

# **HILMGROVE**

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# **RESOURCES**

## **2019 AGM MD PRESENTATION**



**STEVEN MCCLARE** ||||| CEO & MD  
**PETER ROLLEY** ||||| CHIEF GEOLOGIST  
**30 APRIL 2019**



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### **Competent Person's Statement**

The information in this release that relates to the 2016 Mineral Resource Estimate 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.

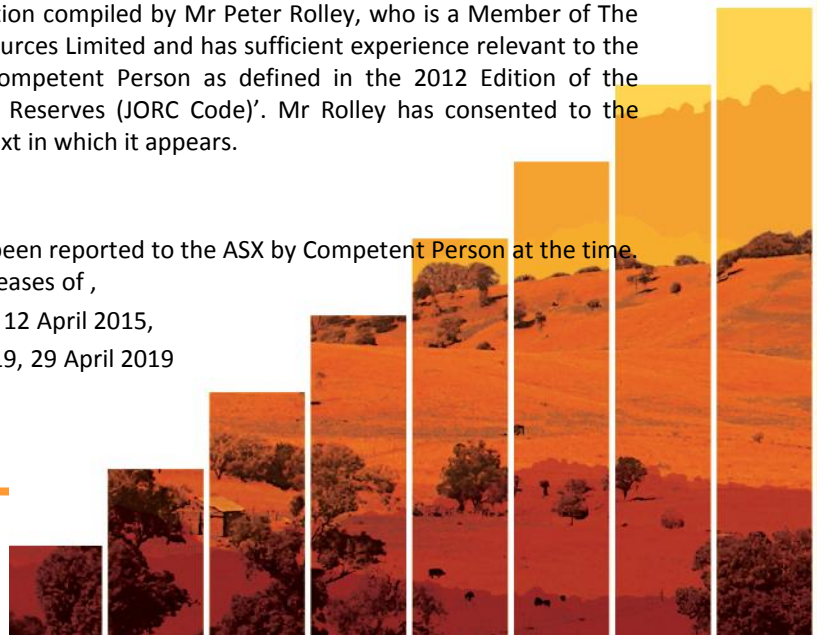
The information in this release that relates to the 2013 Mineral Resource not including Giant is based upon information compiled by Ms Michaela Wright, who is a Member of The Australasian Institute of Mining and Metallurgy. Ms Wright is a former full-time employee of Hillgrove Resources Limited and has 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 Lachlan Wallace, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Wallace 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 Wallace 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 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.

### **Exploration Results Here-In**

All exploration drill results, soil sampling images, and rock chip results 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 of ,  
23 November 2004, 14 December 2006, 25 June 2007, 24 July 2008, 1 December 2008, 12 April 2015,  
25 May 2015, 18 Oct 2016, 25 May 2017, 20 Oct 2017, 25 October 2017, 31 January 2019, 29 April 2019



Strategic objective is to return value to shareholders in the form of fully franked dividends which will be achieved by:

- Maximising the value from the existing pit,
- Progressively rehabilitate,
- Realising future value from our existing assets:
  - Potential \$31 million cashflow from pumped hydro project sale,
  - Exciting exploration phase to unlock further value. Fully owned assets allow timely & cost effective ramp up of a discovery



- Drilling and blasting of the approved cutback will soon be completed.
- Haulage will continue on a non continuous period.



- Despite mining winding down there are significant stockpiles accumulating.
- With the majority of costs invested Kanmantoo is now cash generative.

Ore Stockpiles



- Progressive rehabilitation program built on extensive consultation.
- Rehabilitation plan encapsulates many 1970's mining legacies.
- Seeing the site evolve builds credibility.
- The process is continually adapting and evolving e.g. optimal flora and fauna or community access.







Sale process concluded<sup>1</sup> with AGL paying \$31 million over 18-36 months:

- \$1 million initial payment,
- \$4 million (anticipated over six months):
  - stability of the ground at the proposed vertical shaft
  - early works agreement between AGL and HGO
  - baseline contamination study
  - confirming that there is no material contamination
  - establishing a satisfactory relinquishment plan
- \$5 million once water rights are acquired.
- \$10 million on later of development approval and an offer of grid connection.
- \$11 million on the Final Investment Decision.

(1) refer ASX release Hillgrove Sells the Rights to Pumped Hydro Project 16 April 2019



