

AUSTRALIA'S NEXT COPPER MINE

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CEO & Managing Director

September 2021



Hillgrove Resources: Corporate Snapshot

Company Overview

- ASX listed ('HGO') Australian resources company that owns and operates the Kanmantoo Copper Gold Mine in South Australia
- 15+ years of strong operating experience and award-winning positive stakeholder engagement
- After completion of open pit operations in 2020, underground mine now being developed with aim to resume production in 2022

Market Statistics

Share Price ⁽¹⁾	A\$	0.059
Shares on Issue	M	937
Market Capitalisation	A\$M	55
Enterprise Value ⁽²⁾	A\$M	48
Liquidity - 12 Months	M shares	307 (33%)
Carried forward income tax losses	A\$M	192.7
Franking credits	A\$M	17.6

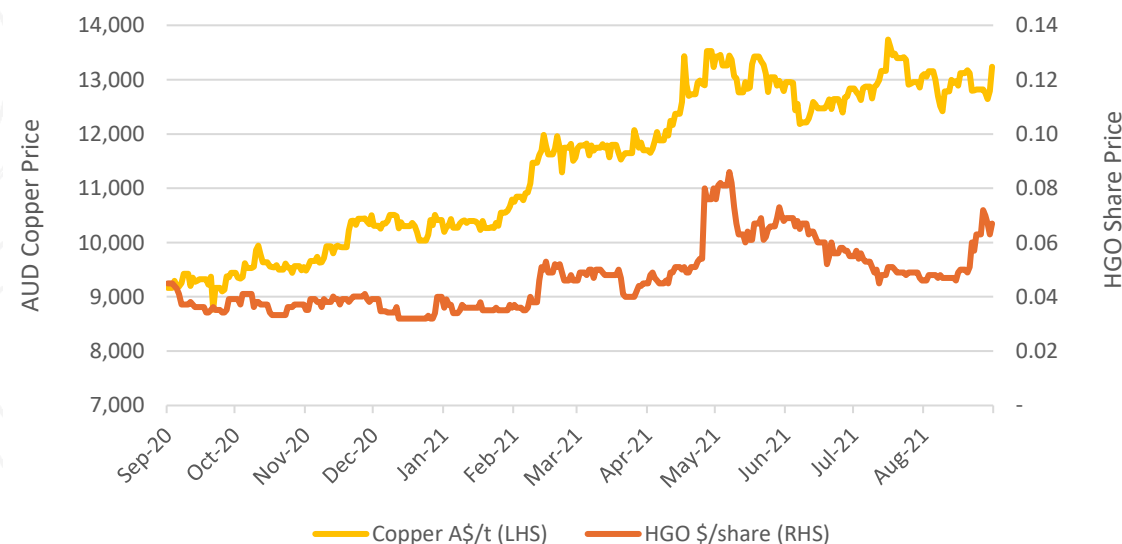
Note (1): Share price at close 17 September 2021

Note (2): Net cash as at 30 June 2021

Investment Highlights

- ✓ Advanced, fully permitted project with key infrastructure in place for a low capex restart
- ✓ One of the only near term new copper producers on the ASX
- ✓ Multiple opportunities to increase resource base, annual production and mine life through lower cost underground drilling
- ✓ Highly leveraged to current and forecast copper price strength

Share Price – 12 months



Kanmantoo Underground



Kanmantoo – A unique opportunity in copper

Ability for a fast, low capex restart

- ✓ Fully permitted
- ✓ 3.6Mtpa plant maintained on C&M
- ✓ Fully operational TSF with additional capacity
- ✓ Local workforce with key hires already recruited
- ✓ Same geology, geotech and metallurgy as open pit which produced 137kt Cu in concentrate
- ✓ Tier 1 jurisdiction⁽¹⁾

With substantial further upside

- Drilling to date anticipated to increase existing Mineral Resource Estimate
- Next phase of drilling to target further extensions of known lodes
- Decline to commence in Q4 enabling lower cost drilling
- 8-16Mt Exploration Target on Mining Lease at consistent grades
- 3 advanced exploration projects within 10km of processing plant



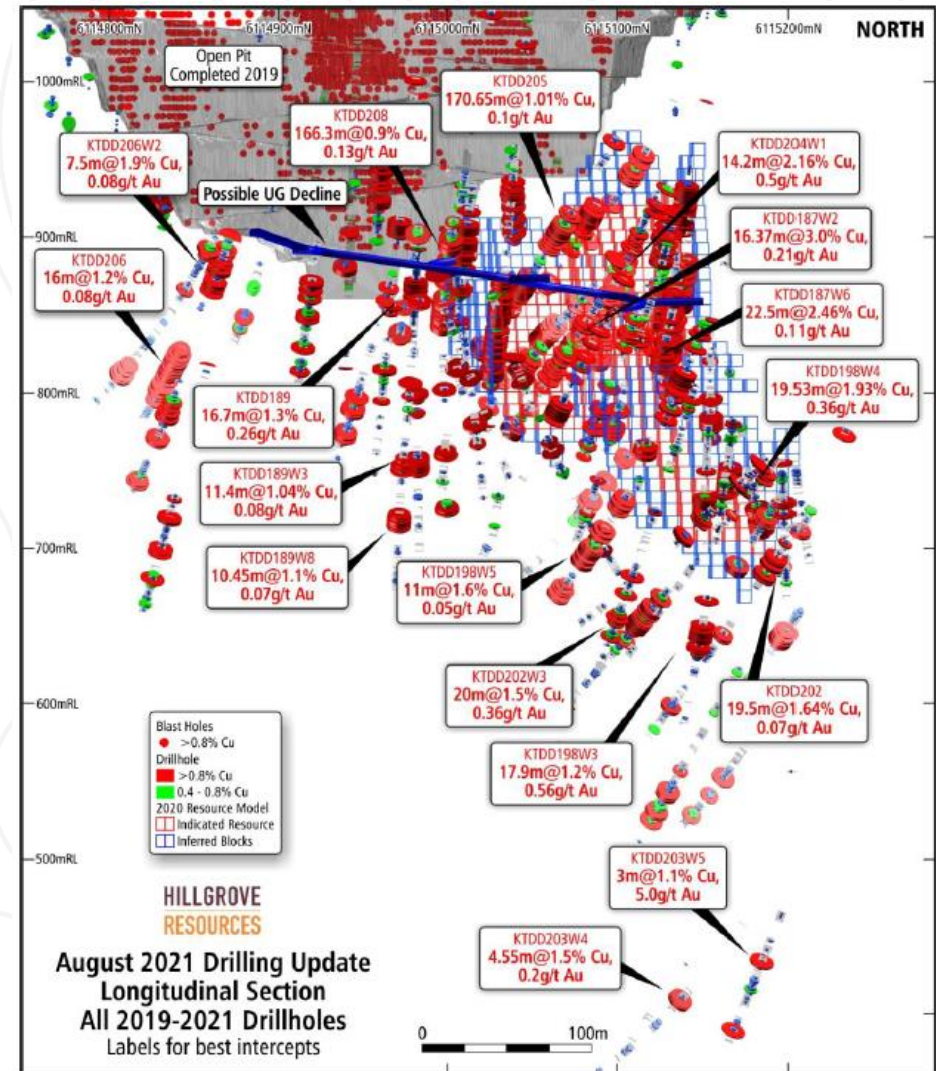
3.6MTPA PROCESSING PLANT



PERMITTED TAILINGS STORAGE FACILITY

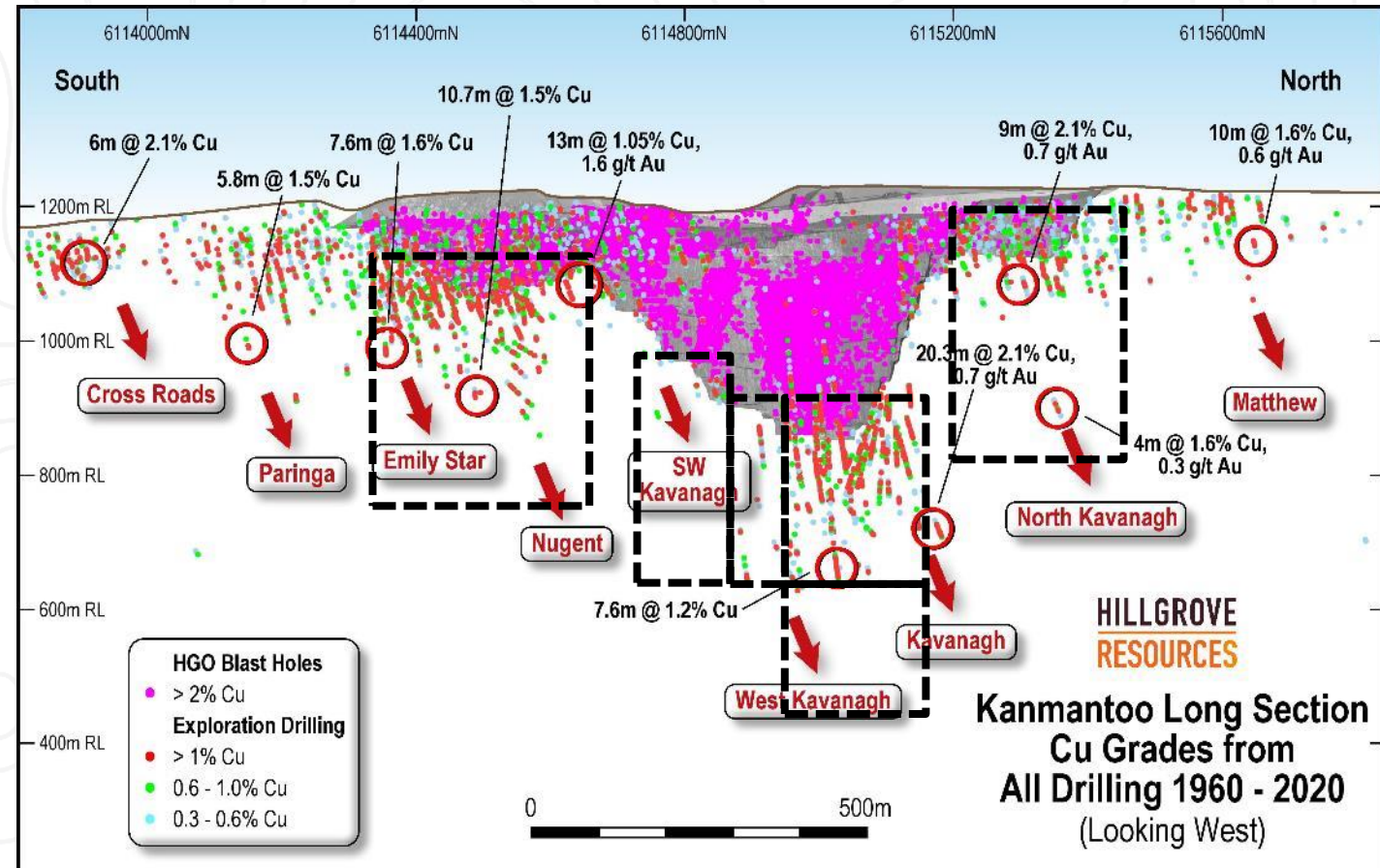
Kanmantoo – Recent drill program delivered

