

HILLGROVE RESOURCES

ANNUAL GENERAL MEETING COMPANY UPDATE

STEVEN MCCLARE IIIII CEO & MANAGING DIRECTOR
25 MAY 2017





■ KANMANTOO IS THE FOUNDATION

- Updated Geological Model performing
- Cashflow challenge being managed
- Progressive Rehabilitation
- Investment phase near complete
- Cash generation will commence
- Organic Growth
- Post Closure opportunities







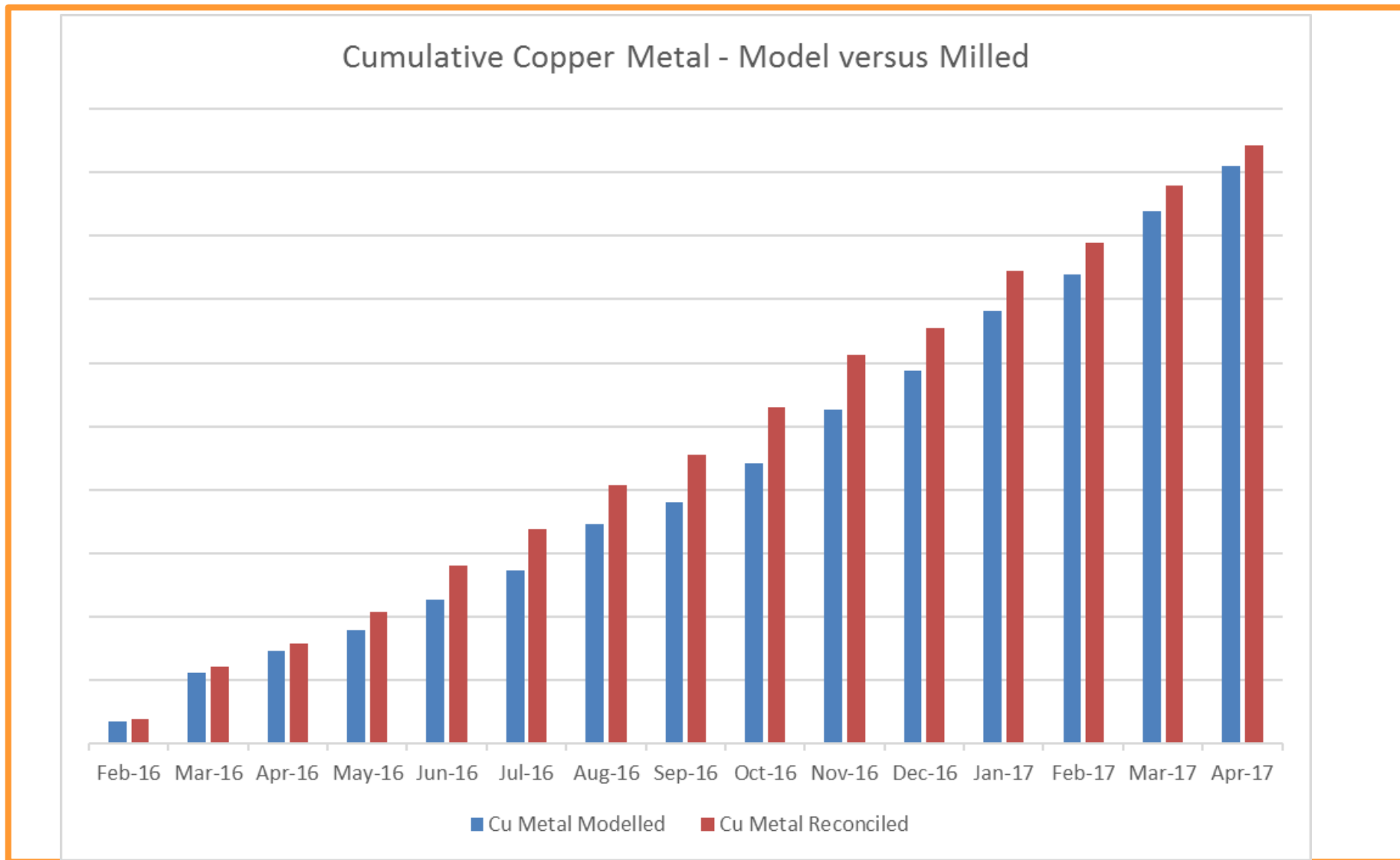




**HILLGROVE
RESOURCES**

ANNUAL GENERAL MEETING PROGRESSIVE REHAB AND OFFSET PLANTING





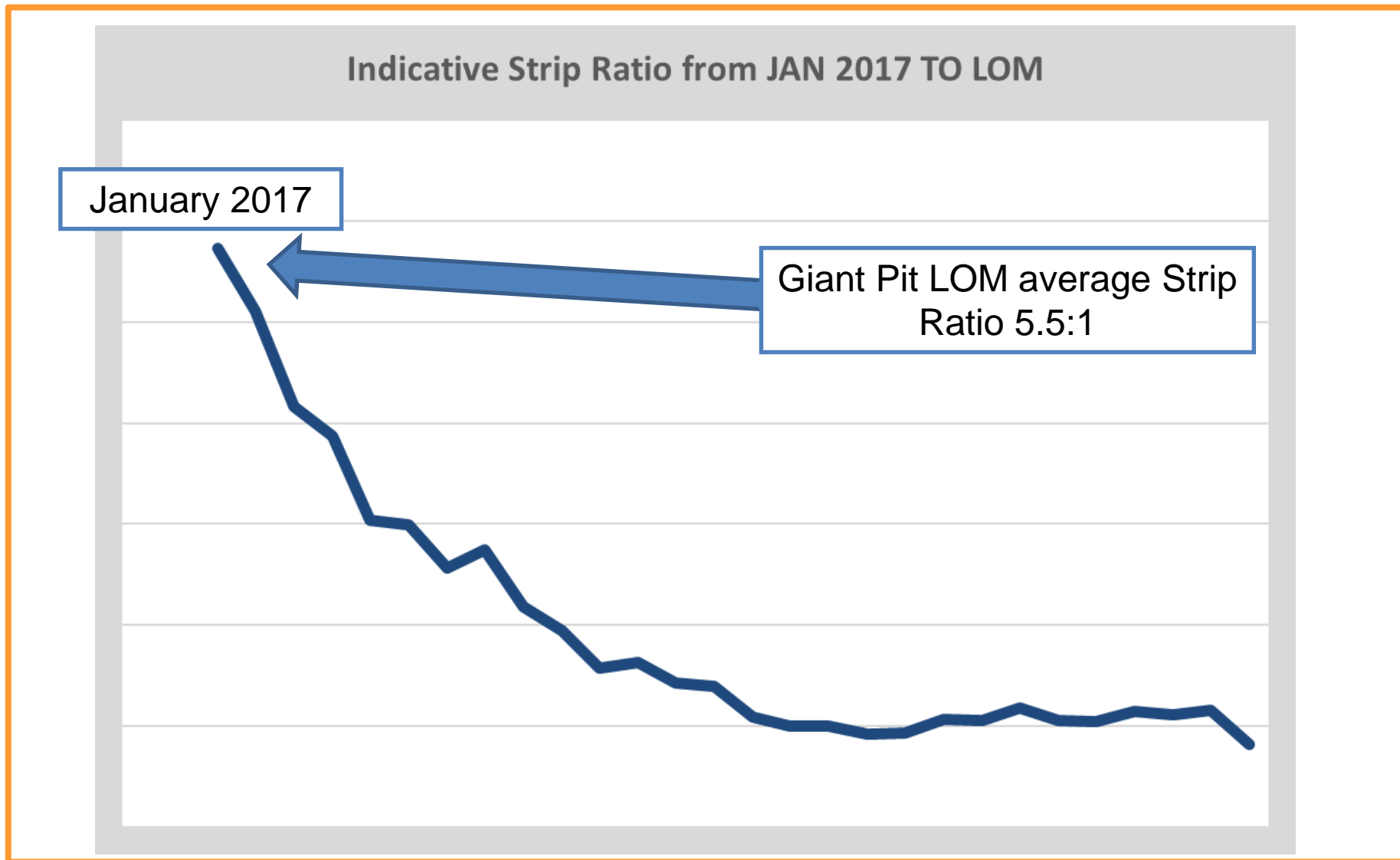
■ Cash Shortfall - managed through Initiatives

