

NOT FOR DISTRIBUTION IN THE UNITED STATES



# HILLGROVE RESOURCES

## KANMANTOO UNDERGROUND

LACHLAN WALLACE ||||| CEO & MANAGING DIRECTOR  
17 DECEMBER 2020





#### **IMPORTANT NOTICES & DISCLAIMER**

This investor presentation (Presentation) has been prepared by Hillgrove Resources Limited (ACN 004 297 116) (Hillgrove or the Company). This Presentation has been prepared in relation to the Company's proposed equity raising, as described in this document (Offer). This Presentation contains summary information about Hillgrove, its subsidiaries and their activities which is current as at the date of this Presentation, unless otherwise indicated. The information in this Presentation is of a general nature and does not purport to be complete, nor does it contain all the information which a prospective investor (whether an existing shareholder of the Company or otherwise) may require in evaluating a possible investment in Hillgrove. This Presentation should be read in conjunction with Hillgrove's other periodic and continuous disclosure announcements which are available at [www.asx.com.au](http://www.asx.com.au).

In accordance with ASX Listing Rule 15.5, Hillgrove confirms that this Presentation has been authorised for release to ASX by the board of directors of Hillgrove (Hillgrove Board).

#### **NOT AN OFFER**

This Presentation, including the information contained in this disclaimer, is not a prospectus or product disclosure statement under the Corporations Act 2001 (Cth) (Corporations Act) or other offering document under Australian law, or any other law. This Presentation does not contain all the information that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. This Presentation has not been lodged with the Australian Securities and Investment Commission (ASIC). This Presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction. This Presentation has been prepared for publication in Australia and may not be distributed in the United States. This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The new ordinary shares in Hillgrove to be issued under the Offer (New Shares) have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (U.S. Securities Act), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, in the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.

The distribution of this Presentation (including an electronic copy) in other jurisdictions outside Australia may be restricted by law and any such restrictions should be observed. Persons who come into possession of this Presentation should observe any such restrictions. Any failure to comply with such restrictions may violate applicable securities laws. See the section titled "Foreign selling restrictions" for more information.

#### **NOT INVESTMENT OR FINANCIAL PRODUCT ADVICE**

This Presentation, and the information provided in it, does not constitute, and is not intended to constitute, investment or financial product advice (nor tax, accounting or legal advice) or any recommendation to acquire New Shares. It does not and will not form any part of any contract for the acquisition of New Shares. This Presentation should not be relied upon as advice to investors or potential investors and has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. Any investment decision should be made based solely upon appropriate due diligence. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. Recipients of this Presentation are advised to consult their own professional advisers. Cooling off rights do not apply to the subscription for or acquisition of New Shares pursuant to the Offer. An investment in any listed company, including Hillgrove, is subject to significant risks of loss of income and capital.

