

HILLGROVE RESOURCES

AUSTRALIA'S NEXT COPPER MINE

LACHLAN WALLACE ||||| CEO & MANAGING DIRECTOR

7 MAY 2021





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All currency referred to is Australian dollars (\$) unless otherwise indicated (e.g. US\$).

COMPETENT PERSONS STATEMENT

The information in this Document that relates to Exploration Results, Exploration Targets and Mineral Resource Estimates is based on information compiled by Mr Peter Rolley, who is a Member of The Australian Institute of Geoscientists. Mr Rolley is a full-time employee of Hillgrove Resources Limited and has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code)’. Mr Rolley has consented to the inclusion in this Document of the matters based on their information in the form and context in which it appears. All exploration drill results, soil sampling images, and rock chip results have previously been reported to the ASX by Competent Person at the time. Hillgrove Resources confirms that the form and context in which the findings of the Competent Persons have been presented, have not been materially modified from the original market announcement. Peter Rolley (MAIG) consents to the inclusion in this Document of the matters based on their information in the form and context in which they appear.

AUTHORISATION

This announcement is authorised for market release by Hillgrove Resources’ Managing Director and CEO, Lachlan Wallace.

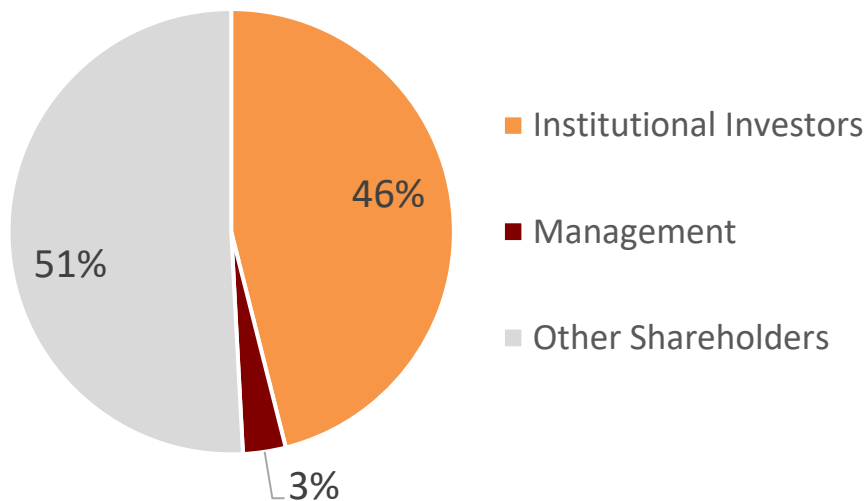




Market Statistics

Share Price ⁽¹⁾	A\$p.s	0.080
Shares on Issue	M	937.0
Market Capitalisation	A\$M	75.0
Enterprise Value ⁽²⁾	A\$M	63.3
Liquidity - 12 Months	M shares	230.5 (25%)

Shareholders



3

Note (1): Share price at close 6 May 2021
Note (2): Net cash as at 31 March 2021

Investment Opportunity

- ✓ *Advanced, fully permitted UG mining project with infrastructure in place to quickly convert for low capex and realise value of rising prices*
- ✓ *Drilling confirms depth continuity providing opportunities to increase resource base and mine life*
- ✓ *Exciting growth pipeline throughout SA*