- **Highlights of the drill program completed in August 2021 include:**
 - 37 holes completed for 17.2km on time and within budget.
 - Infill drilling at Kavanagh and Nugent has confirmed the continuity and tenor of the Cu-Au mineralisation.
 - Extensional drilling at Kavanagh has confirmed mineralisation to over 800m below surface and 500m below the open pit, remaining open at depth whilst also expanded the areal footprint.
 - Initial drilling of the Spitfire and South-West Kanmantoo zones affirms these targets for future drilling and possible inclusion in the underground feasibility studies.
 - Significant results from the program included 171m at 1.0% Cu and 166m at 0.9% Cu (KTDD205 and 208 respectively).
- **Since commencing drilling on the Kanmantoo Underground Project in 2019, 68 drill holes have been completed yielding 92 intersections of >3m at above 0.6% Cu.**
- **2020 Mineral Resource (2.2Mt at 1.56% Cu, 0.32g/t Au) expected to be updated in Q4 2021.**



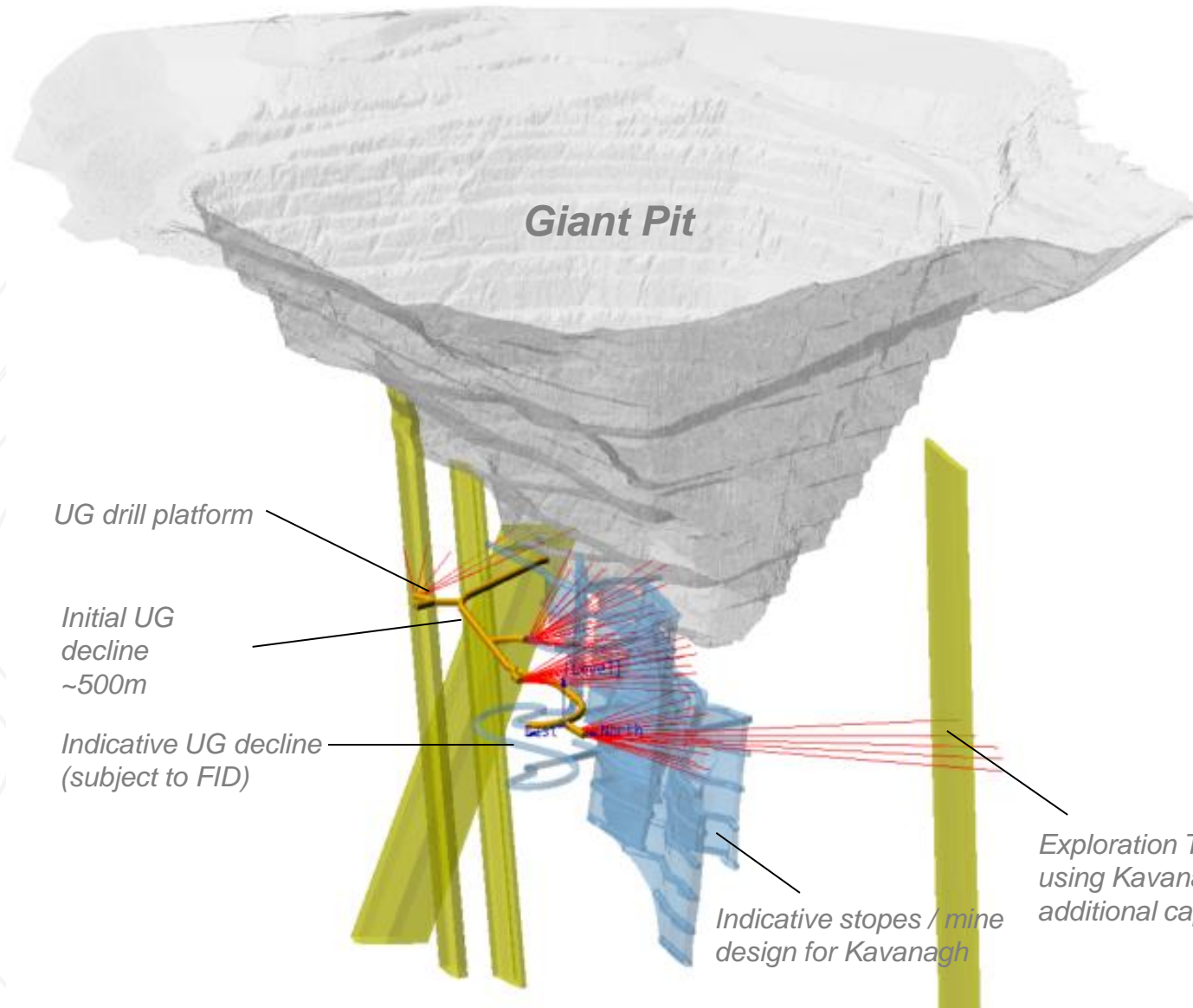
Kanmantoo – Follow up targets to further expand resource

- The recent drill program has identified numerous opportunities for resource expansion within the existing defined Exploration Target⁽¹⁾ that could increase the scale and life of the Kanmantoo Underground Project.
- Significant follow up drill program (c. 16km) expected to commence in October 2021 targeting:
 - Resource extensions at Nugent, North Kavanagh, SW Kavanagh and Spitfire;
 - Infill drilling to increase confidence to support a maiden underground reserve.
- Drilling will initially be from surface ahead of underground drill platforms being developed in early 2022.
- HGO is targeting a JORC Reserve that would support a minimum 5 year mine life ahead of FID in mid 2022.



Note (1): Exploration Target 8-16Mt @ 1-2%Cu and 0.2-0.4g/t Au within permitted Mining Lease. 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.

Kanmantoo – Underground decline to commence in Q4



Giant Pit

UG drill platform

*Initial UG decline
~500m*

*Indicative UG decline
(subject to FID)*

Indicative stopes / mine design for Kavanagh

Exploration Targets that could be mined using Kavanagh decline with modest additional capital development

WHY AN ACCELERATED UNDERGROUND DECLINE ?

- Establish multiple drill platforms to enable UG drilling program, including stope definition drilling which is on critical path to first ore production.
- Stope definition drilling increases drill density, increasing geological confidence and increasing access to debt finance.
- Decline doubles as future mine access, reducing time, cost and risk associated with underground start-up (subject to FID).

Kanmantoo – SA Govt grant to trial continuous miner



HGO was recently announced as the recipient of a \$2m SA Government grant to trial a new underground mining technology being developed by Komatsu

The grant and access to the continuous miner ('DynaCut') technology will be used to develop a portal and ~500m underground decline at Kanmantoo to accelerate first production and enable low cost drilling from underground drill pads from early 2022

BENEFITS OF CONTINUOUS MINING

Safer

- No development blasting – less vibration and noise
- No fuel – less fumes and fine particulates
- Surgical cuts improve ground conditions
- No community disturbance

Faster

- No delays for development blasts, ground support
- Lower cost

Greener

- Runs 100% on grid based electricity which is >50% RE in SA

KOMATSU



Government of South Australia
Department for Energy and Mining

Kanmantoo – Pathway to being Australia's next Cu producer

- ✓ Resource drilling
- ✓ Pre-Feasibility & permitting
- ✓ Drilling to confirm depth extensions
- ✓ Updated Mineral Resource Estimate (MRE)
- ✓ Drilling H1 2021

