire local and upskill through training.

Continue to maintain local hire policy where viable.

Explore strategies for supporting local capacity building and skills training such as partnerships with local education institutions.

*<http://kcccc.hillgroveresources.com.au/sites/default/files/k4c-masterplan-oct2019-final.pdf>

Action/Achievements to date where relevant and available

Our commitments

Our long-term goals

Sustainable Sourcing

\$455m spent locally in the region supporting 697 local businesses.

Initial engagement via open days with local suppliers/businesses to engage with the mine and understand the needs of the operation.

Continue to monitor our sourcing and procurement approach and explore the adoption of an ethical procurement policy.

Explore the adoption of a wider approach to sustainable sourcing and engage with suppliers and customers up and downstream of our operations to drive supply chain sustainability.

Diversity and Inclusion

During 2022, 18% of the workforce at Kanmantoo identified as female.

Diversity and inclusion policy established and monitored.

Work to maintain and increase representation of women in the workforce.

Explore viable actions and strategy to further diversify the workforce and expand access to job opportunities.

Diverse representation across all levels including board, management, and the workforce.

Work Health, Safety and Wellbeing

WHSW policy in place and overseen at board level.

Full suite of training and procedures prepared or underway ahead of UG commencement.

Safety performance at 31 December 2023: TRIFR = 15.3 following three recordable injuries in 2023. (TRIFR is Total Recordable Injury Frequency Rate)

Work to maintain TRIFR levels below the industry average.

Assess and test all training and procedures once UG commences.

Programs to support mental health and promote a positive morale.

Maintain an integrated management approach with high-risk ranked items with board oversight.

Empowerment of the workforce to achieve Zero-harm.

Case Study

Master plan secures \$1.3m grant to establish a regional greenbelt.

A joint collaborative project between the Kanmantoo Callington Community Consultative Committee (KCCCC – also known as K4C) and Hillgrove Resources continues to create opportunities for important local projects.

The 'K4C Master Plan – Mining and Beyond: A Best Practice Community Approach From Kanmantoo-Callington', launched in 2019, demonstrates a leading approach for mining companies to engage with the communities in which they operate through the gathering and collation of community feedback over time. The master plan contains a vision that clearly identifies and simultaneously builds upon the areas of environment, heritage, arts and culture, and economic development.

The master plan has been a key enabler for important community projects, such as the war memorial in Kanmantoo and the development of the Callington Recreation Community Centre, which is a not-for-profit sports, recreation and community focused complex.

The K4C is a forum for the community to come together to raise issues and encourage action on matters related to the Kanmantoo Copper Mine. Formed in 2007, the committee has evolved into a cornerstone for engagement and consultation between Hillgrove and the local communities surrounding the mine.

In 2022 the community came together once again through the K4C's Master Plan process to identify an opportunity to leverage the existence of the mine to create a long-lasting positive legacy. The K4C, Hillgrove Resources, the Kanmantoo Callington Landcare Group, the Goolwa to Wellington Local Action Planning Association (GWLAP), and several local landowners put forward an ambitious plan to create a multi-kilometer greenbelt connecting the existing mining rehabilitation works at Kanmantoo with regional vegetation initiatives across multiple private landholdings, including parcels Hillgrove's land surrounding the mine site. The project seeks to establish over 168ha of new over the next 8 years, providing linkages for ground-based fauna and birdlife between disparate vegetation patches, and restoring important ecological diversity to the region.

In 2023 the K4C and GWLAP successfully lobbied and secured a \$1.3m grant from South Australia's Native Vegetation Council to kick start this project.



Governance.

The Kanmantoo Copper Gold mine is located in South Australia, with the company’s corporate headquarters also located in the state capital, Adelaide. Throughout the life of the business, we have met all legal and regulatory compliance requirements within the jurisdiction we operate in. As an ASX listed company we also continue to meet all our regulatory requirements.

We believe governance goes beyond compliance. In line with our company values, we are committed to acting transparently and ethically in all of our engagement and transactions.

With a full record of legal and regulatory compliance through open pit operations, good governance is a cornerstone of our business, and we are proud of our record of meeting and exceeding all requirements and expectations in this space. Hillgrove adheres to a governance framework that is reviewed regularly and upgraded or changed as appropriate to reflect the company’s interests, changes in law and what is generally regarded as sound practice.

We have established policies covering anti-bribery and corruption, whistleblowing and conflict of interest. Across all of these policies, no incidents were raised during 2023.