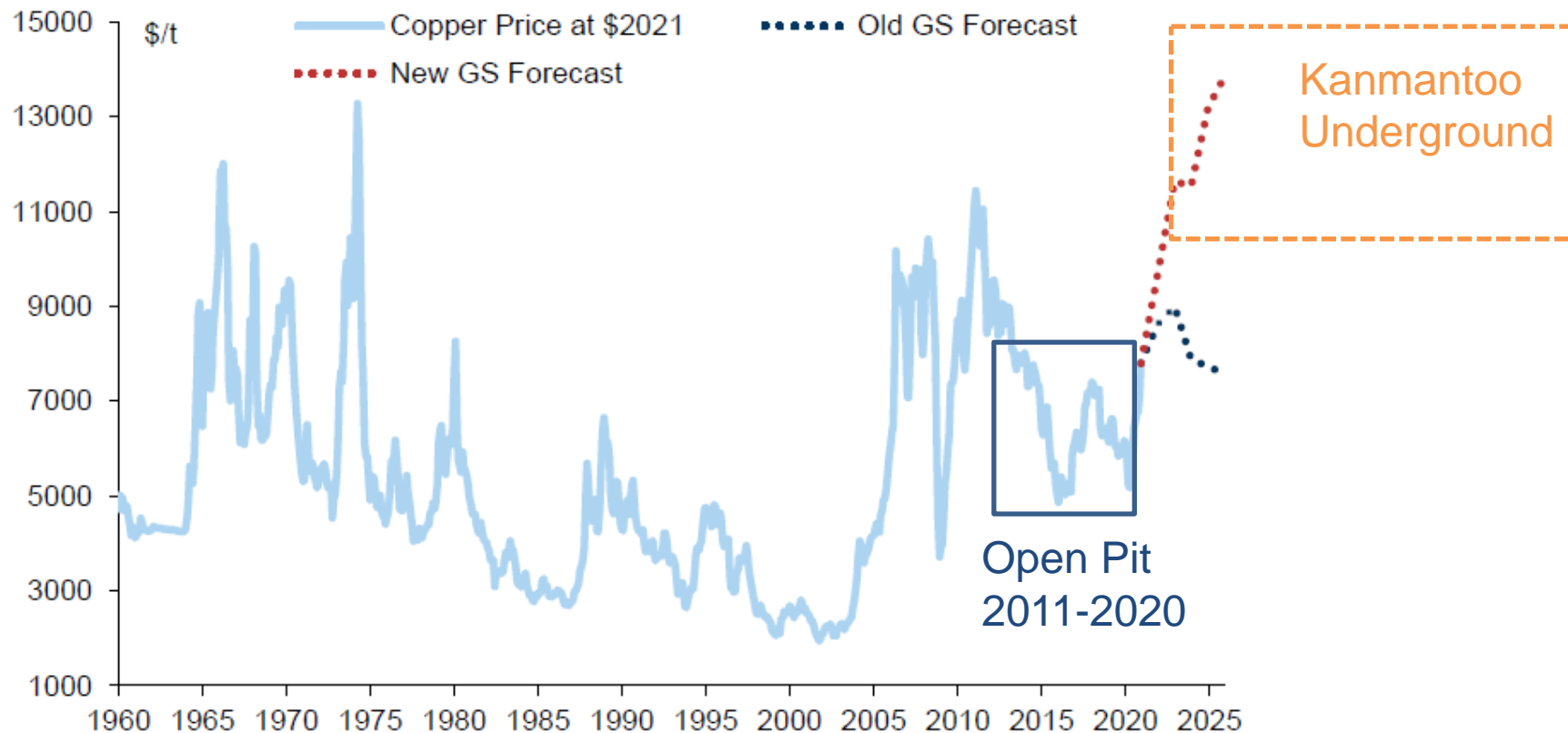
Share Price – 12 Months



- The interim results of the 2021 drill program confirm continuity down dip and is expected to expand and increase the confidence of the Mineral Resource Estimate.
- Well advanced project: completed permitting, initial resource definition drilling, and initial mining contractor tender.
- The Kanmantoo Underground benefits from very low capital intensity due to existing infrastructure.
- Infrastructure maintained for ready restart which positions Kanmantoo to be Australia's next copper mine as copper prices are forecast to continue to rise.
- Continue to explore exciting opportunities in the broader region with particular focus on porphyry signatures within Hillgrove's 5,652km² exploration tenements in south-east SA.
- Carried forward tax losses and franking credits increase shareholder value.



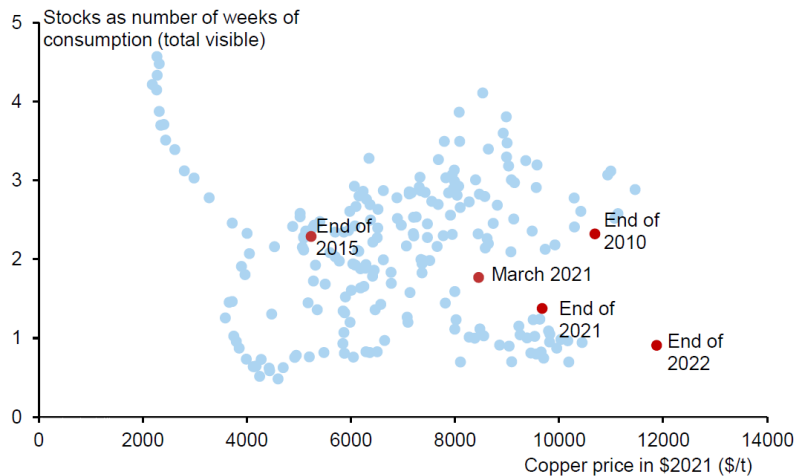
Historical and forecasted copper price at US\$2021



Source: World Bank, Goldman Sachs Global Investment Research

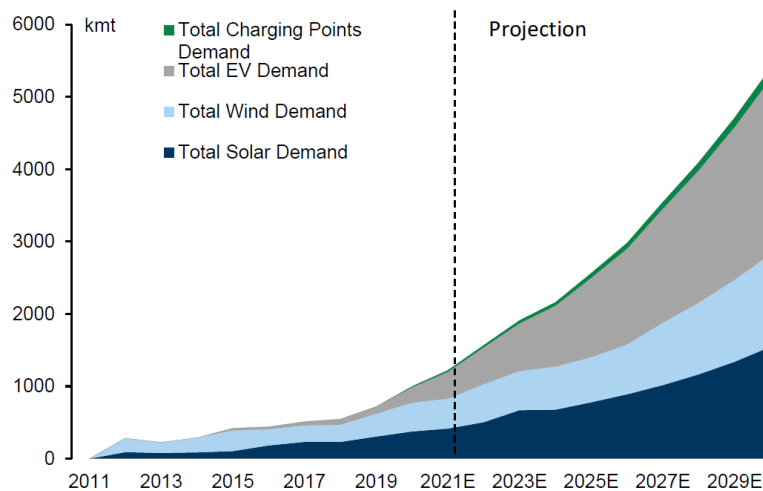
Market conditions excellent for development of copper project

Stocks to consumption ratio



Copper stocks already low due to post-pandemic demand resurgence and stagnant / disrupted supply...

Copper demand, per year, from green sectors



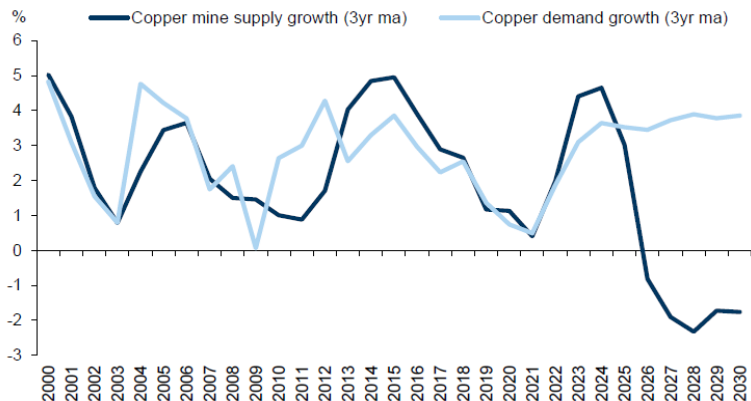
Source: Woodmac, Wind, Goldman Sachs Global Investment Research