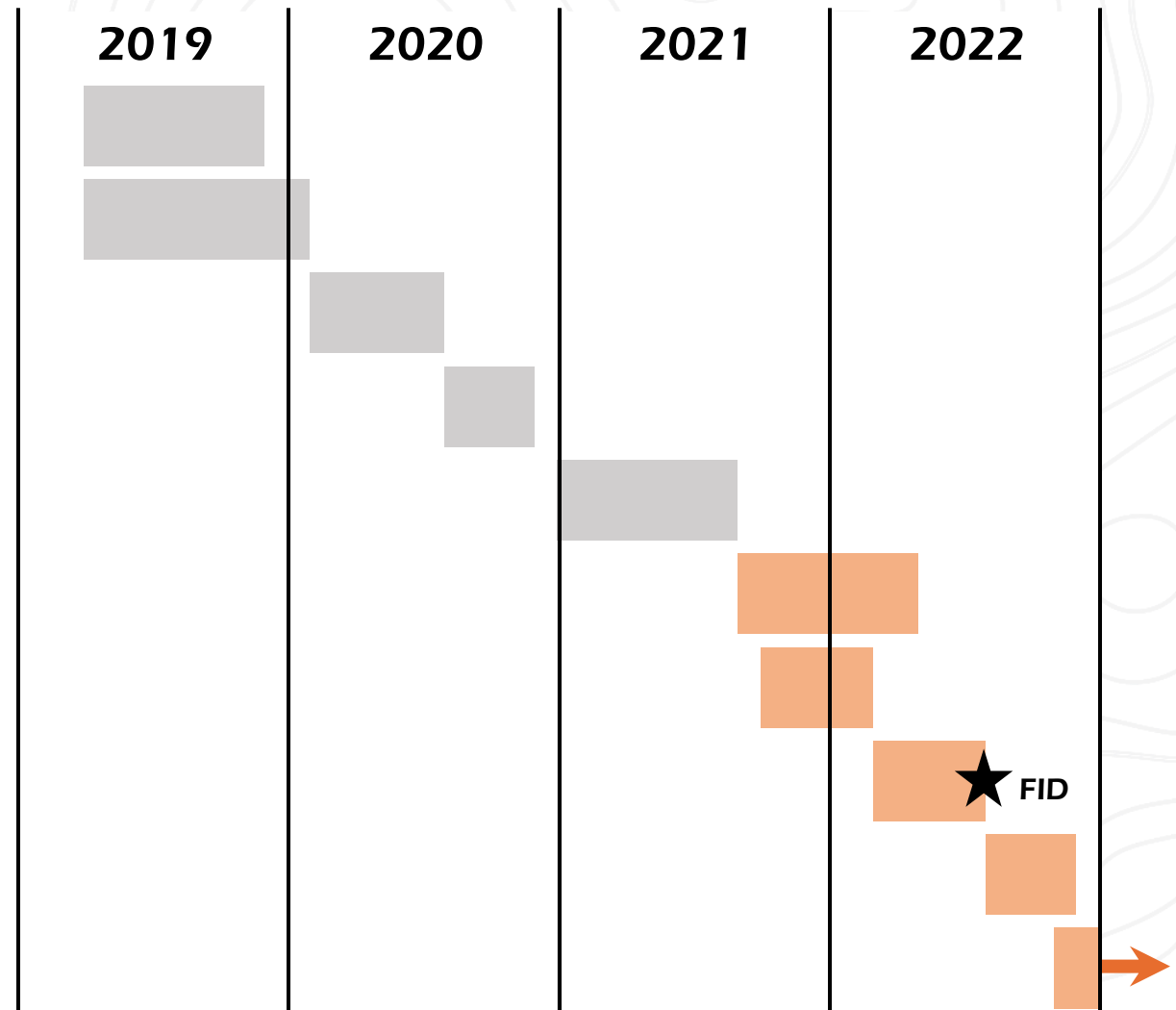
Updated MRE; 2021/22 drill program

Underground decline

Technical & economic studies

Capital development

Ore production



Exploration



Near Mine Exploration – North West, Stella and Mullewa

North West

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

Mullewa

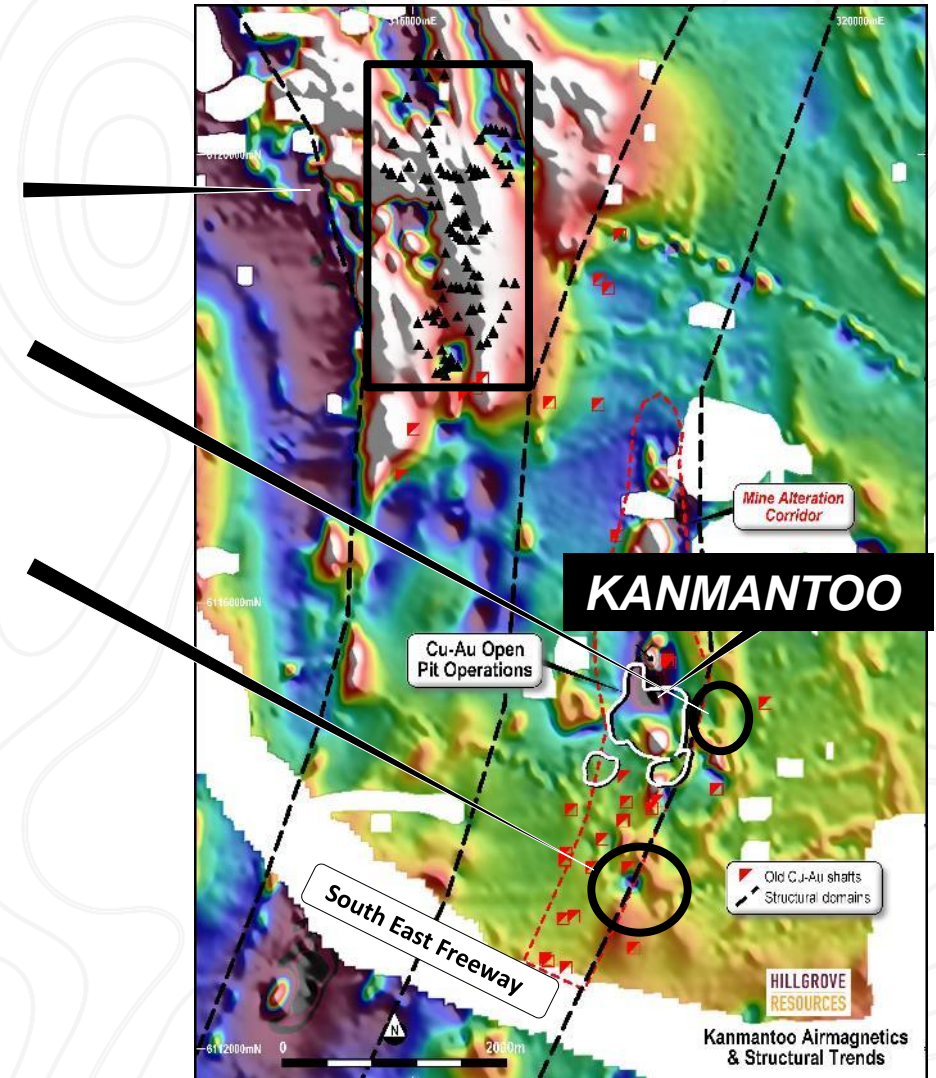
Large alteration area and MT zone and Cu anomalism

Stella

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

New gold discovery confirmed with first DD hole intersecting 0.6m at 16.86g/t Au, 10.1% Cu and 44.8g/t Ag (SLDD001)

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

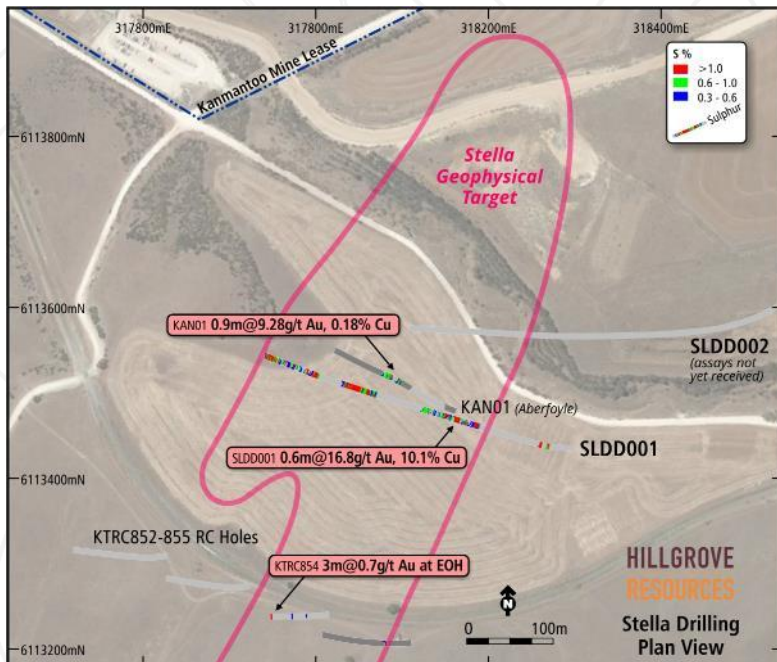


Stella discovery

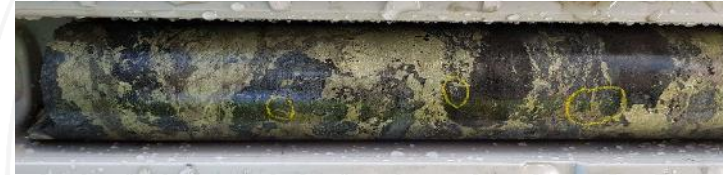
Multiple Au-Cu zones in first Stella hole, including a high-grade gold interval within 82.35m alteration zone

High grade intersection is over 300m below surface and 350m along strike from another hole that concluded in a gold zone providing an opportunity to delineate a substantial resource

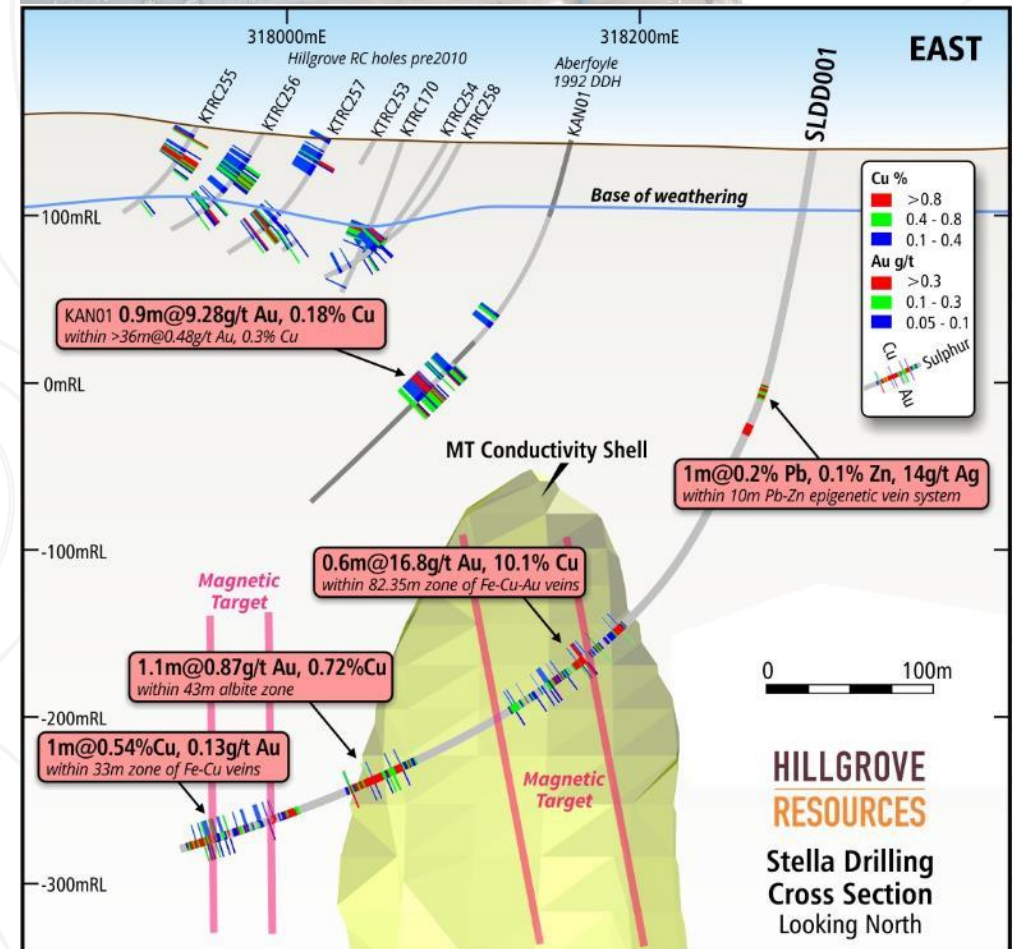
Directly adjacent to Mining Lease and processing plant