Action/Achievements to date where relevant and available	Our commitments	Our long-term goals
Governance		
Full record of legal and regulatory compliance during exploration, open pit operations, care and maintenance, and the underground mining.	Comply with all relevant laws and regulations, report and disclose accurately to stakeholders.	Continue to ensure governance is in accordance with Australian Institute of Company Directors (AICD) best practice recommendations and ASX Corporate Governance Principles.
Adherence to a governance framework that is reviewed regularly and upgraded or changed as appropriate to reflect the company's interests, changes in law and what is generally regarded as sound practice.	Act ethically and transparently in everything we do and in all interactions with stakeholders.	
Policies covering anti-bribery and corruption, whistleblowing, conflict of interest.	Modern Slavery statement developed, agreed by board, and published by the end of 2024.	
No governance incidents or concerns raised during 2023.		
An additional Board member was engaged in 2023 to bolster operating expertise as the underground commenced. The additional independent non-executive director addressed previously identified structural deficiencies regarding committee size which are now in line with recommended corporate governance principles.		

Ensuring continuity in our ESG approach.

This report sets out our material topics as they currently stand, our medium and long-term actions and targets, and our associated reporting framework. At present, the monitoring of action and delivery under this reporting process will be overseen by the Risk and Compliance Committee, which includes Hillgrove's Managing Director, CFO, and General Manager for the Kanmantoo Mine.

This committee in-turn will report to the board on progress linked to the sustainability report. This governance approach underlines the fact that sustainability is seen as a business-critical issue for the company.

In addition to our annual report, further information on our ESG work can be found at **www.hillgroveresources.com.au/sustainability**.



Annex

HGO Material Issues 2022 **SDG Alignment**

	SDG1 No poverty	SDG2 Zero hunger	SDG3 Good health & wellbeing	SDG4 Quality education	SDG5 Gender equality	SDG6 Clean water & sanitation	SDG7 Affordable & clean energy	SDG8 Decent work & economic growth
Environmental								
Climate Change								
Energy Use								
Water Use & Management								
Emissions Management including GHGs								
Conservation & Biodiversity								
Tailings Management								
Social								
Community Consultation								
Community Support								
Local Employment								
Sustainable Sourcing								
Diversity & Inclusion								
Work Health, Safety & Wellbeing								
Governance								
Business Ethics & Transparency								

Annex

HGO Material Issues 2022 **SDG Alignment**

	SDG9 Industry, innovation & infrastructure	SDG10 Reduced inequalities	SDG11 Sustainable cities & communities	SDG12 Responsible consumption & production	SDG13 Climate action	SDG14 Life below water	SDG15 Life on land	SDG16 Peace, justice & strong institutions	SDG17 Partnerships for the goals
Environmental									
Climate Change									
Energy Use									
Water Use & Management									
Emissions Management including GHGs									
Conservation & Biodiversity									
Tailings Management									
Social									
Community Consultation									
Community Support									
Local Employment									
Sustainable Sourcing									
Diversity & Inclusion									
Work Health, Safety & Wellbeing									
Governance									
Business Ethics & Transparency									

HGO Material Issues 2022 **ICMM Principles Alignment** (also aligned to TSM)

	PRINCIPLE 1 Ethical Business	PRINCIPLE 2 Decision Making	PRINCIPLE 3 Human Rights	PRINCIPLE 4 Risk Management	PRINCIPLE 5 Health & Safety
Environmental					
Climate Change					
Energy Use					
Water Use & Management					
Emissions Management including GHGs					
Conservation & Biodiversity					
Tailings Management					
Social					
Community Consultation					
Community Support					
Local Employment					
Sustainable Sourcing					
Diversity & Inclusion					
Work Health, Safety & Wellbeing					
Governance					
Business Ethics & Transparency					

HGO Material Issues 2022 **ICMM Principles Alignment** (also aligned to TSM)

	PRINCIPLE 6 Environmental Performance	PRINCIPLE 7 Conservation of Biodiversity	PRINCIPLE 8 Responsible Production	PRINCIPLE 9 Social Performance	PRINCIPLE 10 Stakeholder Engagement
Environmental					
Climate Change					
Energy Use					
Water Use & Management					
Emissions Management including GHGs					
Conservation & Biodiversity					
Tailings Management					
Social					
Community Consultation					
Community Support					
Local Employment					
Sustainable Sourcing					
Diversity & Inclusion					
Work Health, Safety & Wellbeing					
Governance					
Business Ethics & Transparency					

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