Source: Goldman Sachs Global Investment Research

...as world decarbonises through electrification, the demand for copper is set to increase further



Copper mine supply growth vs copper demand growth, yoy %

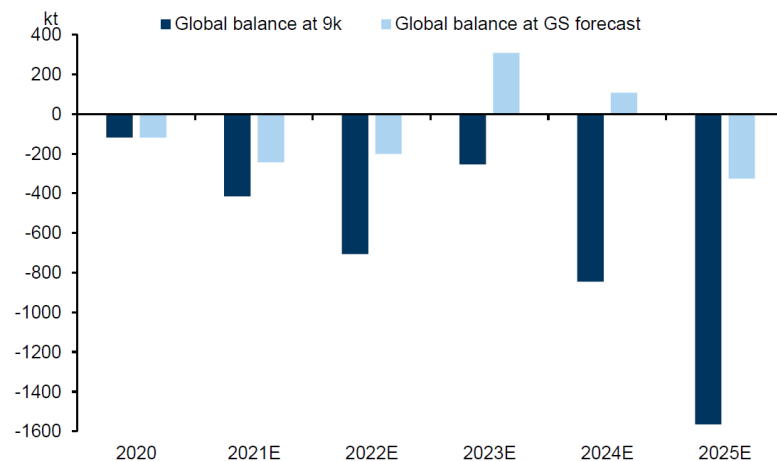


Demand growth anticipated to outstrip supply...

Source: Woodmac, Goldman Sachs Global Investment Research

... resulting in largest long-term supply gap on record and near term supply deficits unless price adjusts to restrict demand and/or encourage new supply investment...

Global copper balance



Source: Woodmac, Goldman Sachs Global Investment Research

***But new supply takes time to discover, permit, finance and build...
KANMANTOO POSITIONED TO BE AUSTRALIA'S NEXT COPPER MINE***

- 100% owned by Hillgrove Resources (**HGO**)
- Open pit mining from 2011-19 produced 137kt Cu
- 55km from Adelaide; local workforce, Tier 1 jurisdiction¹
- 3.6Mtpa processing plant on C&M
- Fully operational TSF with additional capacity
- 360m deep open pit provides ready access to underground lodes
- All regulatory and community approvals in place to accelerate exploration and recommence mining



All infrastructure and permitting in place to enable low cost and rapid ramp up to production