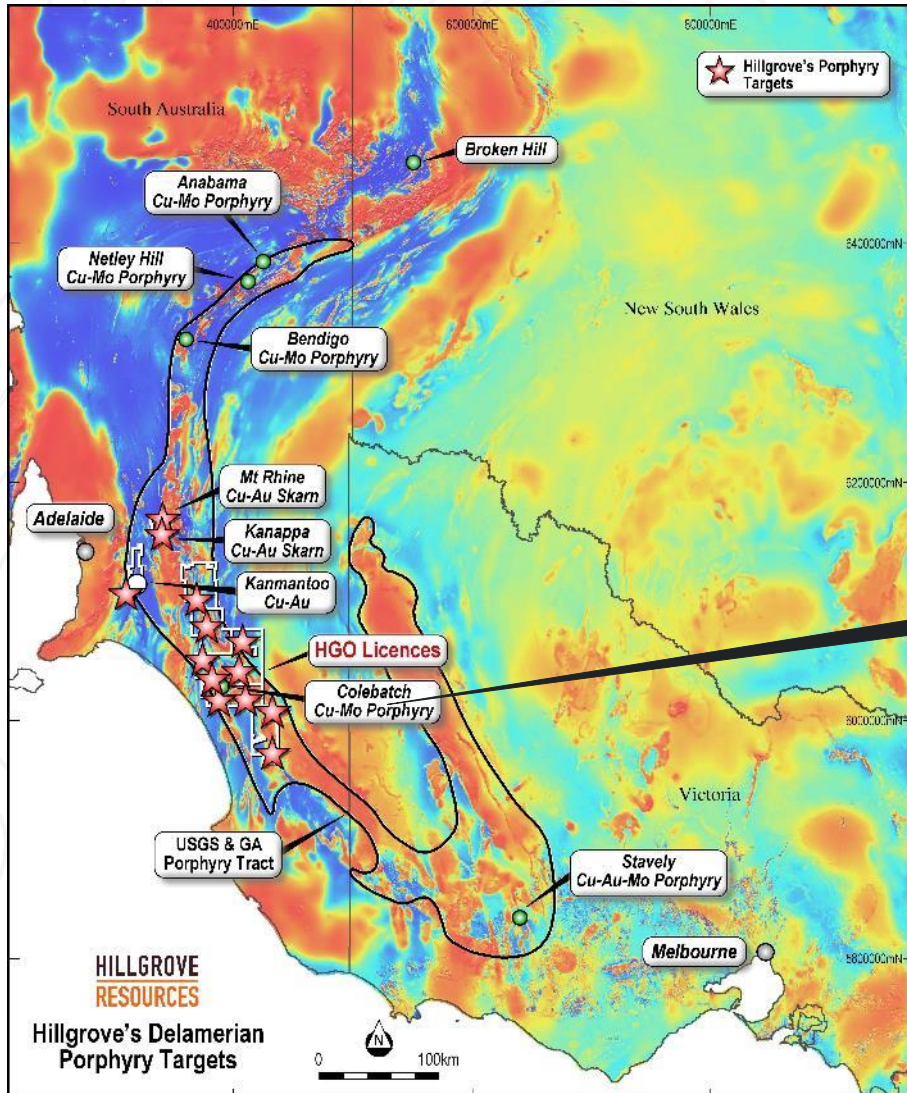
Combination of magnetic high and resistivity low with the presence of Cu / Au in nearby drill holes make Stella an exciting prospect



Kanmantoo style Fe-Au-Cu-Bi mineralisation in SLDD001 at 344m



South-East SA portfolio



- 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 Stavely 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



Cu-Mo outcrop at Colebatch

Objective is to discover large scale Cu-Au deposits

Summary



Capital Raise and Timetable

Offer structure:

- Quantum: \$12m
- Sources:
 - \$10m placement to institutional, & sophisticated investors at \$0.052 per share
 - \$2m Share Purchase Plan (SPP) to all eligible shareholders at \$0.052 per share
- Raise price represents a 12% discount to last close and 21% discount to 10-day VWAP
- Sources and uses overleaf

Indicative Timetable ⁽¹⁾

Trading halt	Pre-market Monday, 20 September
Record date for SPP Offer	Tuesday, 21 September
Announcement of Placement and SPP	Wednesday, 22 September
Despatch of SPP Offer documentation	Monday, 27 September
SPP Offer Opening Date	Monday, 27 September
Settlement of Placement	Wednesday, 29 September
Issue of Placement shares	Thursday, 30 September
SPP Offer Closing Date	Thursday, 14 October
Results of SPP Offer announced to ASX	Thursday, 21 October

Note (1): Subject to potential change

Sources and Uses

Sources (12 months)		Uses (12 months)	
Item	Amount (\$M)	Item	Amount (\$M)
Current Net Cash (1 Sep 2021) unaudited	\$3.4	Restricted Cash	\$0.6
Placement	\$10.0	Drilling & Studies: Expand UG Resource and complete DFS	\$7.2
SPP	\$2.0	C&M and Site Optionality ⁽¹⁾	\$2.8
(Less est. raise costs)	(\$0.6)	Corporate	\$2.1
		Residual Cash	\$2.1
TOTAL SOURCES	\$14.8	TOTAL USES	\$14.8

Note (1): Processing infrastructure and TSF being maintained for quick restart. 83% of costs between electricity, rehabilitation, equipment hire and salaries

Hillgrove: Opportunity Re-Cap

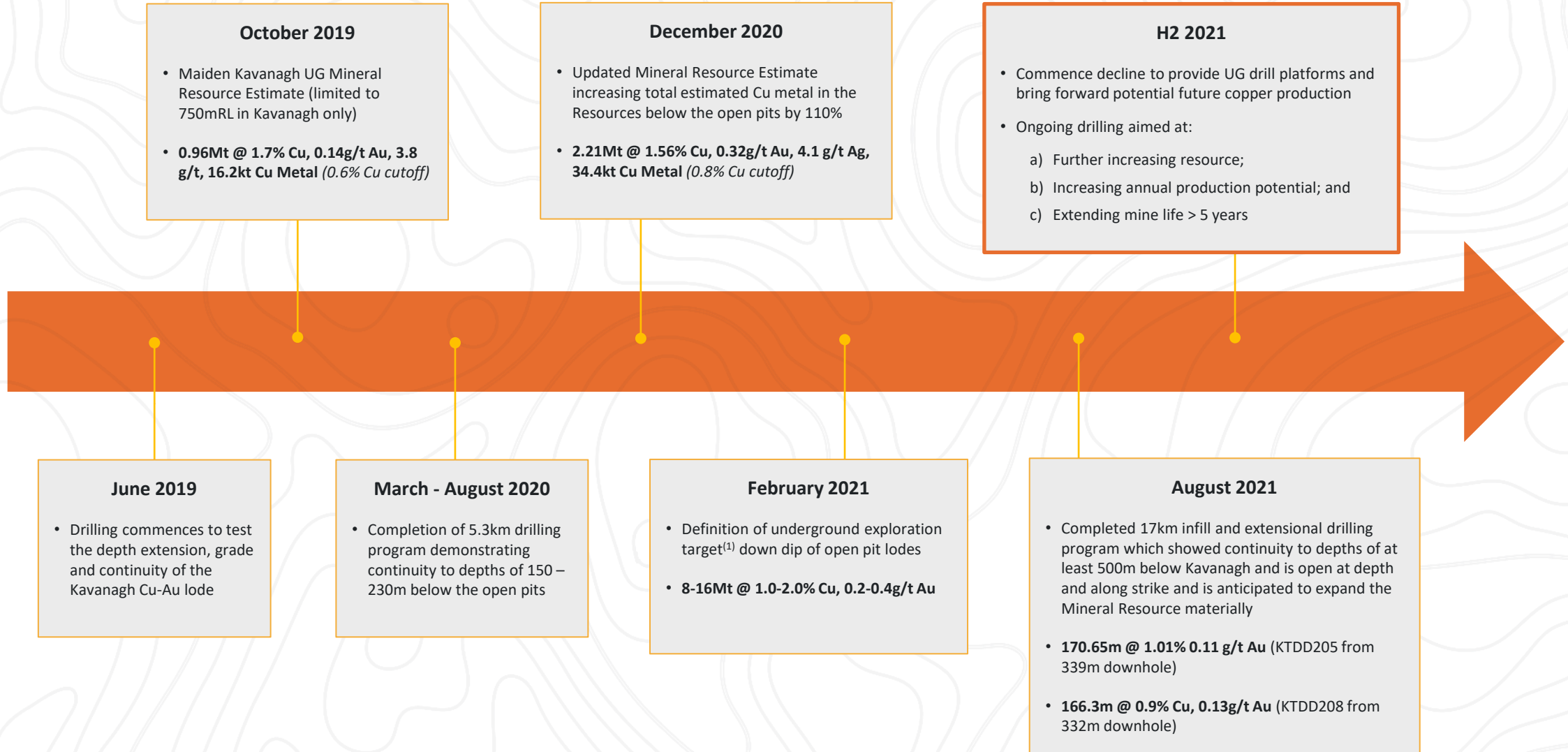
- **Near term underground development opportunity at Kanmantoo which will benefit from very low capital intensity and fast restart due to existing infrastructure.**
- **Successful 2021 drill program has yielded potential to increase the scale of the underground resource at Kanmantoo with use of proceeds from this capital raise focused on drilling and studies to reach FID, targeted in mid 2022.**
- **Strong potential to continue to extend Kanmantoo's mine life through lower cost underground drilling and near mine targets.**
- **Optionality provided by large exploration package in south-east SA with particular focus on porphyry signatures; ADI grant awarded to continue target development.**