- SA Government - loan & bond
- Salary reductions and deferrals
- Asset sales
- Hedge Book
- Geological Model updated
- Capital raising
- Electranet bond
- PetroBond
- Emeco transaction
- Supplier negotiations



ANNUAL GENERAL MEETING CUTBACK PROGRESS





- **Tough second quarter**
 - Rebuilt primary excavators
 - Rock slip on east wall requiring interim ramp
 - Multiple floor levels
- **Improving third quarter**
 - Neutral cash projected
- **Fourth quarter step up**
 - Increasing revenue
 - Creditor repayments
- **2018 Cash generation**
 - Loan repayment
 - Creditor repayments
 - Cash accumulation

Guidance remains
unchanged for 2017





Multiple Levels
reducing efficiency

East wall rock slip



- **Organic Growth**
 - Existing infrastructure
 - Significant exploration potential
 - Kanmantoo Underground
 - Kanappa
 - Mt Rhine
 - Targeting minimal capital requirement

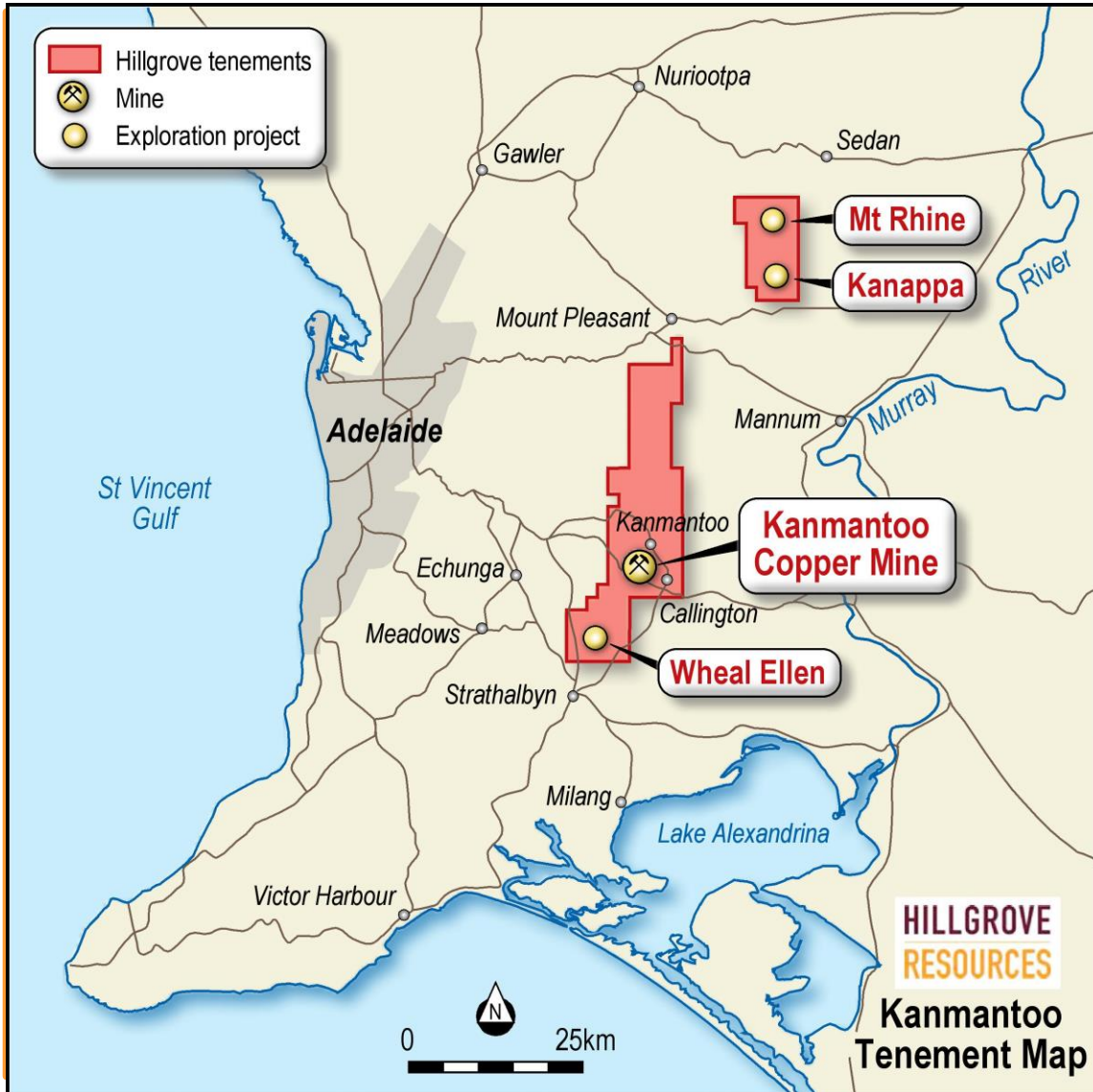


HILLGROVE RESOURCES

ORGANIC GROWTH

PETER ROLLEY ||||| CHIEF GEOLOGIST
25 MAY 2017

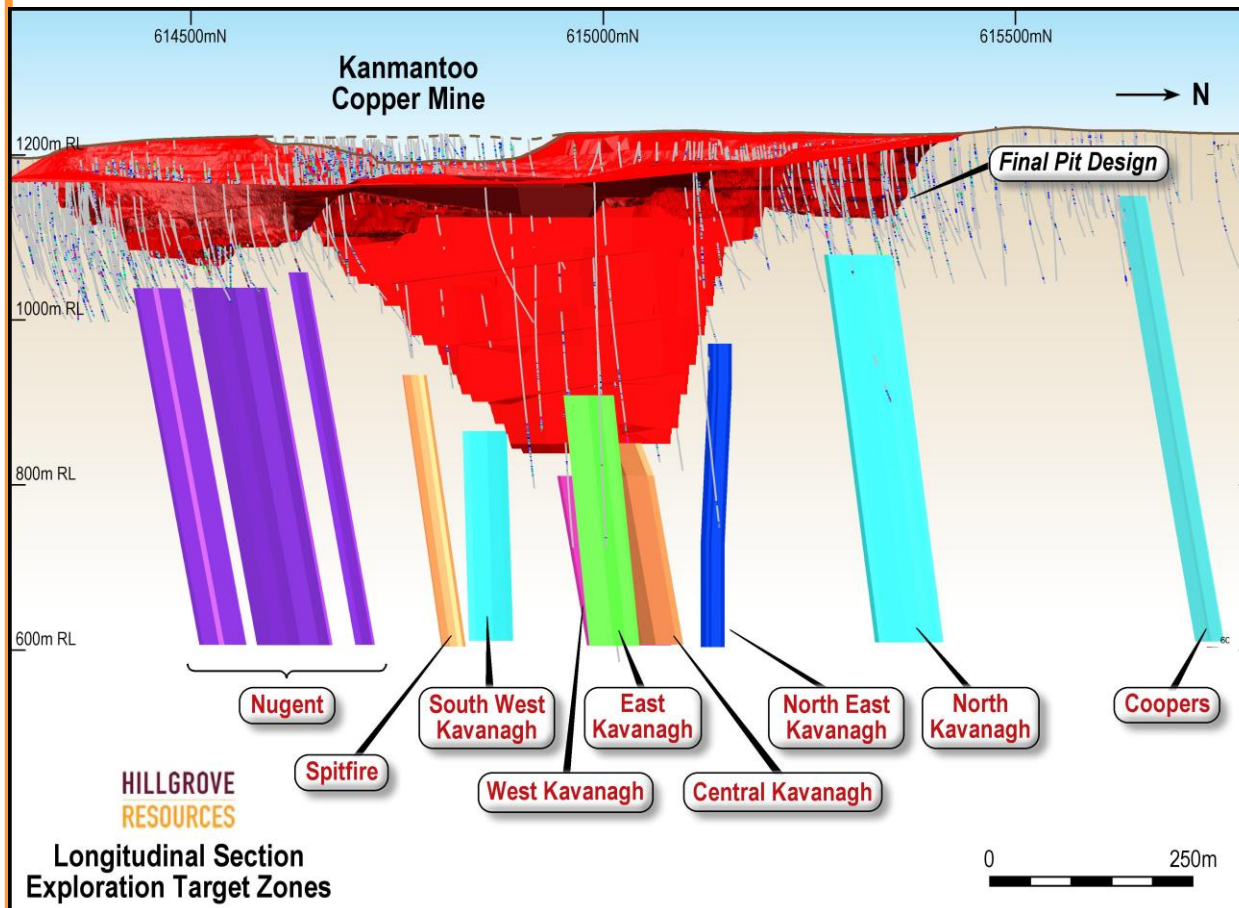




HGO has several copper-gold projects that have the potential to provide significant organic growth

- Underground at Kanmantoo Copper Mine
- Kanappa Exploration
- Mt Rhine Exploration





HGO has demonstrated the extension of several high grade copper-gold zones beyond the final pit design

Resulting in an Exploration Target¹ of

- 5-10Mt @ 1.7-2.2% Cu, 0.4-1.0g/t Au

Refer to ASX Release 25 May 2017 for further information

1 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.