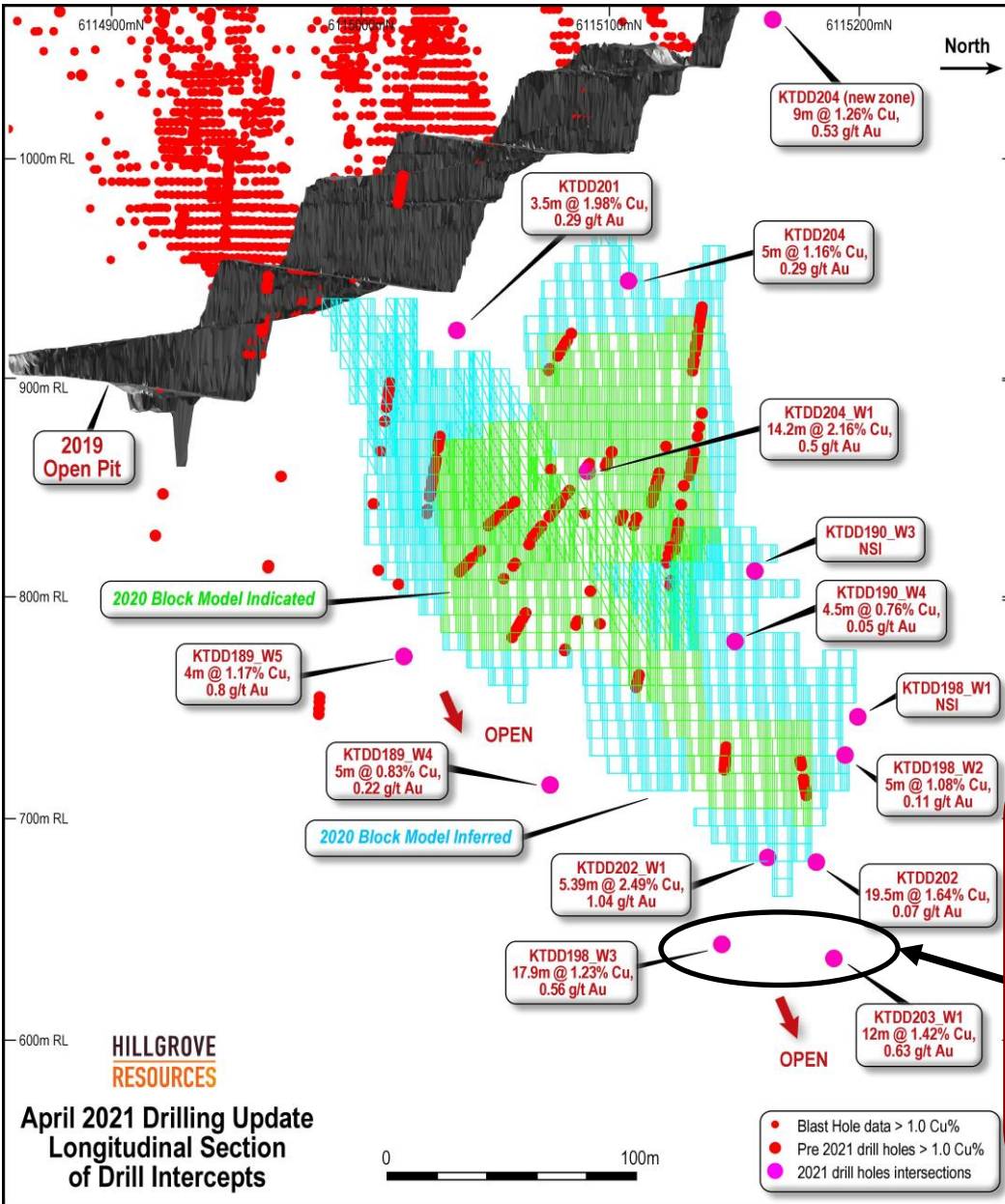


***3 drills targeting Kavanagh lodes at Kanmantoo
(looking southwest)***



- Interim results released confirm down dip extension of high grade Cu-Au mineralisation to over 300m below pit.
- The program will;
 1. Increase geological confidence in the continuity and grade of the Cu-Au lodes for resource estimation for underground mine evaluation, and
 2. Increase the resource base and potential mine life.

High grade intersections in the deepest holes demonstrate mineralisation open at depth which provides opportunity to further increase inventory with additional drilling



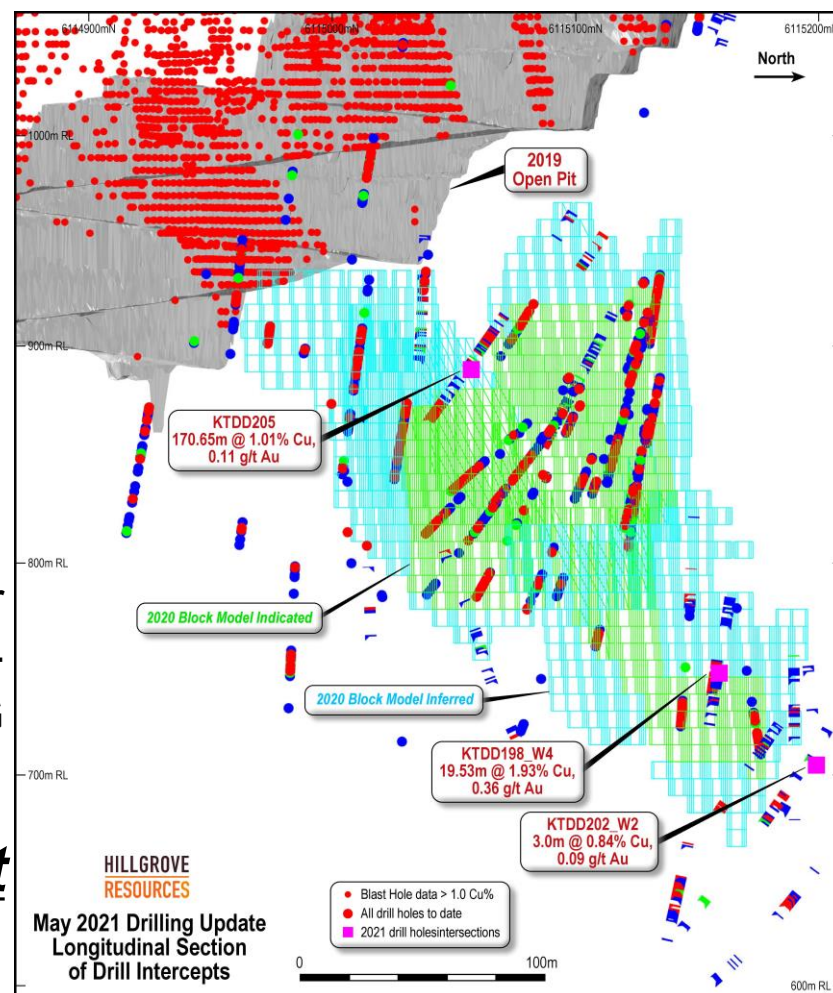
KTDD205 170.65m @ 1.01% 0.11 g/t Au from 339m downhole, including;

- 11.0m @ 1.65% Cu, 0.10 g/t Au, from 339.0m downhole, plus
- 23.0m @ 2.48% Cu, 0.24 g/t Au, from 385.0m downhole, plus
- 5.0m @ 1.86% Cu, 0.38 g/t Au, from 415.0m downhole, plus
- 12.2m @ 1.89% Cu, 0.49 g/t Au, from 451.0m downhole, plus
- 9.0m @ 1.94% Cu, 0.14 g/t Au, from 476.0m downhole, plus
- 13.8m @ 2.06% Cu, 0.12 g/t Au, from 495.85m downhole

The impact of these zones and their attendant lower grade envelopes on grade-tonnage relationships and alternative UG mining opportunities is being investigated to

optimise the existing plant and tailings storage capacity

at the Kanmantoo site.