Appendix



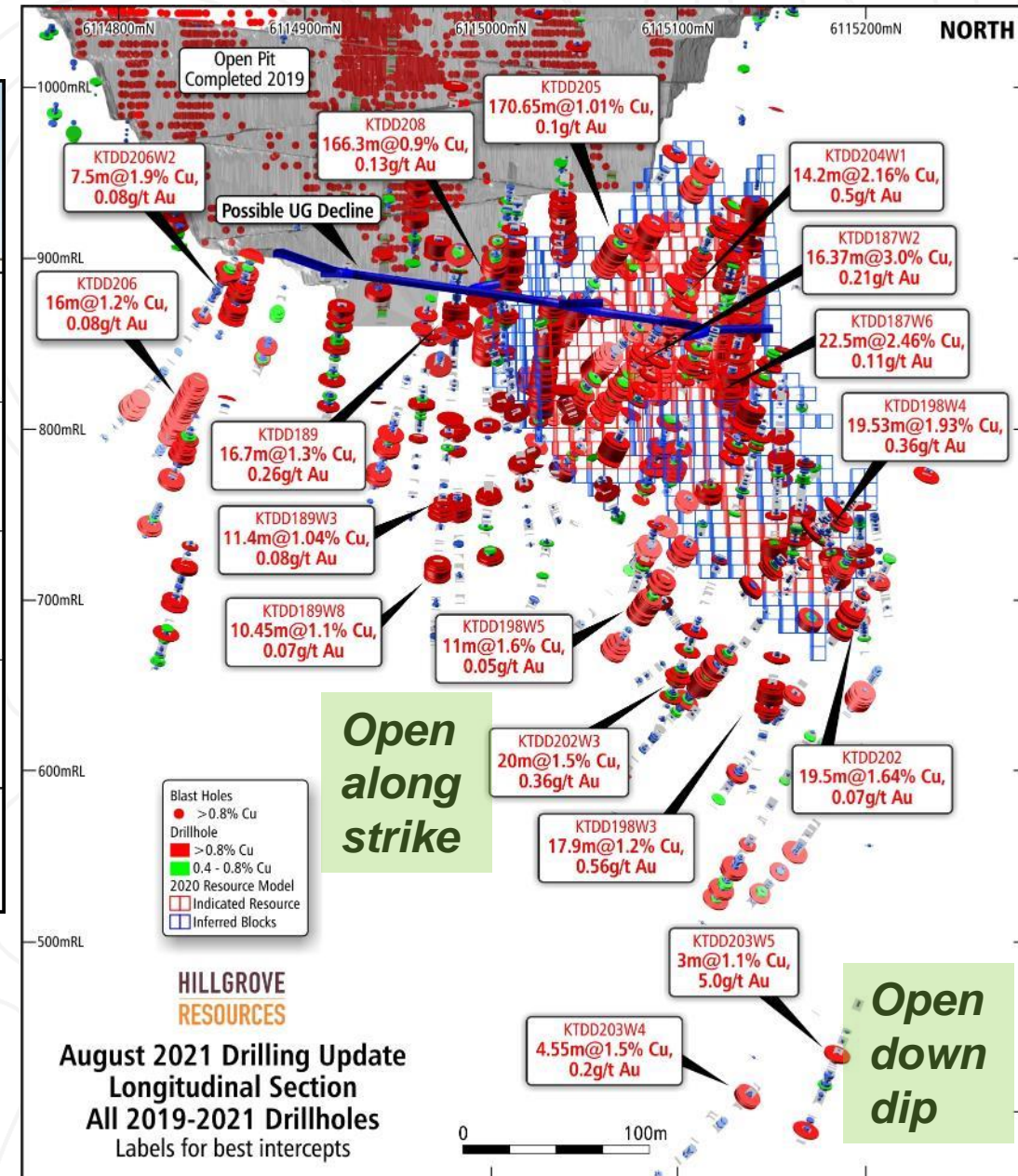
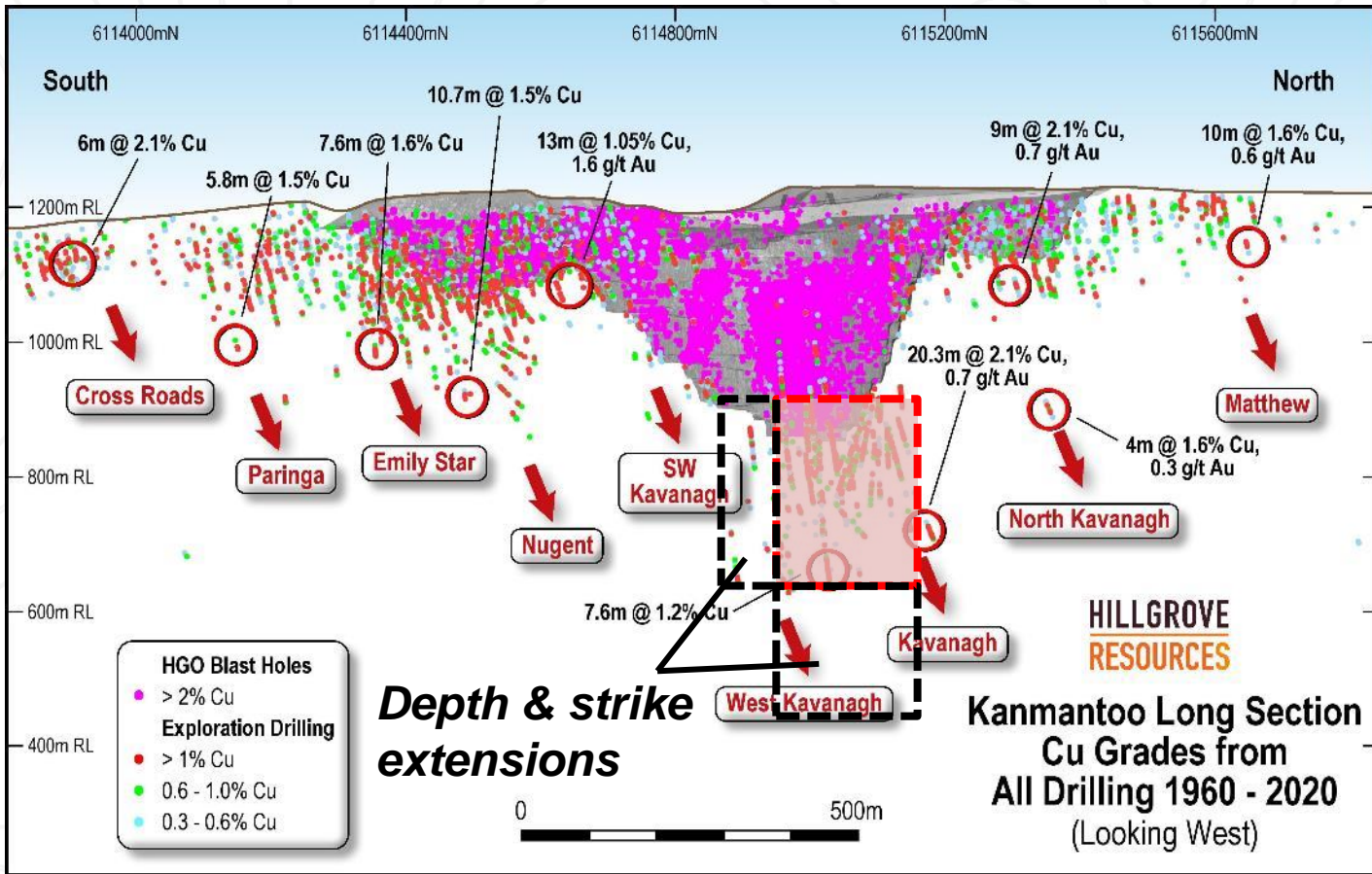
KANMANTOO UNDERGROUND