# **HILMGROVE**

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# **RESOURCES**

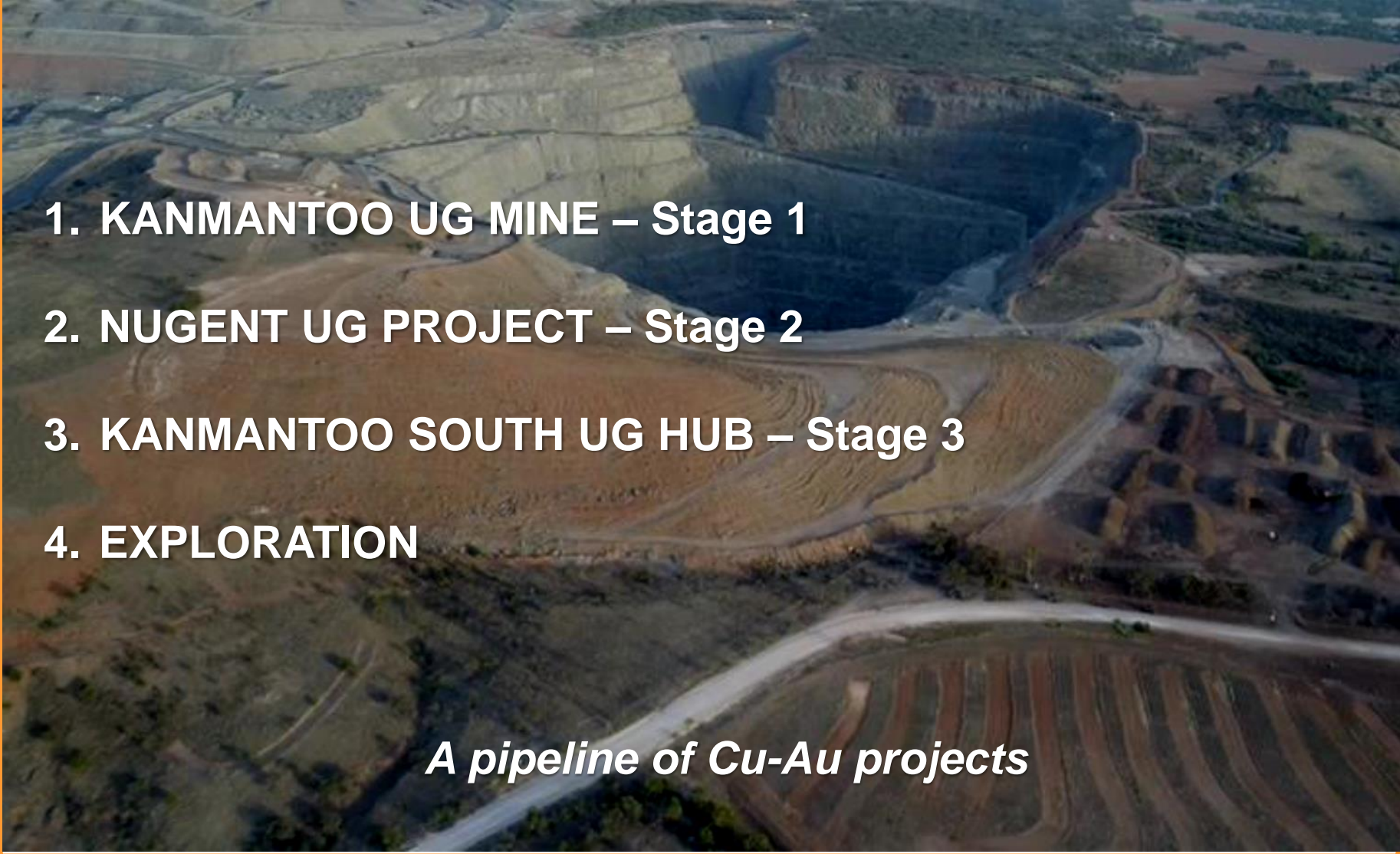
## **EXPLORATION PRESENTATION**

**PETER ROLLEY** ||||| **CHIEF GEOLOGIST**

**30 APRIL 2019**

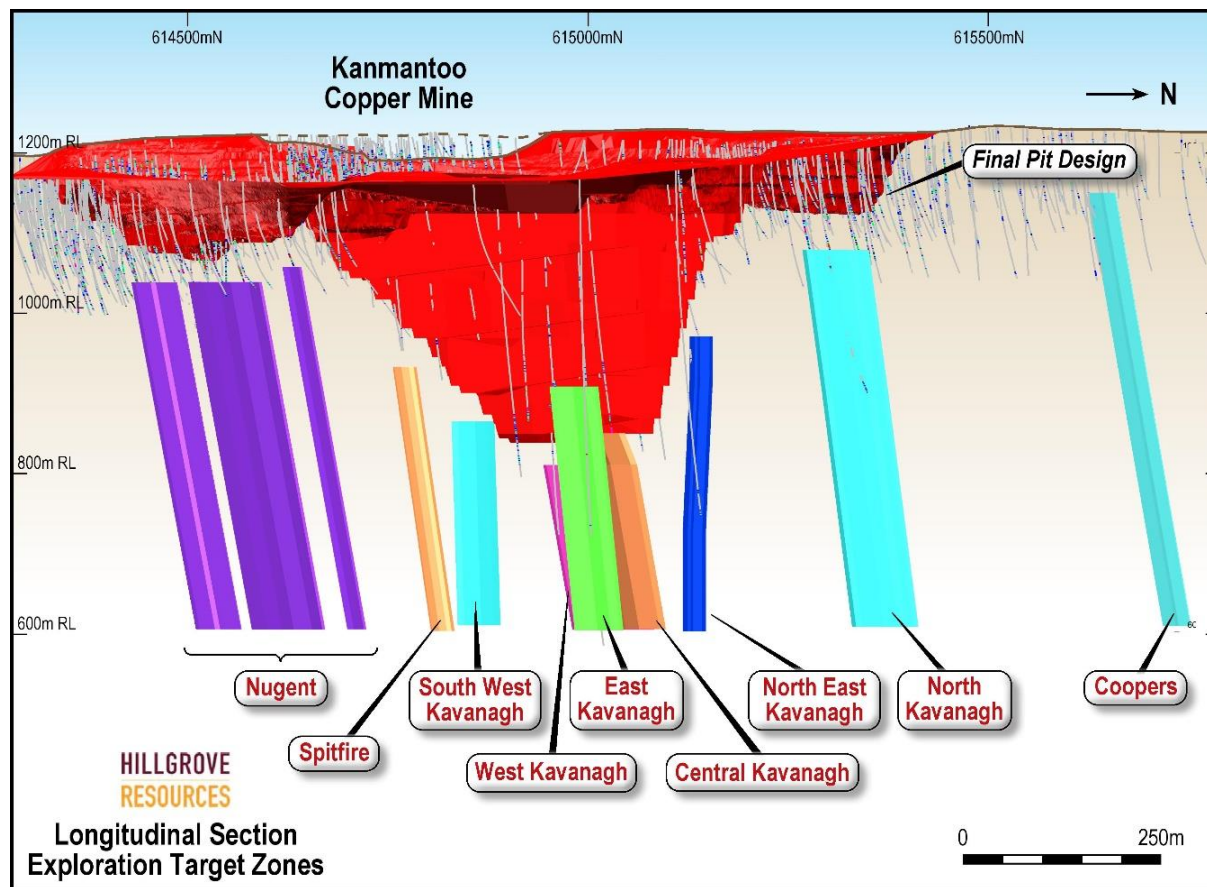




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- 1. KANMANTOO UG MINE – Stage 1**
  - 2. NUGENT UG PROJECT – Stage 2**
  - 3. KANMANTOO SOUTH UG HUB – Stage 3**
  - 4. EXPLORATION**