Cu-Au mineralisation in KTDD205 in Kavanagh from 495.36m to 500.09m



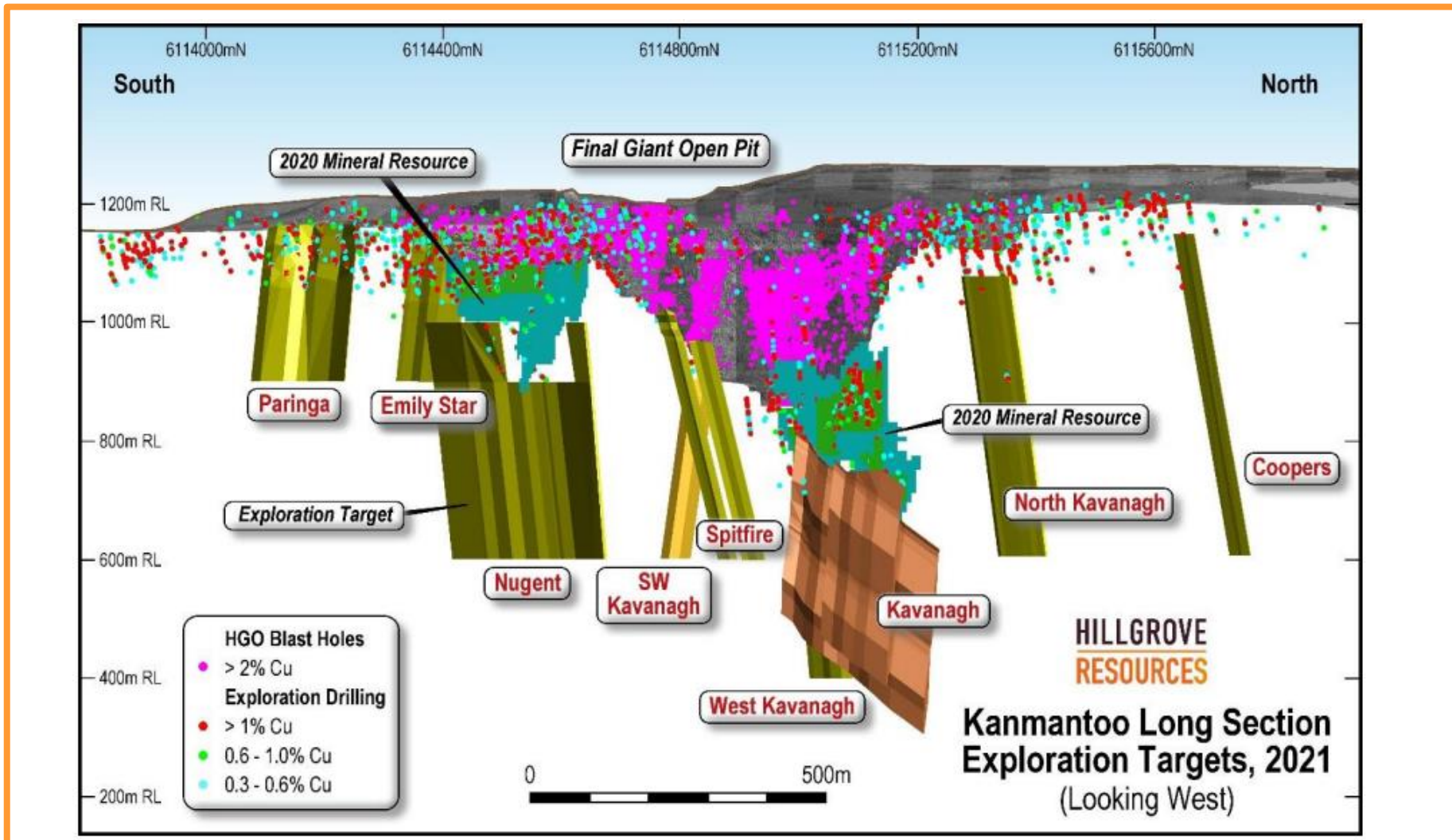
Peak copper assay is 13.25% Cu over 1.05m from 495.85m downhole



The next steps for the evaluation of the Kanmantoo underground Cu-Au mineralisation are as follows:

- Completion of the planned drilling program and receipt of all assays therefrom,
- Evaluation of the drill results for additional Cu-Au mineralisation opportunities,
- Completion of an updated mineral resource estimate, and
- Completion of gold metallurgical test work to increase gold recoveries.





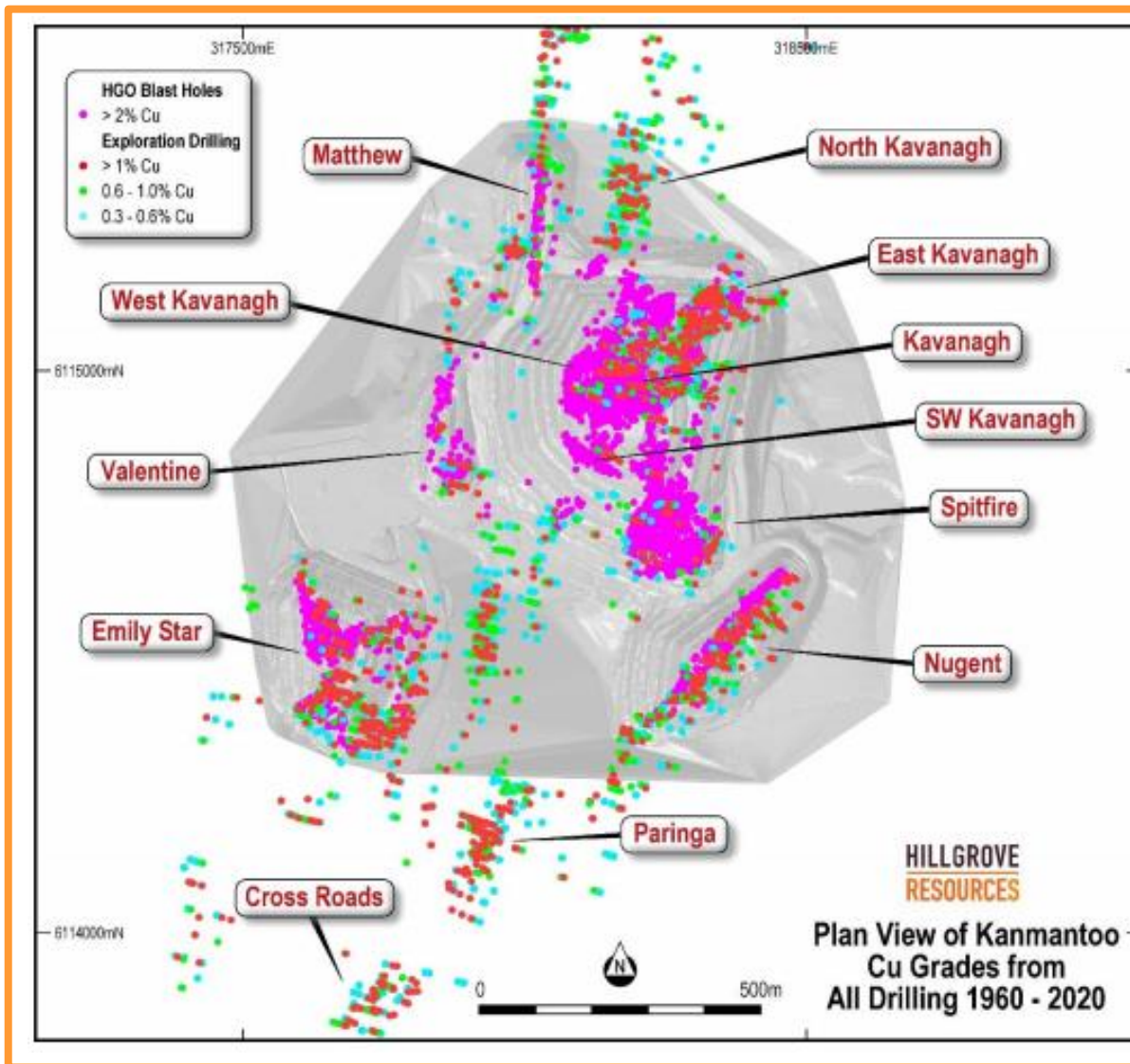
Future drilling will focus on Kavanagh depth and strike extensions, Nugent and proximal lodes that can be accessed from the Kavanagh decline