Recent Exploration History



KANMANTOO UNDERGROUND

Kavanagh



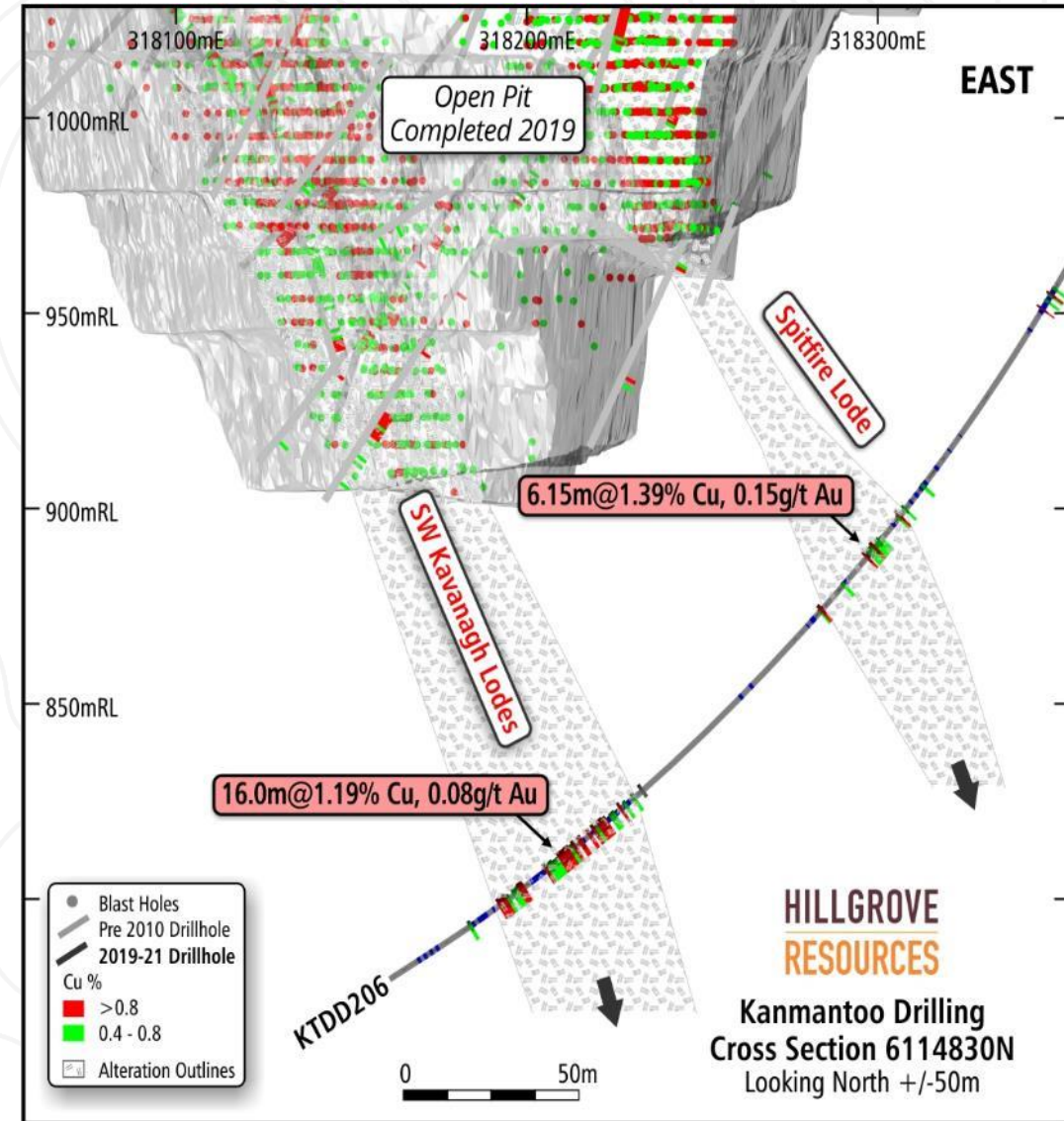
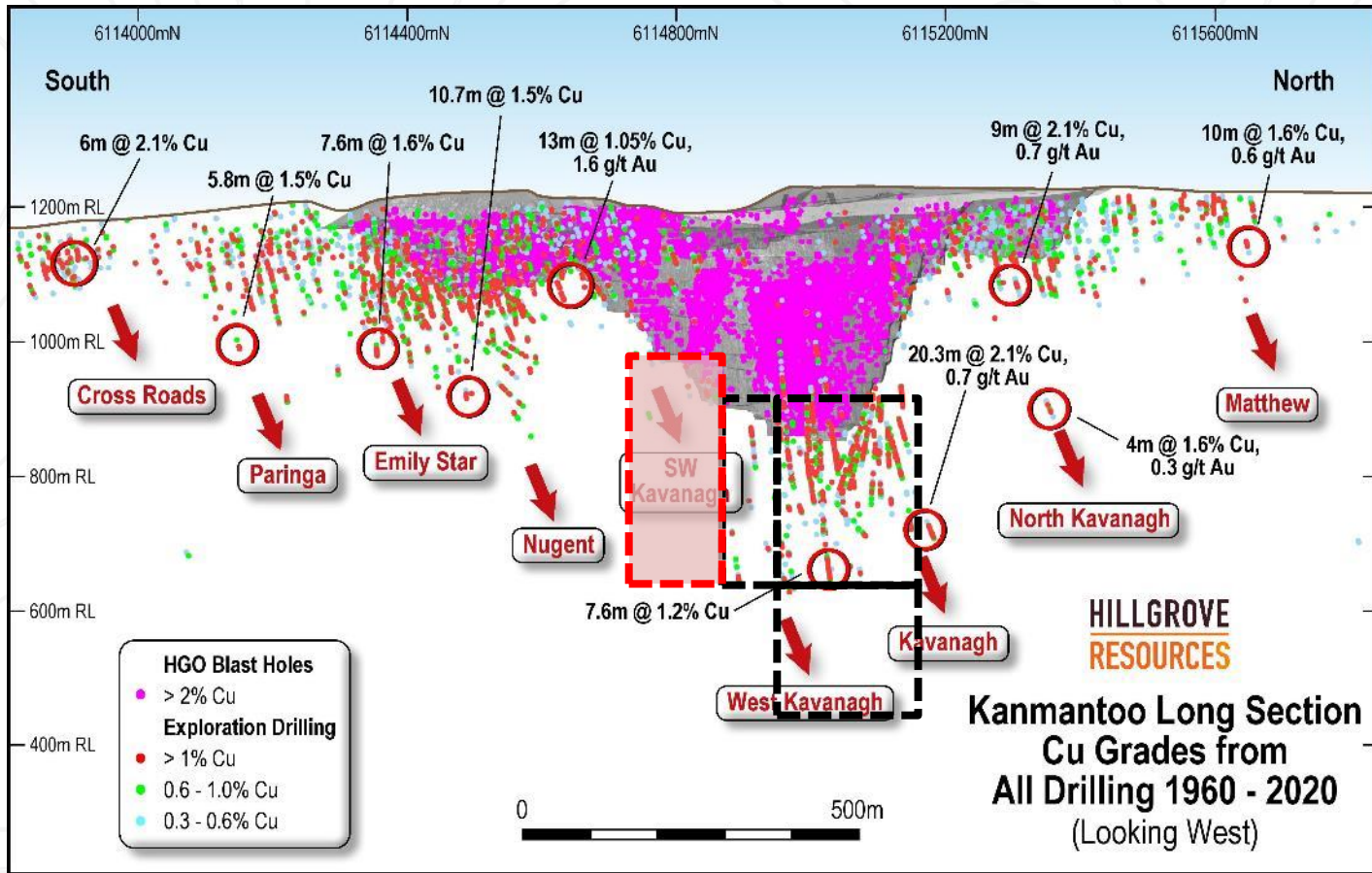
Drilling to date anticipated to increase existing Mineral Resource Estimate.

Majority of drilling activity has concentrated on the upper levels of Kavanagh to enable near term restart. This is only a fraction of the UG potential, providing an opportunity to increase mine life and annual production with further exploration.

KANMANTOO UNDERGROUND

SW Kavanagh & Spitfire

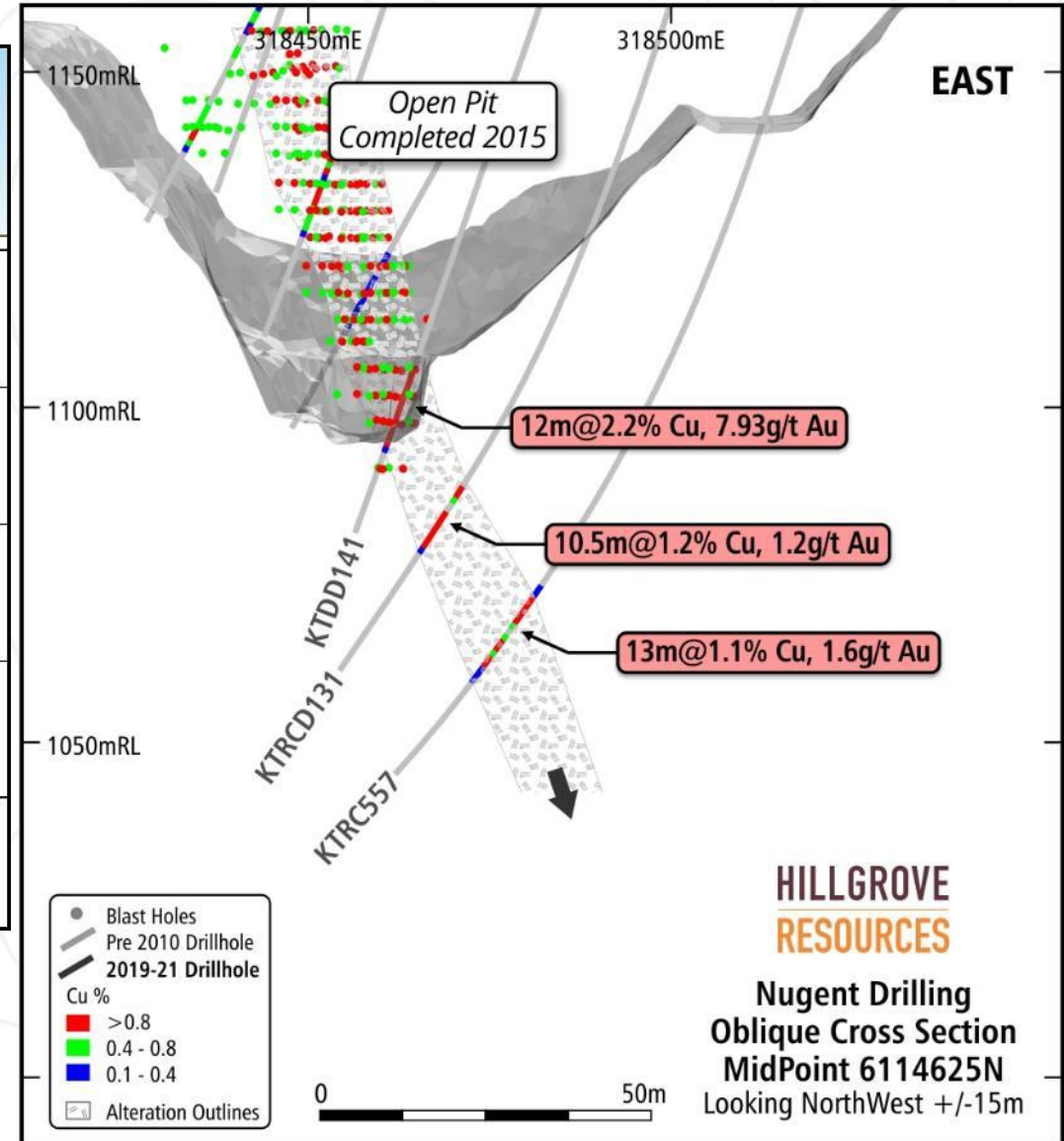
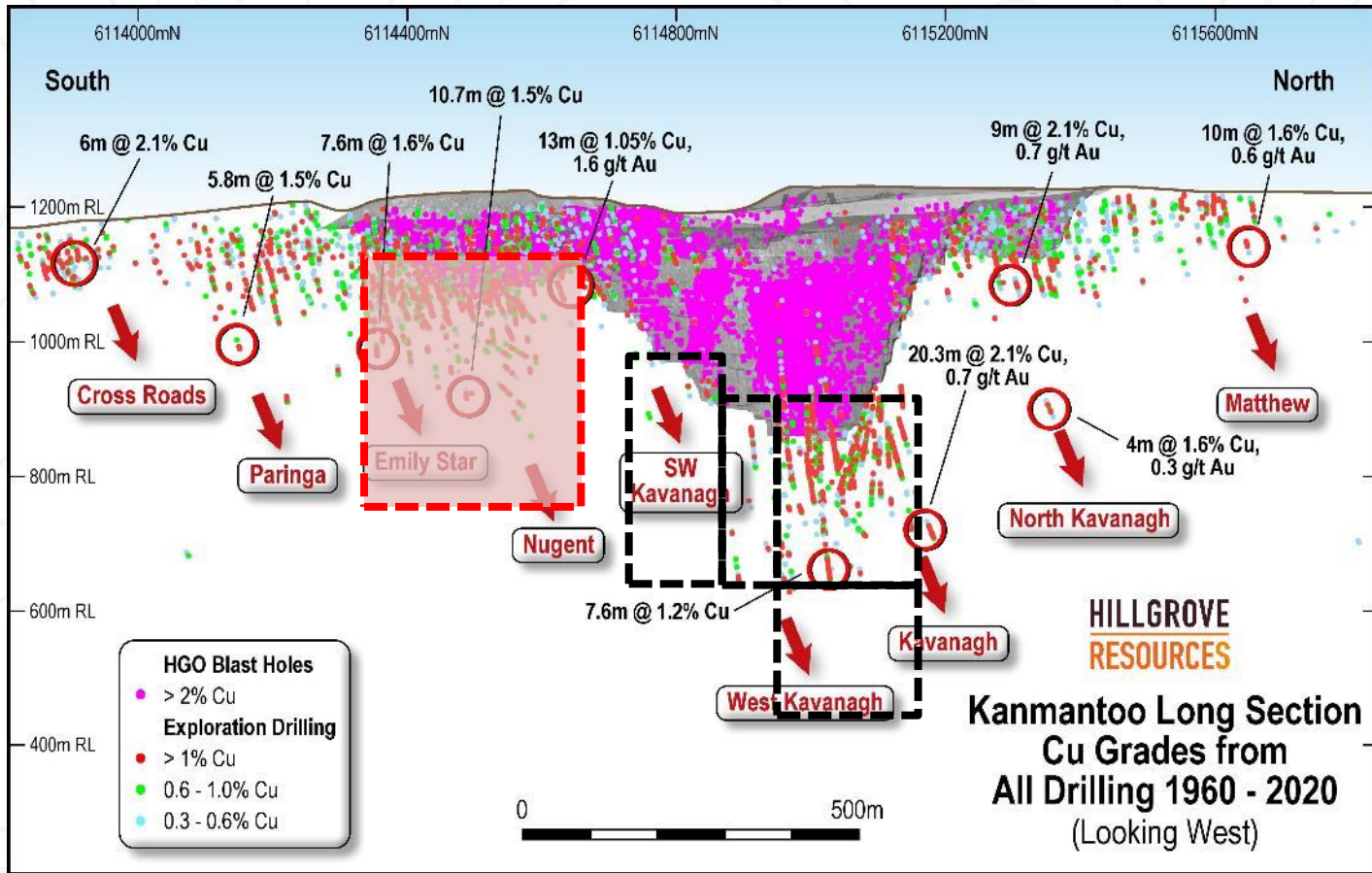
Close proximity to Kavanagh decline increases mining inventory for low capital