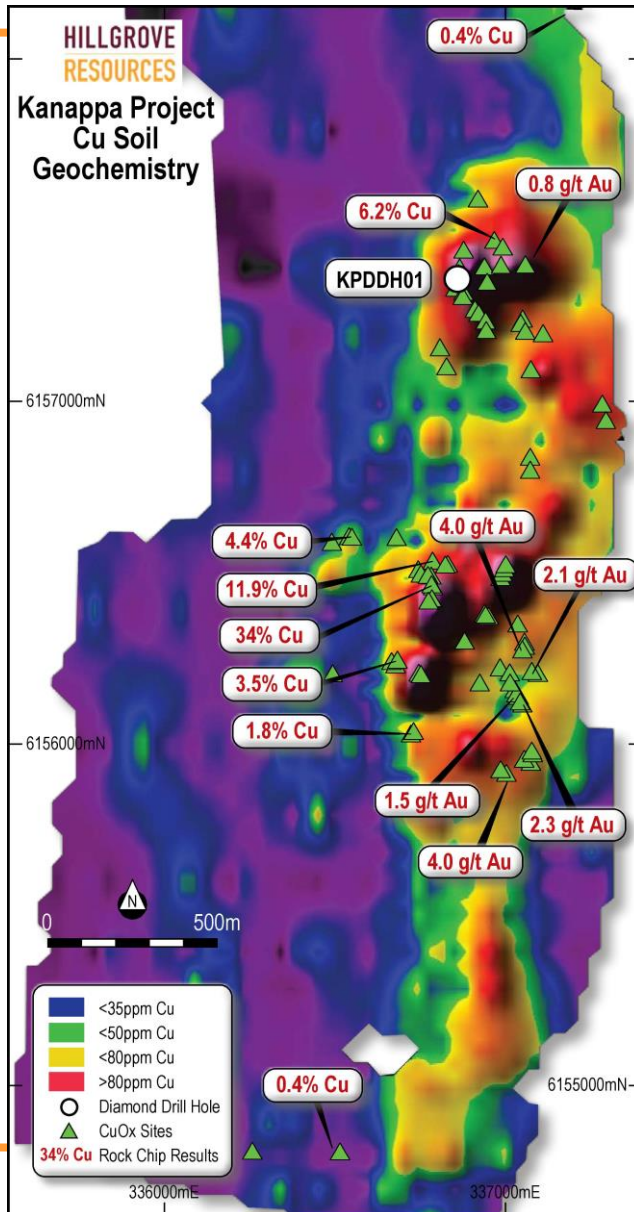




In summary the Exploration Target;

- suggests the potential for significant underground resource opportunity at Kanmantoo beneath and in the wall of the existing final pit
- suggests that an increase in mine life may be possible at Kanmantoo
- is based on utilising the existing processing plant and the final in-pit haul road that will extend to 350m depth
- is based on several higher grade copper-gold ore zones that have already been mined in the open pit, and projecting these to depth
- zones are all within 250m of the haul road and therefore if these zones are confirmed by drilling, will require minimal capital
- will benefit from the existing copper-gold processing plant at Kanmantoo that operates at a very efficient \$7.30/tonne milled