Exploration Target

	Max RL depth	Tonnage Range (Mt)	Grade Range Cu%	Grade Range Au g/t
Coopers	600	0.1 - 0.3	1.5 - 2.0	0.4 - 0.8
North Kavanagh	600	0.1 - 0.7	1.5 - 2.0	0.4 - 0.8
Kavanagh	400	2.0 - 3.5	1.0 - 2.0	0.2 - 0.4
West Kavanagh	400	1.0 - 2.0	0.8 - 1.5	0.02 - 0.05
South West Kavanagh	600	0.8 - 1.0	1.8 - 2.2	0.1 - 0.4
Spitfire	600	0.4 - 0.7	1.5 - 2.0	1.5 - 3.0
Nugent	600	1.5 - 2.5	0.8 - 1.5	0.2 - 0.6
Paringa	900	0.5 - 1.5	1.1 - 2.2	0.1 - 0.2
Emily Star	900	2.0 - 4.5	1.2 - 2.2	0.1 - 0.3
Totals		8 - 16	1.0 - 2.0	0.2 - 0.4

The Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource under the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code" (JORC 2012). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve.





The proximal lodes of **North Kavanagh**, **Spitfire** and **SW Kavanagh** have potential to add value by increasing the resource base for relatively low incremental cost as they utilise the same decline as the Kavanagh and West Kavanagh lodes.

Nugent has the potential to increase annual production through a separate, relatively low capital intensive decline.