KANMANTOO UNDERGROUND

Nugent

High grade gold intersections below the Nugent Pit provide opportunity to increase annual production by establishing a second mining area that can run in parallel with Kavanagh.

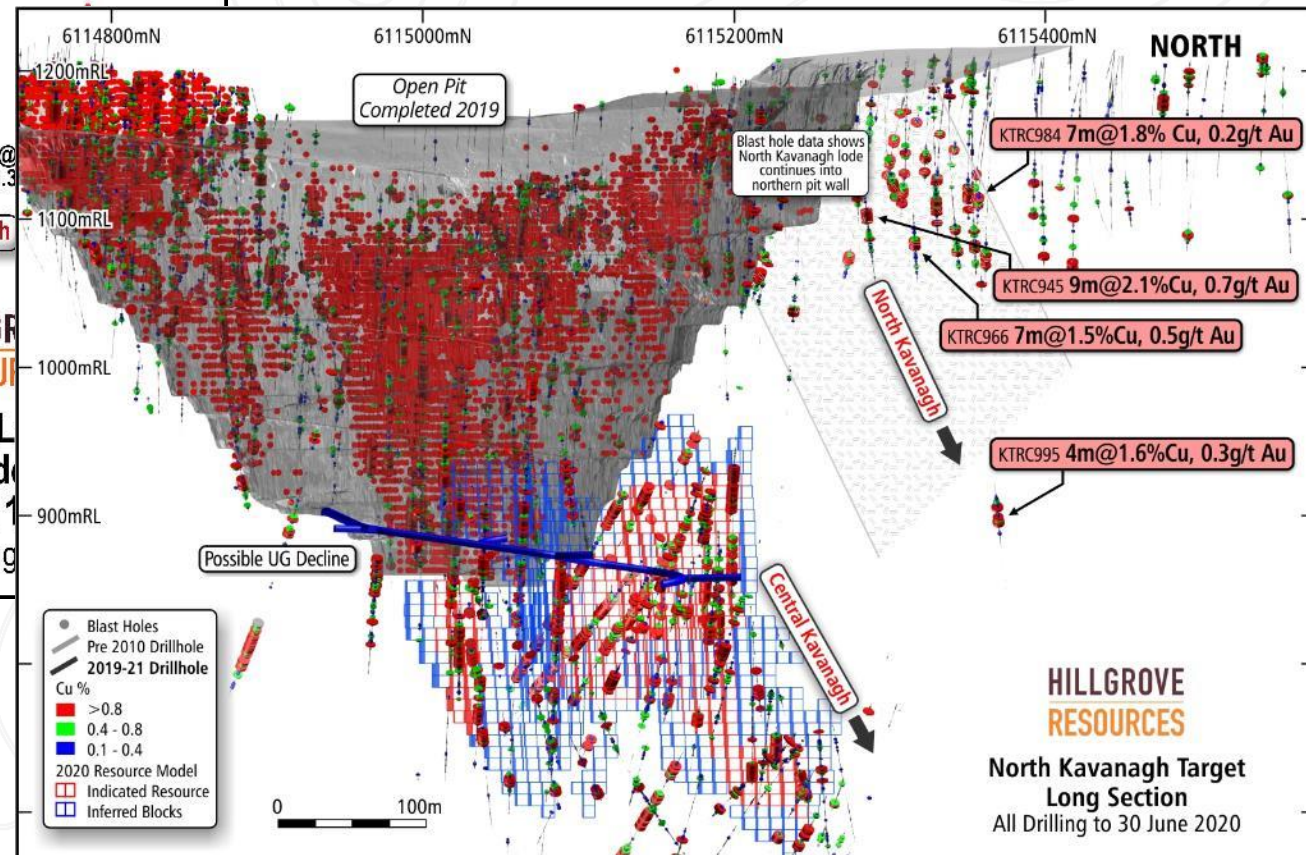
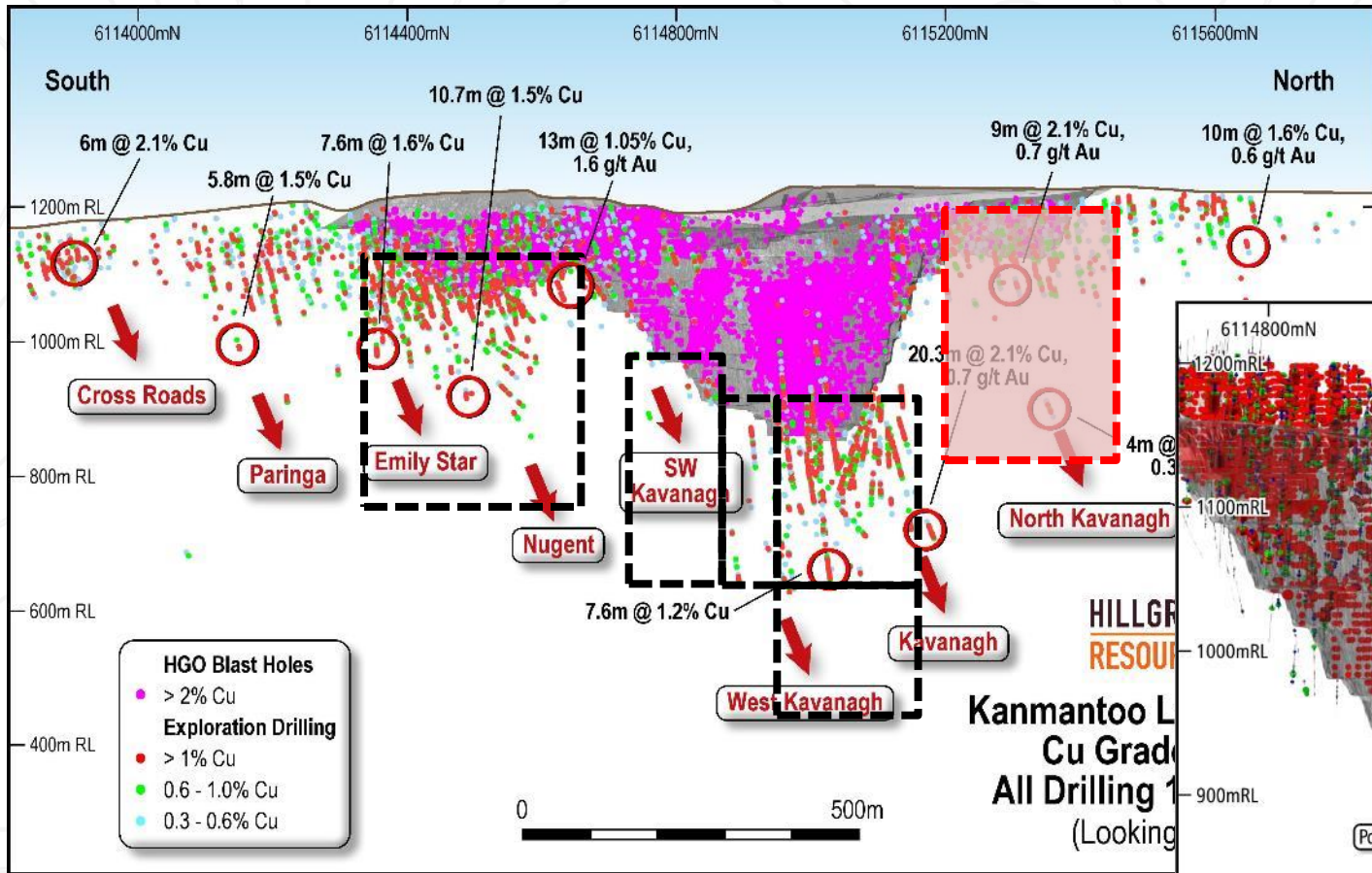


KANMANTOO UNDERGROUND

North Kavanagh

North Kavanagh is an extension of lodes mined in the open pit that continue beyond the northern pit wall.