*A pipeline of Cu-Au projects*





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

- 21m @ 2.0% Cu, 0.1g/t Au**
- 7m @ 2.7% Cu, 0.6g/t Au**
- 33m @ 2.1% Cu, 0.2g/t Au**
- 12m @ 2.2% Cu, 7.9g/t Au**

Resulting in an Exploration Target<sup>1</sup> of

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

To 200m below Pit

Note – lack of drilling at depth

### KEY TAKEAWAYS

- Significant >1.5% Cu Equiv zones continue beyond open pit

*1 ASX:HGO announcement 25 May 2017. 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.*





Kavanagh copper lodes have been the main stay of the open pit operation and drilling has demonstrated that these lodes continue for over 480m vertically and below the final pit design

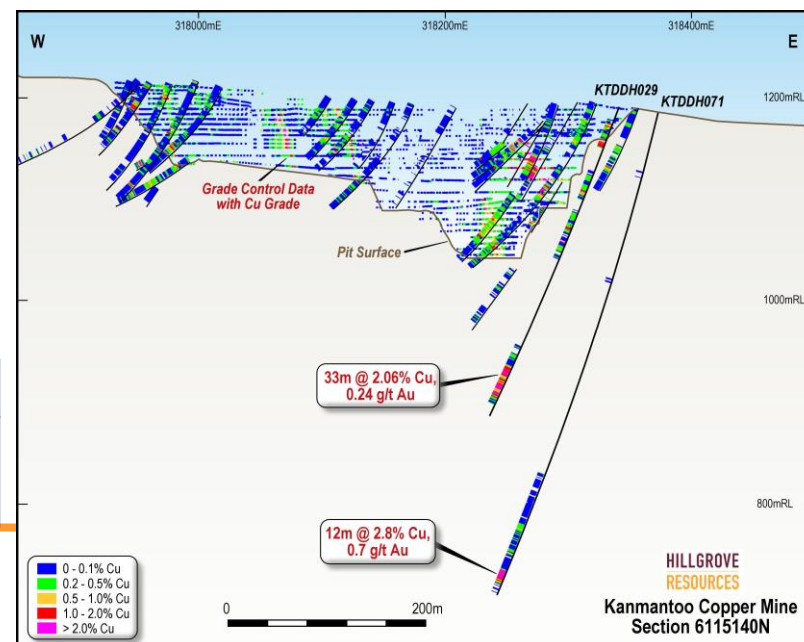
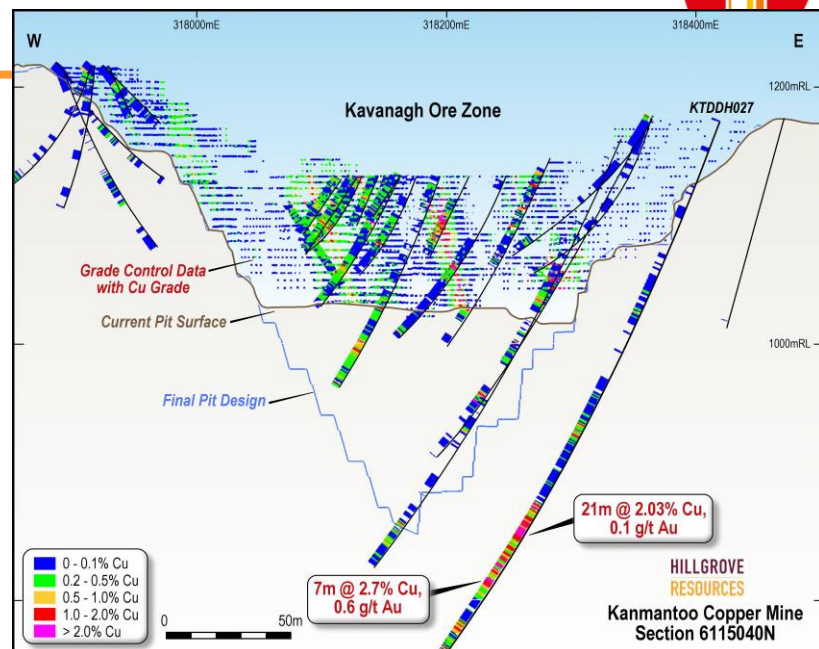
See cross sections through the open pit as examples of the depth continuity of the mineralisation

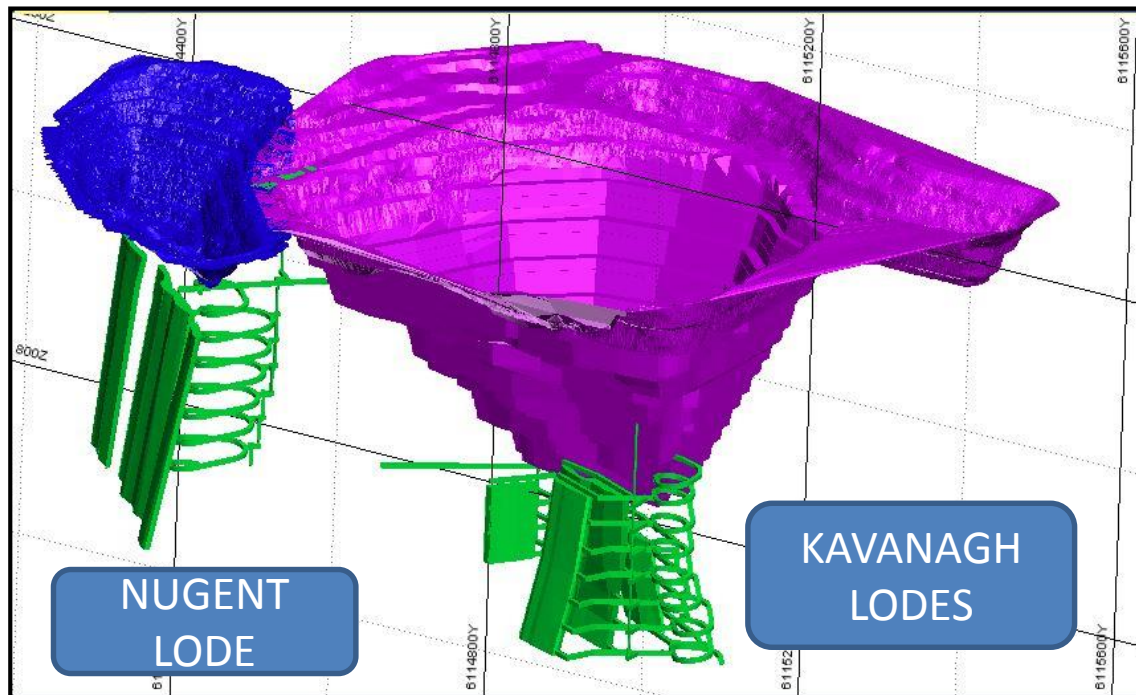
The Kavanagh Lode shown in the upper right figure (section 6115040N) is located 55m from the open pit haul road.