#### **FUTURE PERFORMANCE AND PROJECTED FINANCIAL INFORMATION**

This Presentation contains certain "forward-looking statements". Forward looking statements can often, but not always, be identified by the use of forward looking words such as "forecast", "estimate", "plan", "beyond", "likely", "anticipate", "believe", "expect", "future", "project", "opinion", "opportunity", "predict", "outlook", "guidance", "intend", "should", "could", "may", "target", "propose", "to be", "foresee", "aim", "will" and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements, and may include, without limitation, statements in this Presentation regarding the conduct, size and outcome of the Offer, statements regarding Hillgrove's intent, belief, or expectations, plans, strategies and objectives of management, expected timetables in connection with the Company's projects, future acquisitions, expected costs, capital expenditure or production outputs for Hillgrove (based on among other things, estimates of production for the periods specifically referred to in this Presentation), future demand for copper, the future operation of Hillgrove and the impact and duration of the COVID-19 pandemic. You are strongly cautioned not to place undue reliance on forward-looking statements, including in respect of Hillgrove's financial or operating outlook, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic. Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based. You should not place undue reliance on forward-looking statements and neither Hillgrove nor any of its directors, officers, employees, servants, advisers or agents assumes any obligation to update such information. Any forward-looking statements, as well as any other opinions and estimates, provided in this Presentation are based on assumptions and contingencies which are subject to change without notice and may prove ultimately to be materially incorrect, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings, production estimates, and guidance on industry trends are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve significant elements of subjective judgment, assumptions as to future events that may not be correct, known and unknown risks, uncertainties and other factors, many of which are outside the control of Hillgrove. A number of factors could cause actual results, performance or achievements to vary materially from any forward-looking statements and the assumptions on which those statements are based, including but not limited to the risk factors set out in this Presentation. Except as required by applicable law or regulation, Hillgrove undertakes no obligation to provide any additional or updated information or update any forward-looking statements, whether as a result of new information, future events or results or otherwise. Nothing in this Presentation will, under any circumstances (including by reason of this Presentation remaining available and not being superseded or replaced by any other presentation or publication with respect to Hillgrove or the subject matter of this Presentation), create an implication that there has been no change in the affairs of Hillgrove since the date of this Presentation. Neither Hillgrove, nor any of its directors, officers, employees, servants, advisers or agents makes any warranty as to the accuracy of any forward-looking statements in this Presentation.

#### **PAST PERFORMANCE**

Prospective investors should note that past performance metrics and figures (including any data about past share price performance of Hillgrove) in this Presentation are given for illustrative purposes only and cannot be relied upon as an indicator of (and provide no guidance as to) future performance of Hillgrove, including future share price performance. Any such historical information is not represented as being, and is not, indicative of Hillgrove's views on its future financial condition and/or performance.

#### **INVESTMENT RISK**

An investment in New Shares is subject to known and unknown risks, a number of which are beyond the control of Hillgrove. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of shares in Hillgrove (including the New Shares) in the future. Hillgrove does not guarantee any particular rate of return or the performance of Hillgrove nor does it guarantee the repayment of capital from Hillgrove or any particular tax treatment. There is no representation made that dividends may be paid on New Shares or that there will be an increase in the value of New Shares in the future. Prospective investors should have regard to the risk factors outlined in this Presentation when making any investment decision, should make their own enquiries and investigations regarding all information in this Presentation, including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of Hillgrove and the impact that different future outcomes may have on Hillgrove, and seek independent advice from their professional advisers.

#### **EFFECT OF ROUNDING**

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. The actual calculation of these figures may differ from the figures set out in this Presentation.

#### **FINANCIAL DATA**

All dollar values are in Australian dollars (A\$) unless stated otherwise.





#### **RELIANCE ON THIRD PARTY INFORMATION**

The information and views expressed in this Presentation were prepared by Hillgrove and contain information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the fairness, accuracy, correctness, completeness, adequacy or reliability of the information. No responsibility or liability is accepted by Hillgrove, its directors, officers, employees, servants, advisers or agents for any errors, misstatements in or omissions from this Presentation. You should make your own assessment in considering an investment in Hillgrove and should not rely on this Presentation. In all cases, you should conduct your own investigations and analysis of the financial condition, assets and liabilities, financial position and performance, profits and losses, prospects and business affairs of Hillgrove and its business, and the contents of this Presentation.