Very short development distances enable fast, low cost development. As a separate decline initially, North Kavanagh provides opportunities to increase annual production and operational flexibility.



IMPORTANT NOTICE

References

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
- 24 May 2021 Hillgrove Awarded Two Exploration Grants by SA Government
- 24 Jun 2021 Drilling Results Update at Kanmantoo
- 29 Jul 2021 Activity Report for Quarter End 30 June 2021
- 26 Aug 2021 New Gold Discovery Confirmed at Stella
- 27 Aug 2021 Results for Half Year Ended 30 June 2021
- 31 Aug 2021 Hillgrove Awarded \$2m Grant to Commence UG Decline
- 1 Sep 2021 Hillgrove Hits 166m of Copper Mineralisation at Kanmantoo

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Various factors may cause actual results or performance to differ materially. These include without limitation the following: risks specific to Hillgrove's operations; credit risk; levels of supply and demand and market prices; legislation or regulations throughout the world that affect Hillgrove's business; insurance expenses; the risk of an adverse decision or other outcome relating to governmental investigations; class actions or other claims; growth in costs and expenses; and risk of adverse or unanticipated market, financial or political developments (including without limitation in relation to commodity markets). You are cautioned not to place undue reliance on forward-looking statements. These forward-looking statements are based on information available to us as of the date of this Document. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update these forward-looking statements.

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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.

IMPORTANT NOTICE

Risks

INVESTMENT RISKS

Potential investors should be aware that there are risks associated with investing in Hillgrove. Certain risks are beyond the control of Hillgrove and its Directors and Management and may have a material impact on Hillgrove's future operating and financial performance, and/or the financial position of Hillgrove, its prospects and/or the value of the new shares. Some of the key risks associated with an investment in Hillgrove are described as follows.

MINING RISKS

The mining and processing operations present a range of complex, inherently higher-risk working environments which are closely regulated by existing mining, environmental and occupational health and safety legislation. Hillgrove ensures a risk based approach is applied to enable effective development and implementation of appropriate, practical engineering controls and safe systems of work to minimise workplace risks as far as reasonably practicable, or to find alternate approaches to essential tasks with lower inherent risks.

Certain specific risks could affect the viability and success of Hillgrove's mining projects, including:

- Resource estimates may not be robust;
- The resource classification basis may not be appropriate;
- The conversion ratio of resources to reserves may be inaccurate or inappropriate;
- Mining methods may be unable to deliver on required production forecasts and recovery and dilution parameters;
- Strategies for environmental protection and monitoring and pollution controls may be inappropriate;
- Ore reserves may be lower than currently expected;
- Mineralisation yields may be lower than currently expected;
- There may be limited or no availability of skilled labour or necessary contractor services;
- Significant cash flows may not materialise from the project within the expected timeframe;
- A significant operational failure requiring unplanned capital expenditure or a level of required capital expenditure which is higher or is needed sooner than anticipated;
- Pit wall failure may lead to damage to equipment and/or injuries and/or loss of production;
- Operational risks such as mechanical difficulties, human error, incorrect technical assumptions, unanticipated conditions, equipment failures, weather conditions, civil unrest, wars and natural disasters, blowouts, cratering, explosions, pollution, seepage or leaks, fire and earthquake, unexpected shortages, delays or increases in costs of fuel or other consumables, spare parts or plant and equipment, and other accidents which may result in injury or loss of human life and consequential employee compensation claims; and
- There may be an unexpected increase in operating or production costs, the majority of which are not fixed.

Any materially adverse development, such as any of those referred to above, would be likely to have a materially adverse effect on the success of Hillgrove.

COPPER & OTHER METAL PRICES

Hillgrove's potential revenue will primarily be derived from the sale of copper and other metals. The price for copper and other metals fluctuate and are affected by many factors beyond the Hillgrove's control. Relevant factors include supply and demand fluctuations, technical advancements, forward selling activities and other macro-economic factors. Hillgrove's potential revenue derived from copper and other metals to date has been denominated in Australian dollars whilst items of the planned development and operational activities, and expected revenues, may be denominated in other currencies. Copper and other metals prices may be adversely affected by currency fluctuations. No assurance can be given that Hillgrove's estimates will be achieved or that Hillgrove prices will be unaffected from currency fluctuations.

COVID-19 RISKS

Hillgrove intends to minimise the risk in respect to COVID-19 by developing an optimised execution strategy and construction schedule to allow for major activities to be done sequentially. Hillgrove also intends to create a COVID-19 mitigation plan and update this plan based on the latest guidance from health professionals and the government as activities increase, with the intention of mitigating COVID-19 impacts. This may extend to mitigation plans relating to any COVID-19 vaccines.

DEPENDENCE ON EMPLOYEES

Hillgrove's success and growth strategy depends heavily upon its managing director and a relatively small number of other senior executive employees. The loss of the services of any of them could have a material and adverse effect on Hillgrove's business, operating results and financial condition. There is also a risk that Hillgrove will be unable to retain existing staff, or recruit new staff, on terms of retention that are as attractive to Hillgrove as past agreements. The loss of key personnel could cause a significant disruption to the business and could adversely affect operations. There is a risk that Hillgrove may not be able to recruit suitably qualified and talented staff in a time frame that meets the growth objectives of Hillgrove. This may result in delays in the construction and development of the operations, which may adversely impact on Hillgrove's future cash flows, profitability, results of operations and financial condition

GOVERNMENT

Government approvals and permits may be required in the future in connection with the operations of Hillgrove. To the extent such approvals are required and not obtained, Hillgrove may be curtailed or prohibited from continuing its operations or from proceeding with planned exploration or development of mineral properties. Government policies are subject to review and change from time to time and Hillgrove relies upon government agencies promptly and favourably dealing with applications and consents. Such matters are likely to be beyond the control of Hillgrove. Changes in community attitudes on matters such as taxation, environment and landholder issues may bring about reviews and possible changes in government policies and regulations. Any such government action or inaction may limit or prohibit operations or require increased capital or operating expenditure and could adversely impact Hillgrove's financial position and performance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on Hillgrove and cause increases in exploration expenses, capital expenditures or production costs, or reduction in levels of production, or delays in development.

IMPORTANT NOTICE

Risks

LICENCES & PERMITS

Interests in permits are governed by the granting of licences or leases by the appropriate government authorities. The conduct of operations and steps involved in acquiring all licences and permits involve compliance with numerous procedures and formalities. It is not always possible to correctly interpret, or comply with, or obtain waivers from, all such requirements and it is not always clear whether requirements have been properly completed, or that it is possible or practical to obtain evidence of compliance. In some cases, failure to follow such requirements or obtain relevant evidence may call into question the validity of the titles. Failure to obtain any necessary licences or permits, any material noncompliance with such licences or permits or the revocation or non-renewal of such licences or permits could adversely impact Hillgrove's financial position and performance.

ENVIRONMENTAL RISKS

Hillgrove's operations are subject to extensive Federal, State and local environmental laws and regulations. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for violation of such standards. Significant liability could be imposed on Hillgrove for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage or non-compliance with environmental laws or regulations. Compliance or non-compliance with environmental laws or regulations may require Hillgrove to incur significant costs and may have a significant material impact on Hillgrove's financial performance.

INSURANCE

Insurance of risks associated with mining operations is sometimes unavailable and sometimes attracts large premiums. If Hillgrove incurs uninsured losses or liabilities, its assets, profit and prospects will be adversely affected.

CONTRACTUAL RISKS

Hillgrove is a party to various contracts. Hillgrove's ability to achieve its objectives will depend on the counterparties to those contracts performing their obligations. All contracts entered into by Hillgrove are subject to interpretation. There is no guarantee that Hillgrove will be able to enforce all of its presumed rights under its contracts. Any default or dispute under those contracts may adversely affect Hillgrove's financial position or performance.

FORCE MAJEURE RISKS

Hillgrove's projects now or in the future may be adversely affected by risks outside the control of Hillgrove, including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, pandemics, explosions or other catastrophes, epidemics or quarantine restrictions. See above for discussion on the impact of COVID 19 on Hillgrove.

LITIGATION RISKS

Hillgrove is exposed to possible litigation risks including tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, Hillgrove may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on Hillgrove operations, financial performance and financial position. To the best of the current Hillgrove Directors' knowledge, Hillgrove is not currently engaged in any material litigation.

CLIMATE CHANGE RISKS

Climate change is a risk Hillgrove has considered, particularly related to its operations in the mining industry. The climate change risks particularly attributable to Hillgrove include the emergence of new or expanded regulations associated with the transitioning to a lower carbon economy and market changes related to climate change mitigation. Hillgrove may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. Climate change may cause certain physical and environmental risks that cannot be predicted by Hillgrove, including events such as increased severity of weather patterns and incidence of extreme weather events and longer term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which Hillgrove operates.

RESERVE & RESOURCE ESTIMATES

Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and drilling plans which may, in turn, adversely affect Hillgrove's operations.

GENERAL RISK FACTORS

Prospective investors should also consider the following risks which apply to all investments in shares:

- Investment risks, such as changes in Hillgrove's own assessment of the economics of developing its assets or the market perception of the value of Hillgrove's assets and shares;
- Share market and liquidity risks involved in the listing and trading of shares on the ASX; and
- Economic factors including the effect on the market price of shares of movements in equities markets, commodity prices, currency fluctuations and interest rates, and local and global political and economic conditions