This Kavanagh Lode has no drilling to the north, until the cross section shown lower right, ~140m to the north and no further drilling down-dip or along strike

### KEY TAKEAWAYS

- Past drilling confirms Kavanagh UG targets and ready for confirmation drilling





Under the agreement with AGL, HGO may plan to exploit the Kavanagh copper lodes via an UG operation until FID<sup>1</sup>.

Due to the Kavanagh Lodes close proximity to the open pit Haul Road, minimal capital will be required to develop the UG

Development of the UG will benefit from the existing low cost milling, Tailings Storage Facility and Mining Lease permits which remain separate from the PHES agreement.

Confirmation of the continuity and grade of the Kavanagh Lodes will occur via diamond drilling from surface before embarking on any UG development

<sup>1</sup> ASX:HGO announcement 19 April 2019

## KEY TAKEAWAYS

- Mining of Kavanagh UG may be possible for a limited time as Stage 1 of the Kanmantoo UG Hub

Exploration Target					
	DH Width Range (m)	Tonnage Range (Mt)	Grade Range Cu%	Grade Range Au g/t	Grade Range CuEq%
Coopers	6 - 10	0.1 - 0.3	1.5 - 2.0	0.4 - 0.8	1.8 - 2.5
North Kavanagh	6 - 10	0.1 - 0.7	1.5 - 2.0	0.4 - 0.8	1.8 - 2.5
North East Zone	12 - 33	0.4 - 0.7	2.0 - 2.5	0.4 - 0.8	2.2 - 3
East Kavanagh	10 - 24	0.4 - 0.8	2.0 - 2.5	0.05 - 0.2	2.0 - 2.6
Central Kavanagh	13 - 30	1.2 - 2.2	1.5 - 2.0	0.1 - 0.4	1.6 - 2.2
West Kavanagh	11 - 28	0.8 - 1.6	2.0 - 2.5	0.01 - 0.05	2.0 - 2.5
South West Kavanagh	7 - 22	0.8 - 1.0	1.8 - 2.2	0.1 - 0.4	1.8 - 2.4
Spitfire	16 - 37	0.4 - 0.7	1.5 - 2.0	1.5 - 3.0	2.5 - 4.0
Nugent	8 - 15	0.8 - 2.0	1.5 - 2.0	1.5 - 2.5	2.5 - 3.5
<b>Totals</b>	<b>6 - 37</b>	<b>5 - 10</b>	<b>1.7 - 2.2</b>	<b>0.4 - 1.0</b>	<b>2.0 - 2.8</b>

The Exploration Target for Central Kavanagh and for East Kavanagh, both accessible from the open pit Haul Road, extends from the open pit design (~850mRL) to a depth of 600mRL<sup>1</sup>.