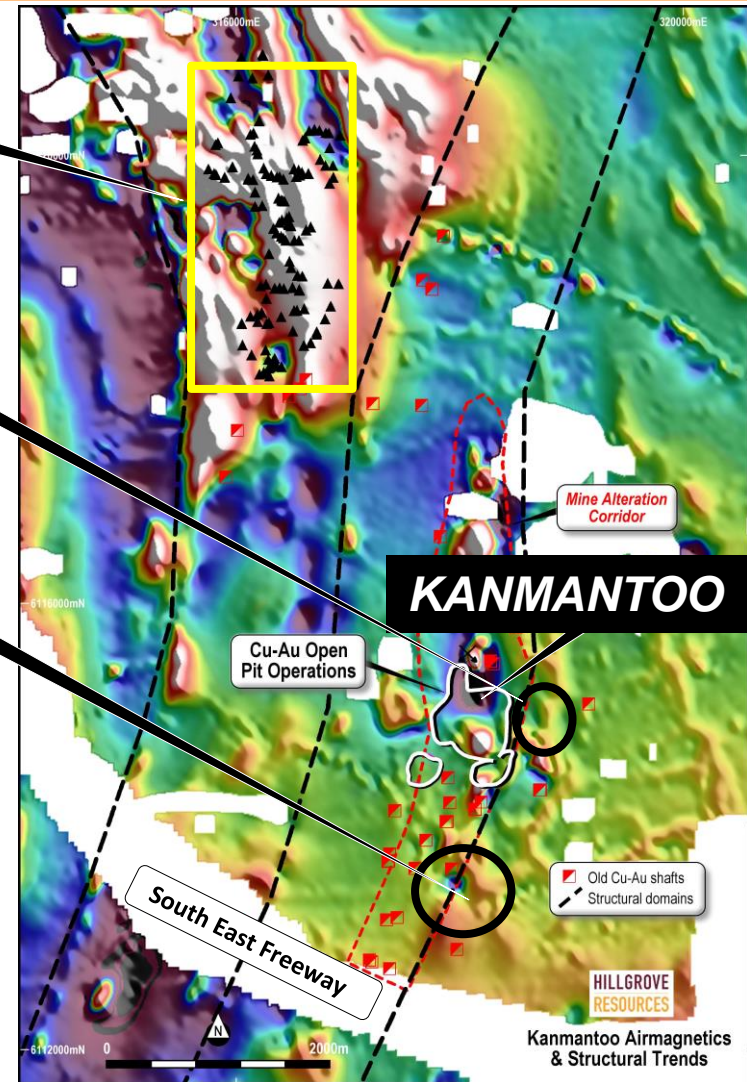


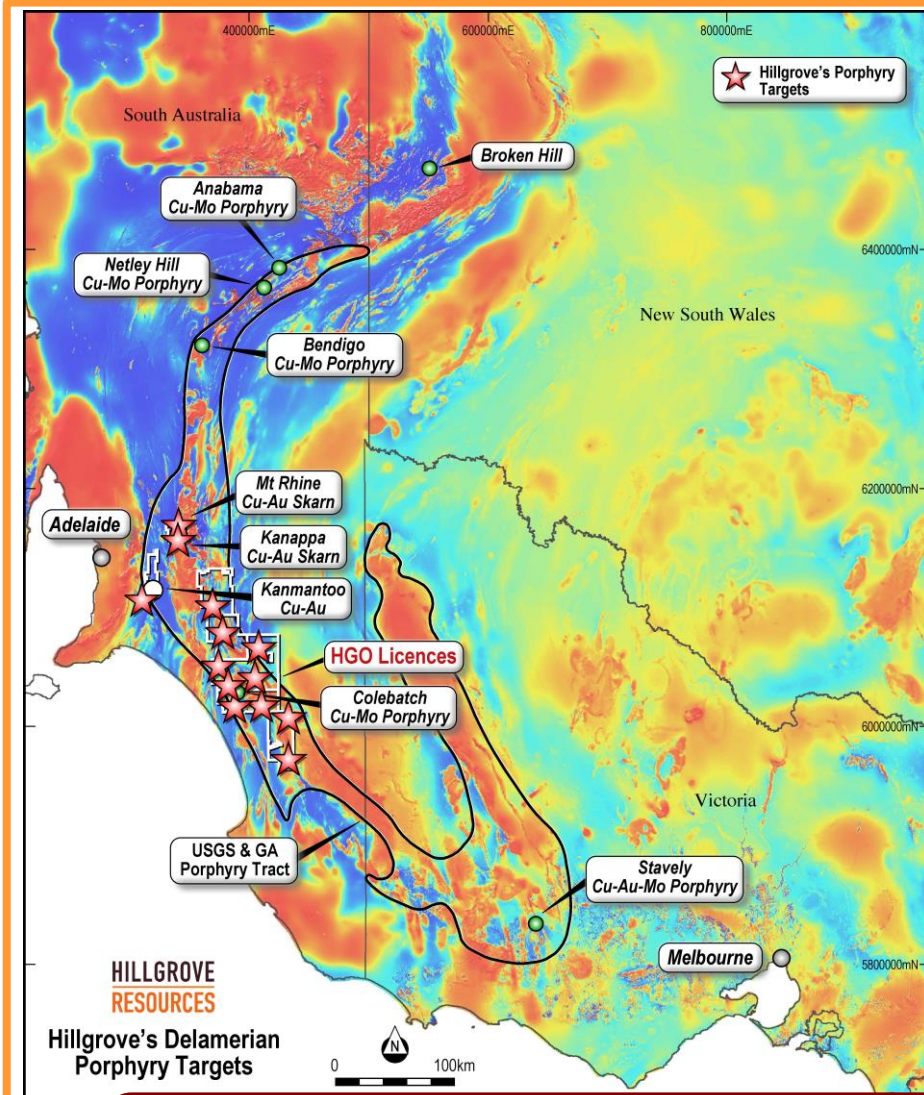
North West; Copper soil anomaly is 2.3kms long; Rock chips have identified zones with high gold and copper

Mullewa; Large alteration area and MT zone with Cu anomalism

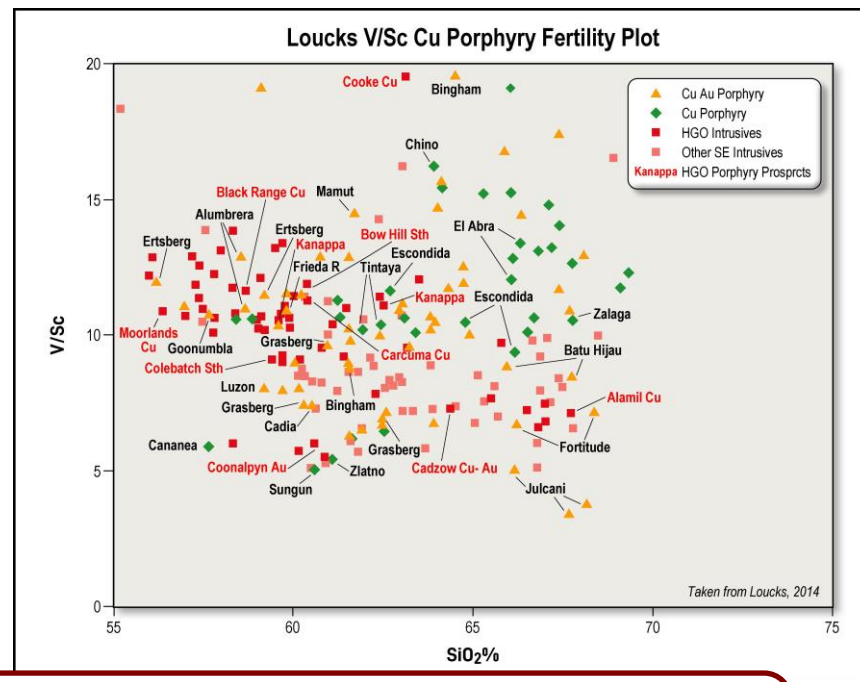
Stella; MT survey suggests a significant conductive zone coincident Cu & Au anomaly and gravity low, which presents a new large target for exploration

Although these targets may be large enough to justify stand alone capex, the proximity to the Kanmantoo mill and permitted TSF materially reduces capital hurdle