HGO has completed a soil sampling and rock chip sampling program at Kanappa;

- 3.7km long by 0.6km wide copper-gold zone
- Peak rock chips at surface of
 - 34% Cu
 - 4g/t Au
- Over 100 sites with outcropping Cu
- Similar to Kanmantoo

Refer to ASX Release 25 May 2017 for further information





HGO has completed a rock chip sampling program at Mt Rhine resulting in;

- Peak rock chips at surface of
 - 7.1% Cu
 - 49.8g/t Au

- Channel trenches of
 - 6m @ 15.9g/t Au
 - 6m @ 15.4g/t Au
 - 6m @ 13.1g/t Au
 - 8m @ 5.4g/t Au

- Strong similarities to Kanmantoo

Refer to ASX Release 14 December 2006
for further information



HGO plans to progress these three growth opportunities through low cost exploration activities, utilising the significant resources within HGO;

- Kanmantoo UG Exploration Target
 - Finalise structural studies and drill hole planning
 - Diamond drilling to test the concept
- Kanappa Copper Gold Project
 - Complete soil sampling and mapping
 - Undertake geophysical work
 - RC drilling of key targets
- Mt Rhine
 - Undertake soil sampling and mapping
 - Undertake geophysical work
 - RC drilling of key targets



UG Mining at Kanmantoo in 1975



MD Presentation (Continued)



- **Post Closure Options**
 - Utilisation of existing assets/resources
 - Pumped Hydro
 - Solar
 - Industrial Hub
 - Agriculture



Kanmantoo is the Foundation

- Resource Model performing
- Cashflow challenge managed
- Investment phase near complete
- Cash generation to commence
- Organic Growth opportunities
- Post Closure options

Q&A



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ABOUT HILLGROVE

Hillgrove is an Australian mining company listed on the Australian Securities Exchange (ASX: HGO) focused on the operation of the Kanmantoo Copper Mine in South Australia, and with exploration projects on its Indonesian tenements. The Kanmantoo Copper Mine is located less than 55km from Adelaide in South Australia.

Competent Person's Statement

The information in this release that relates to the 2016 Mineral Resource for Giant is based upon 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 the release of the matters based on their information in the form and context in which it appears.

The information in this release that relates to the 2013 Mineral Resource not including Giant is based upon information compiled by Ms Michaela Wright, who is a Member of The Australasian Institute of Mining and Metallurgy. Ms Wright 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)'. Ms Wright has consented to the inclusion in the release of the matters based on their information in the form and context in which it appears.

The information in this release that relates to Ore Reserves is based upon information compiled by Mr Steven McClare, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr McClare 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 McClare has consented to the inclusion in the release of the matters based on their information in the form and context in which it appears.

The information in this release that relates to Exploration Results is based on information compiled by Dr David Rawlings, who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Rawlings consults independently as the Kanmantoo Project Exploration Manager for Hillgrove Resources Limited and has sufficient relevant experience 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)'. Dr Rawlings consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Kanmantoo Global Mineral Resource Estimate at End February 2016

	JORC 2012 Classification	Tonnage (Mt)	Cu (%)	Au (g/t)	Ag (g/t)
In Situ Resource	Measured	10.6	0.6	0.1	1.4
	Indicated	10.9	0.7	0.1	1.2
	Inferred	13.7	0.5	0.1	1.0
Total		35.2	0.6	0.1	1.2

Note: In Situ Resource >0.20% Cu

Kanmantoo Global Ore Reserve Estimate at End February 2013

	JORC 2012 Classification	Tonnage (Mt)	Cu (%)	Au (g/t)	Ag (g/t)
In Situ Reserve	Proven	2.5	0.77	0.08	1.7
	Probable	18.2	0.72	0.20	2.0
		20.7	0.73	0.18	1.9
Long Term Stockpiles	Proven	1.4	0.46	N/A	N/A
		1.4	0.46	-	-
Total		22.1	0.71	0.18	1.9

Note: In Situ Reserve >0.20% Cu. Long Term Stockpiles >0.15% Cu.