<sup>1</sup> ASX:HGO announcement 25 May 2017

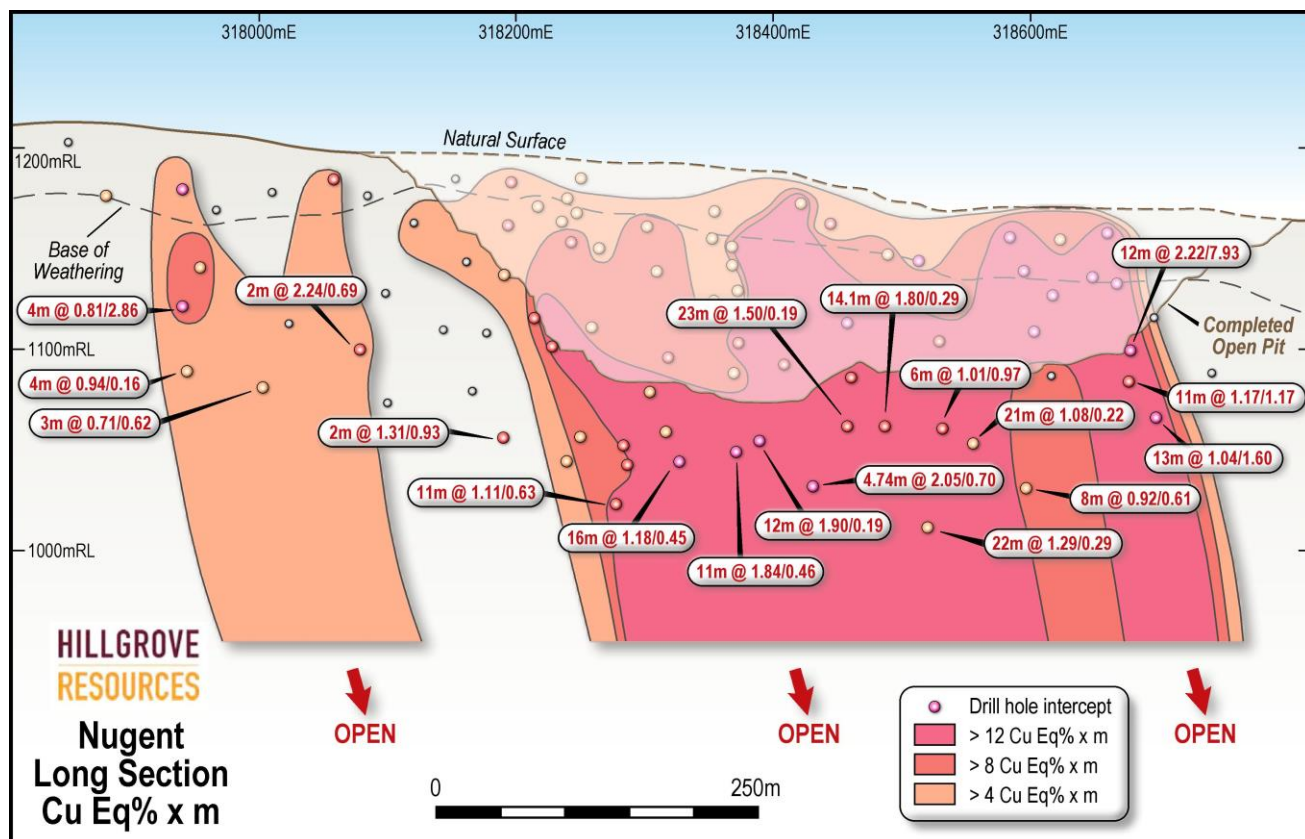
### KEY TAKEAWAYS

- Central and East Kavanagh copper lodes are significant assets for Stage 1 of the Kanmantoo UG Hub

Nugent Lode is over 300m long, and 2m to 23m wide. It is a quartz vein system with high Cu-Au

It is open to depth

Confirmation of the continuity and grade of the Nugent Lode to depth will occur via diamond drilling from surface before embarking on any UG development



## KEY TAKEAWAYS

- Investigating stand alone Nugent underground operation, as stage 2 of a Kanmantoo UG Cu-Au Hub



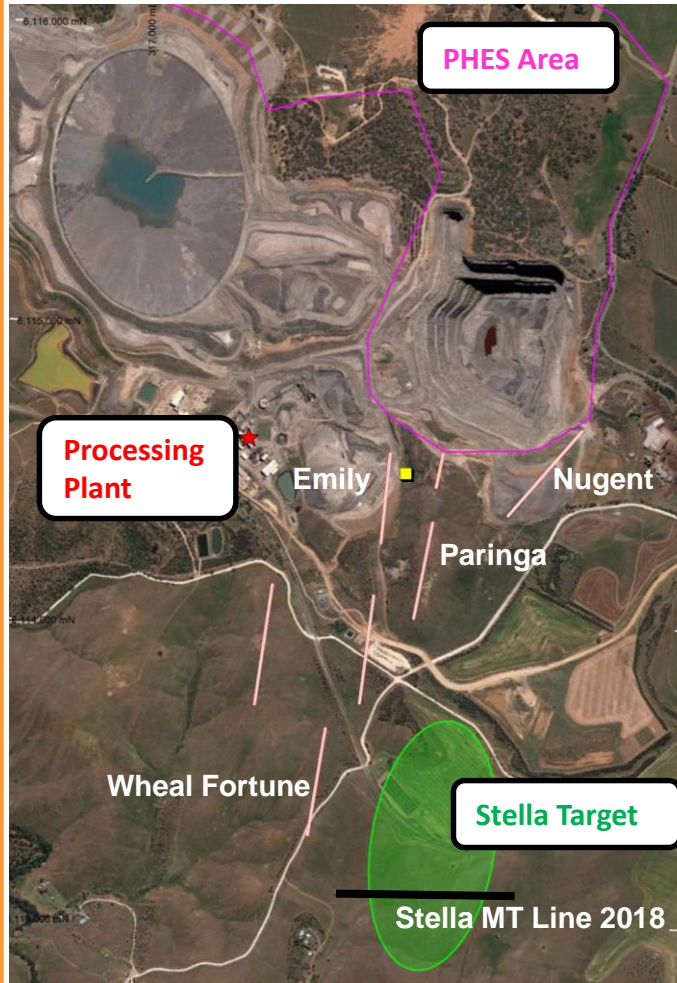
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Spitfire	16 - 37	0.4 - 0.7	1.5 - 2.0	1.5 - 3.0	2.5 - 4.0
Nugent	8 - 15	0.8 - 2.0	1.5 - 2.0	1.5 - 2.5	2.5 - 3.5
<b>Totals</b>	<b>6 - 37</b>	<b>5 - 10</b>	<b>1.7 - 2.2</b>	<b>0.4 - 1.0</b>	<b>2.0 - 2.8</b>

The Exploration Target for the Nugent Lode, extends from the completed Nugent Pit (~1040mRL) to a depth of 600mRL<sup>1</sup>.

<sup>1</sup> ASX:HGO announcement 25 May 2017

## KEY TAKEAWAYS

- Nugent copper-gold lode is the main asset for Stage 2 of the Kanmantoo UG Hub



Kanmantoo is a copper-gold mine with a large number of structurally controlled Cu-Au ore zones

In the area outside of the PHES agreement there are a number of Cu-Au lodes that may be amenable to underground mining. In addition to Nugent there are;

**Paringa**

KTRC956 6m @ 3.4% Cu, 0.2g/t Au from 133m  
KTDD129 7m @ 2.0% Cu, 0.1g/t Au from 74m

**Emily Star**

KTRC833 9m @ 2.4% Cu, 0.2g/t Au from 84m  
KTRC794 7m @ 2.5% Cu, 0.2g/t Au from 95m