- In parallel with the underground and near mine development opportunities, HGO continues to undertake low cost exploration across 5,652km² of tenements in south-east SA
- Tenements sit within USGS and GA Porphyry Tract which includes the Stavelly Cu-Au-Mo Porphyry
- Multiple targets with geochemical signature in line with major porphyry deposits around the world that are coincident with regional magnetic anomalies

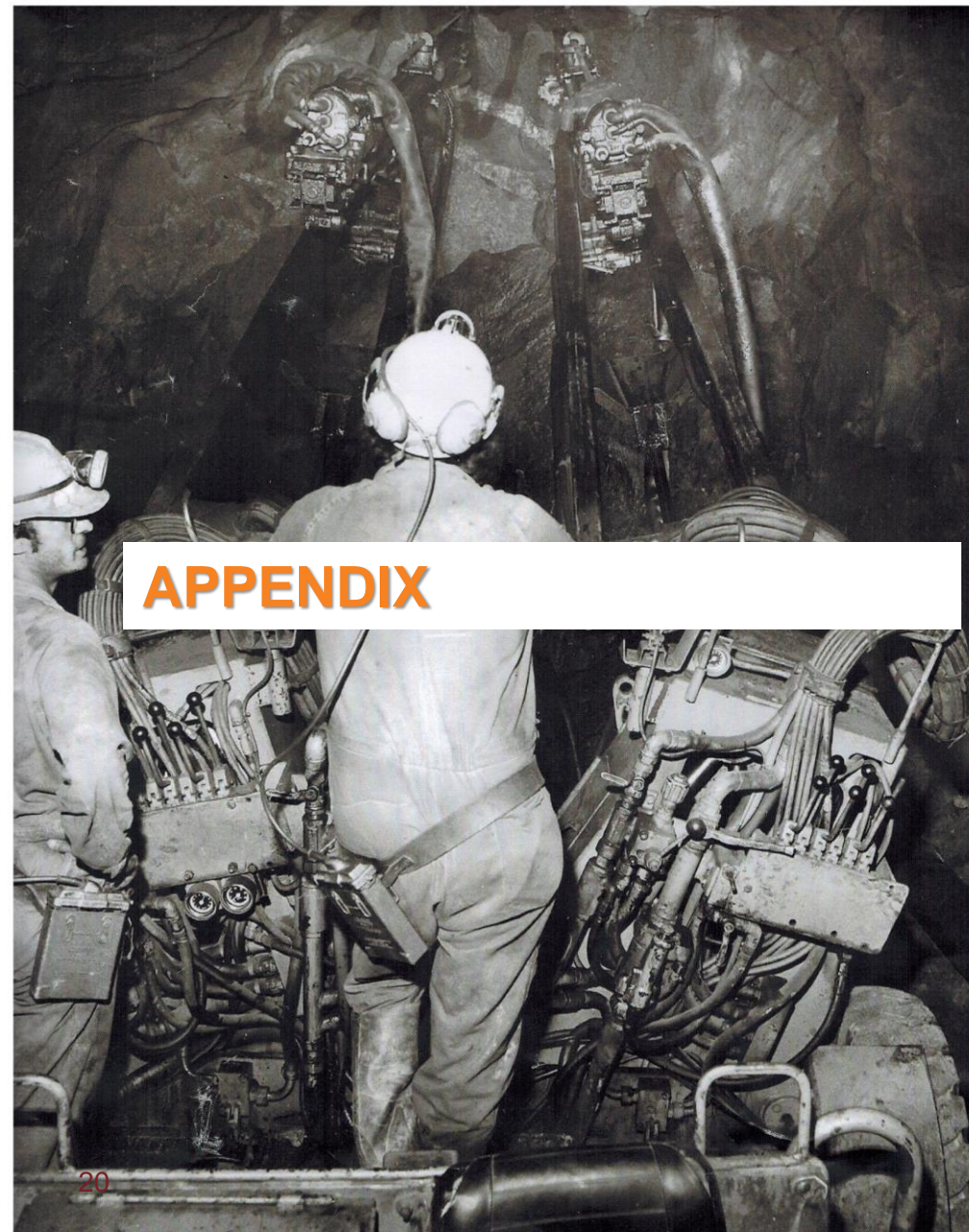


Objective is to discover large scale porphyry Cu-Au deposits

- Mineralisation ~300m below pit and open at depth
- Proximal lodes to increase mining inventory at low cost from same decline
- Fully permitted and strong community support
- Operational processing plant and tailings storage facility
- Low capital intensity restart
- Quick restart
- Bullish copper price forecast

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APPENDIX



All exploration drill results, exploration information and Mineral Resource Estimates have previously been reported to the ASX by Competent Person at the time. The results reported herein are reported in the form and context of the original ASX releases.

Refer <http://www.hillgroveresources.com.au/announcements>

- 20 Jun 2019 Drilling of Kanmantoo Cu-Au Deeps to Commence
- 10 Oct 2019 Excellent Drill Results from Kanmantoo Cu-Au Deposit
- 31 Oct 2019 Maiden Kavanagh Underground Mineral Resource Estimate
- 5 Nov 2019 Additional Information to Maiden Kavanagh Underground
- 2 Jun 2020 Underground Drilling Program Recommences
- 11 Aug 2020 Excellent Gold Recoveries from Kanmantoo
- 3 Sep 2020 Drilling Expands Cu-Au Footprint at Kanmantoo Underground
- 7 Dec 2020 Updated Kanmantoo Underground Mineral Resource Estimates
- 23 Feb 2021 Kanmantoo Underground Exploration target Update
- 3 May 2021 Drilling Confirms Down-Dip Cu-Au Mineralisation at Kanmantoo
- 6 May 2021 Hillgrove Hits 170m of Copper Mineralisation at Kanmantoo