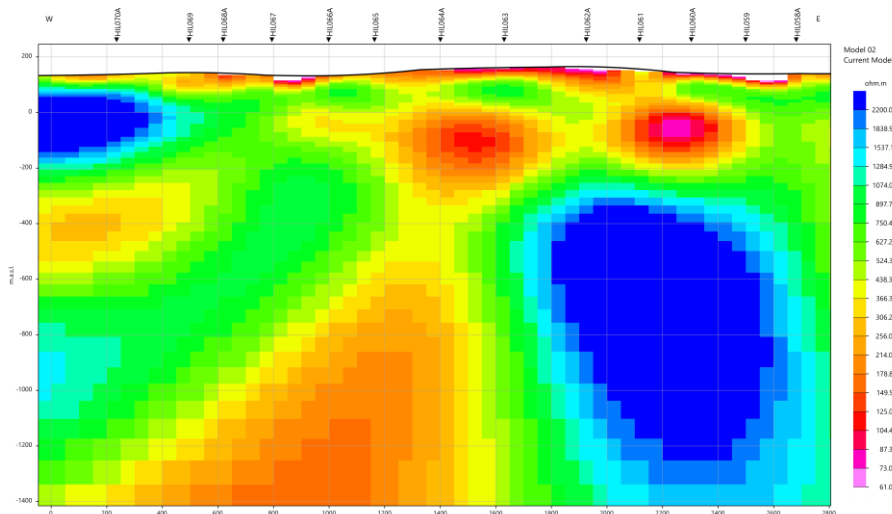
**Wheal Fortune**

KTRC742 5m @ 2.5% Cu, 0.8g/t Au from 13m

**KEY TAKEAWAYS**

- Continuous high grade Cu-Au zones are targets for Stage 3 UG mining evaluation





AMT/MT 2D section across Stella zone, coloured by conductivity (red = high conductivity)

This suggests a significant large conductive zone is present, which if mineralised presents a new large target for exploration

In 2019 HGO infilled the 2018 MT survey for which the data is still being processed.

Approx 300m north of the 2018 MT section line, Aberfoyle drilled one hole (KAN001) and intersected;

A 60m wide zone of chlorite-pyrrhotite-Fe-garnet altered sediments (128-170m downhole), within which,

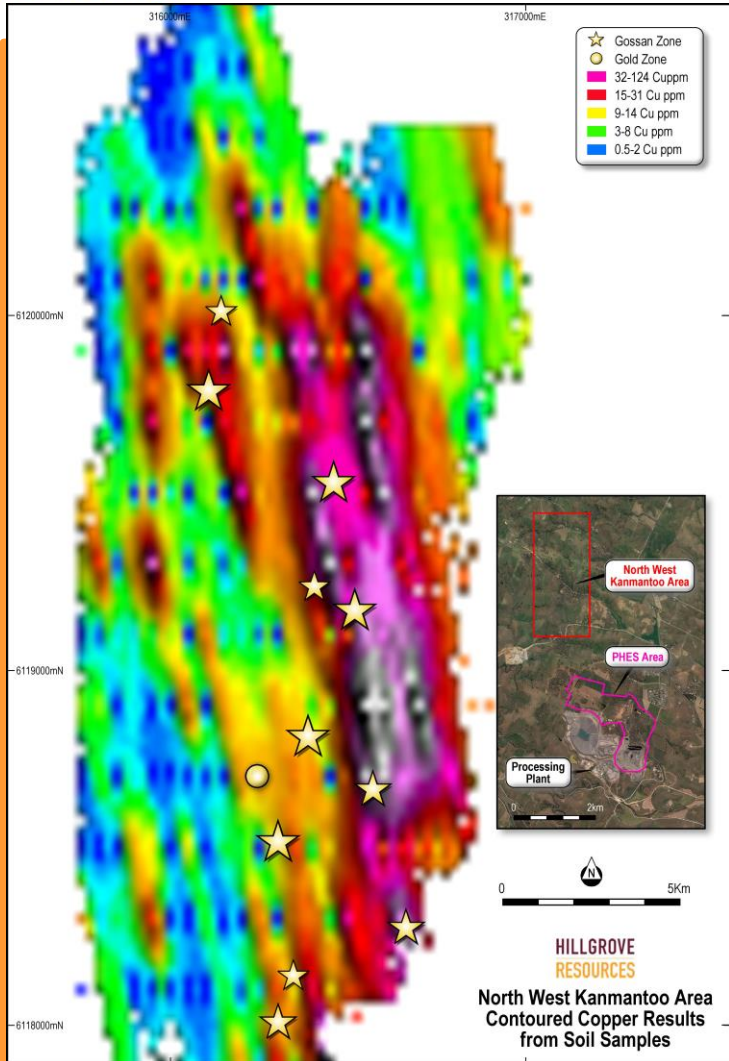
- 3.6m @ 0.39% Cu, 2.43 g/t Au, from 156.4m downhole, including
  - 0.9m @ 9.28 g/t Au, 0.18% Cu from 156.4m downhole; and
- 6.56m @ 0.77% Cu, 0.84 g/t Au from 173m downhole

### KEY TAKEAWAYS

- Stella is a large conductivity zone, and is possibly a new style target at Kanmantoo for UG mining evaluation

1 ASX:HGO announcement 30 April 2019





HGO mapping revealed a large area of high Fe and gossan alteration 4.5kms north-west of the Kanmantoo mine site.

This high Fe alteration is coincident with a strong magnetic anomaly evident in the State survey regional magnetics

HGO has completed stage 1 of a soil sampling survey.  
The Copper soil anomaly is 2.3kms long<sup>1</sup>  
Rock chips have identified zones with High Au and Copper

Further work is in progress

### KEY TAKEAWAYS

- New zones of high grade Cu-Au north west of Kanmantoo are targets for UG mining evaluation

<sup>1</sup> ASX:HGO announcement 30 April 2019





Hillgrove Resources Ltd (ASX:HGO) holds, or has under application, ~6,100 sq. kms of exploration licences in South Australia.

The focus is on defining copper-gold mineralisation around the Kanmantoo Process Plant, and

To transfer the geology knowledge from Kanmantoo to discover large magmatic Cu-Au deposits in the wider Cu-Au province

### KEY TAKEAWAYS

- Key holding in mineralised Cu-Au Province



The Kanappa Cu-Au zone is 50kms from Kanmantoo

A series of pegmatites and aplites intrude into a sequence of potassic altered schists and carbonates

Soil copper zone 4.4kms long

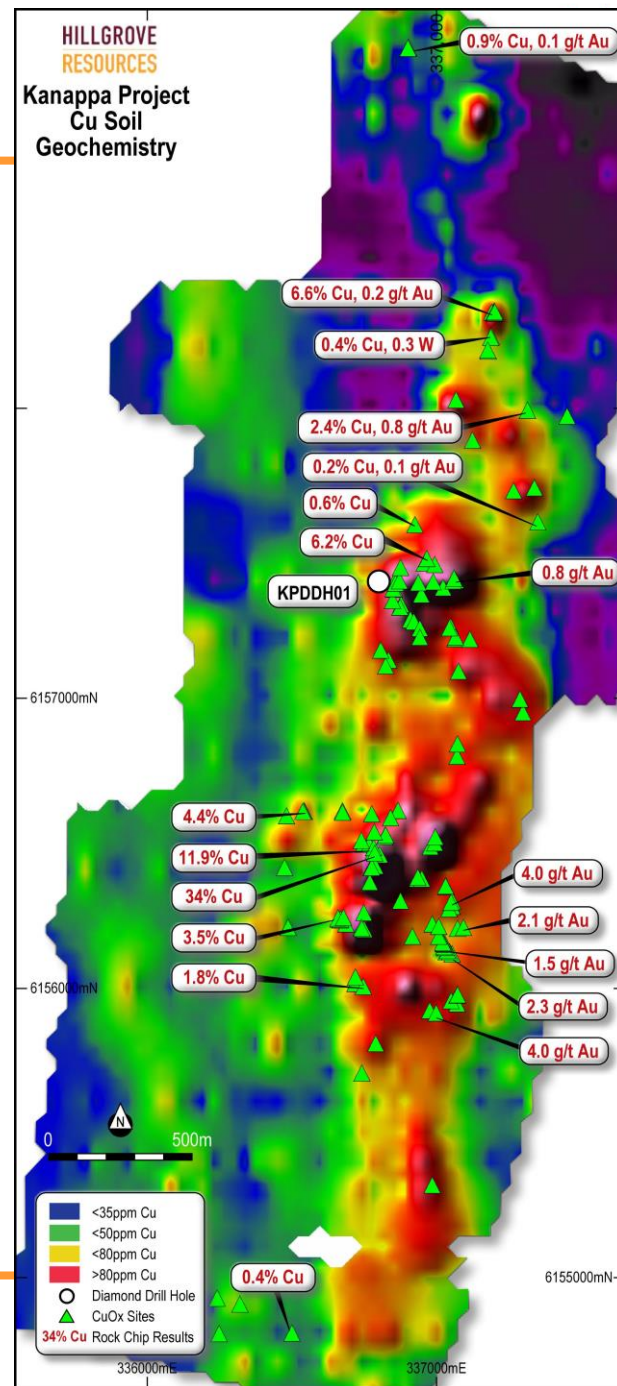
Geochem zoning from west to east  
**Cu-Zn => Cu-Bi => Cu-Au => Au**

Alteration over 1km width from west to east  
**Carbonates+/- magnetite, to white mica schists, to Fe-Ox schists, to quartz-carbonate veins**

**Peak rock chips of 34% Cu 4.0g/t Au** (separate samples)

### KEY TAKEAWAYS

- Large hydrothermal alteration and Cu-Au mineralised system at Kanappa



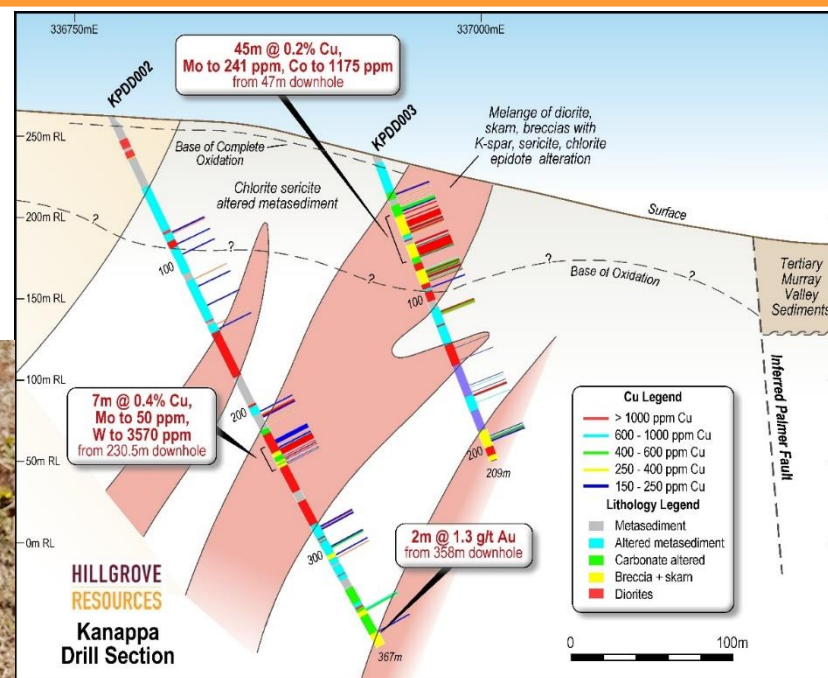
Kanappa drilling of a 400m portion of the soil anomaly intersected over 250m width of magmatic related alteration and veining<sup>1</sup>

□ KPDD003 45m @ 0.2% Cu from 45m downhole

Peak values include

1m @ 2.7% Cu

1m @ 2.5 g/t Au



Drill core is from KPDD002 from 230.5m, showing pyrrhotite & chalcopyrite mineralisation within calcisilicate alteration

## KEY TAKEAWAYS

- These drill results confirm Hillgrove's view that the Kanappa area is prospective for large scale magmatic related copper-gold mineral deposits.

<sup>1</sup> See ASX Release 30 January 2019 for full results. 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.

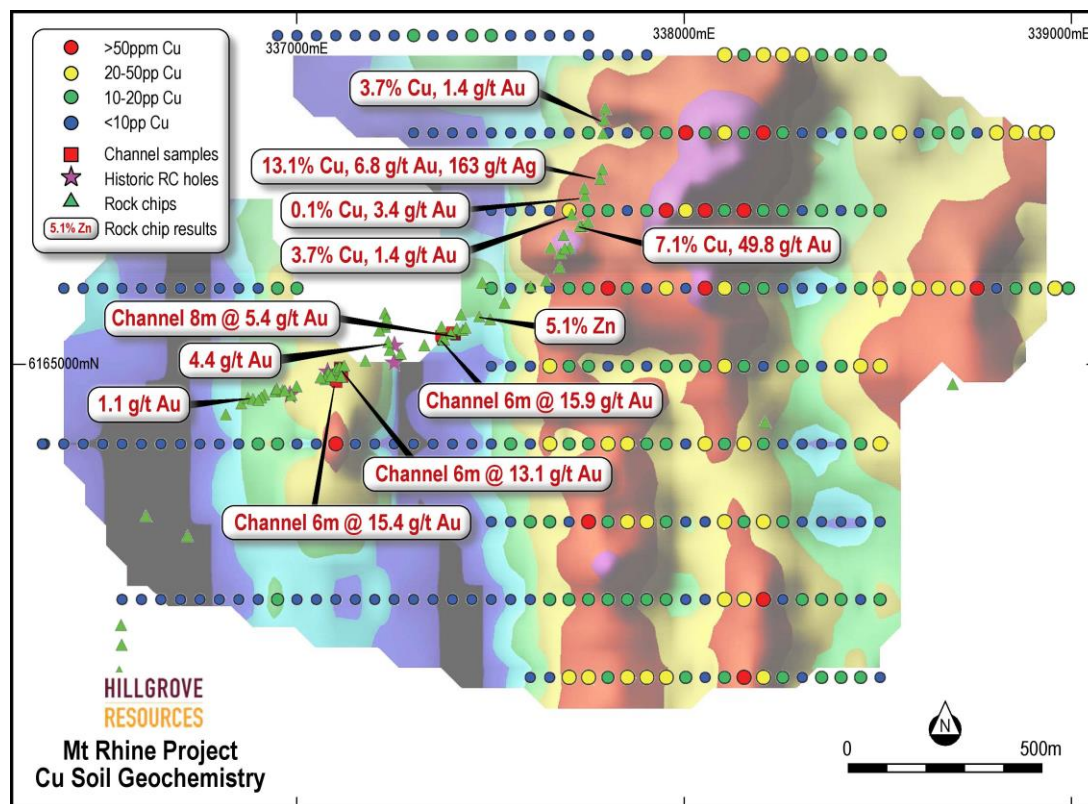
The Mt Rhine copper-gold zone is 10kms from Kanappa

Soil copper zone **1.7kms** long

Peak rock chips of **13% Cu 49.8g/t Au** (separate samples)

Peak Channel Sampling of 6m @ 15.9g/t Au

**Much higher gold tenor of Kanappa**



## KEY TAKEAWAYS

- Large scale alteration system 1.7kms long and 500m wide
- Another opportunity for high grade copper – gold mineralisation





Numerous Copper –Molybdenum occurrences recorded

Colebatch – outcropping chalcopyrite and molybdenite over 1.6 kms in granite

Alamil – drill core with narrow veins and chlorite/epidote zones of chalcopyrite and sulphides in diorite over 267m, from 86m depth

Sherlock – drill core with SHR08 0.5m @ 11.6% Cu, 1.1% Zn from 102m<sup>1</sup> in basalts and volcanoclastics

Tolmer – visible chalcopyrite in narrow veins in drill core  
MTR 12 119.25m downhole in andesites



## KEY TAKEAWAYS

Large Exploration holding is prospective for large scale copper mineralisation

1 See Pasminco 1998 report in SARIG Envelope 9015 for full details, logs and assay sheets. Drill core is stored in State Government Core Library. Competent Person, Peter Rolley, confirms that the intersection quoted is in the form and context of the Pasminco original report. Also see ASX HGO release 29-04-2019

## EXPLORATION SUMMARY

### STAGE 1 – KAVANAGH DEEPS

- Utilising the Open Pit Haul Road as a quasi-decline in potential UG development
- Earliest to production
- Dependent on PHES

### STAGE 2 – NUGENT DEEPS

- Significant copper and gold outside of PHES Footprint
- Second production centre and springboard to Stage 3

### STAGE 3 – KANMANTOO SOUTH UG HUB

- Multiple drill intersections of high grade Cu-Au
- Within a 1 km long corridor for drill testing and evaluation

### STAGE 4 – EXPLORATION NEAR AND FAR

- Significant copper and gold targets for drilling
- Some within 4 kms of existing processing plant
- Extensive copper endowment already evident



***Realising value for shareholders through a pipeline of Cu-Au projects***



**NOT IN ORDER OF PRIORITY NOR PREFERENCE, AND NOT TO BE NECESSARILY AS MUTUALLY EXCLUSIVE**

## **OPTION 1 – JOINT VENTURE**

- Joint venture all or a portion of the assets

## **OPTION 2 – SALE OR PARTIAL SALE**

- Sale of all or a portion, of the assets in a similar process to the PHES strategy

## **OPTION 3 - IPO**

- To list the assets on the ASX with a capital raising and in-specie distribution to existing HGO shareholders



***Realising value for shareholders through a pipeline of Cu-Au projects***



Hillgrove has an exciting albeit different future based around Kanmantoo:

- Continued safety as mining of Kanmantoo open pit winds down,
- Three million tonne ore stockpile to be processed over the next 12 months.
- Industry leading rehabilitation generates community goodwill.
- Cash generative stage positions company to return franked dividends,
- Realising future value from our existing assets:
  - Potential \$31 million cashflow from pumped hydro project sale,
  - Exciting exploration phase to unlock further value. Fully owned assets allow timely & cost effective ramp up of a discovery.