#### **DISCLAIMER**

No party other than Hillgrove has authorised or caused the issue, lodgement, submission, dispatch or provision of this Presentation, or takes any responsibility for, or makes or purports to make any statements, representations or undertakings in this Presentation. None of Hillgrove's advisers, or Taylor Collision Limited ABN 53 008 172 450 (as lead manager of the Offer, the Lead Manager), or any of their respective affiliates, related bodies corporate, directors, officers, partners, employees, servants, advisers and agents (each a Limited Party), have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and none of them makes or purports to make any statement in this Presentation which is based on any statement by any of them. The Limited Parties do not make any recommendation as to whether a potential investor should participate in the Offer, and no Limited Party makes any representation, assurance or guarantee in connection with the repayment of capital or any particular rate of income or capital return on an investment in Hillgrove. No Limited Party accepts any fiduciary obligations owed to, or fiduciary relationship with, any investor or potential investor in connection with the Offer, and by participating in the Offer, each investor expressly disclaims any fiduciary relationship and agrees that it was and is responsible for making its own independent judgments with respect to the Offer and any other transaction or other matter arising in connection with this Presentation. To the maximum extent permitted by law, Hillgrove, its, affiliates and related bodies corporate, and their directors, officers, partners, employees, servants, advisers and agents, and each Limited Party (together, the Hillgrove Parties) make no representation or warranty (express or implied) as to the accuracy, reliability, currency or completeness of this Presentation. To the maximum extent permitted by law, the Hillgrove Parties exclude and disclaim all liability for any statements, opinions, information or matters (express or implied) arising out of, or contained in or derived from this Presentation, or for any omissions from this Presentation, including without limitation for negligence or for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer and the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. Statements made in this Presentation are made only as at the date of this Presentation. The information in this Presentation remains subject to change without notice. Hillgrove is under no obligation to correct, update or otherwise revise this Presentation. Investors acknowledge and agree that determination of eligibility of investors for the purposes of the institutional or retail components of the Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Company and/or the lead manager, and each of the Company and the Lead Manager and each of their respective affiliates, related bodies corporate, directors, officers, partners, employees, servants, advisers and agents disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law. The Lead Manager may rely on information provided by or on behalf of institutional investors in connection with managing and conducting the Offer without having independently verified that information and the Lead Manager does not assume responsibility for the accuracy or completeness of that information. Investors acknowledge and agree that allocations under the Placement are at the sole discretion of the Lead Manager and Hillgrove. To the maximum extent permitted by law, the Lead Manager and Hillgrove disclaim any duty or liability (including for negligence) in respect of the exercise of that discretion. Hillgrove reserves the right to vary the timetable for the Offer (with the consent of the Lead Manager) including by closing the Placement or the Placement bookbuild early or extending the Placement bookbuild closing time (generally or for particular investors), without recourse to them or notice to any other investor. Moreover, communications that the Placement or Placement bookbuild is "covered" are not an assurance that the Placement will be fully distributed or that all those who have applied to participate in the Placement will receive an allocation of New Shares.

#### **ACKNOWLEDGEMENT AND AGREEMENT**

By accepting, accessing or reviewing this Presentation, potential investors and all other recipients acknowledge and agree to the terms set out in this "Disclaimer" section of this Presentation.

No representation or warranty is or will be made by any person (including Hillgrove Resources Limited ACN 004 297 116 ("Hillgrove", "HGO", or the "Company") and its officers, directors, employees, advisers and agents) in relation to the accuracy or completeness of all or part of this document (the "Document"), or the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in, or implied by, this Document or any part of it. This Document includes information derived from third party sources that has not been independently verified.

This Document contains certain forward-looking statements with respect to the financial condition, results of operations and business of Hillgrove and certain plans and objectives of the management of Hillgrove. Forward-looking statements can generally be identified by the use of words such as 'project', 'foresee', 'plan', 'expect', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions. Indications of, and guidance on, production targets, targeted output, mine development or timelines, exploration or expansion timelines, infrastructure alternatives and financial position and performance are also forward-looking statements. Any forecast or other forward-looking statement contained in this Document involves known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Hillgrove, and may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

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.

This Document is provided for informational purposes only and is subject to change without notice. Subject to any obligations under applicable laws, regulations or securities exchange listing rules, Hillgrove disclaims any obligation or undertaking to release any updates or revisions to this Document to reflect any change in expectations or assumptions. Nothing in this Document should be interpreted to mean that future earnings per share of Hillgrove will necessarily match or exceed its historical published earnings per share, or that there has been no change in the affairs of Hillgrove since the date of this Document. Nothing contained in this Document constitutes investment, legal, tax or other advice. The information in this Document does not take into account the investment objectives, financial situation or particular needs of any recipient. Before making an investment decision, each recipient of this Document should make its own assessment and take independent professional advice in relation to this Document and any action taken on the basis of this Document.

#### **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**

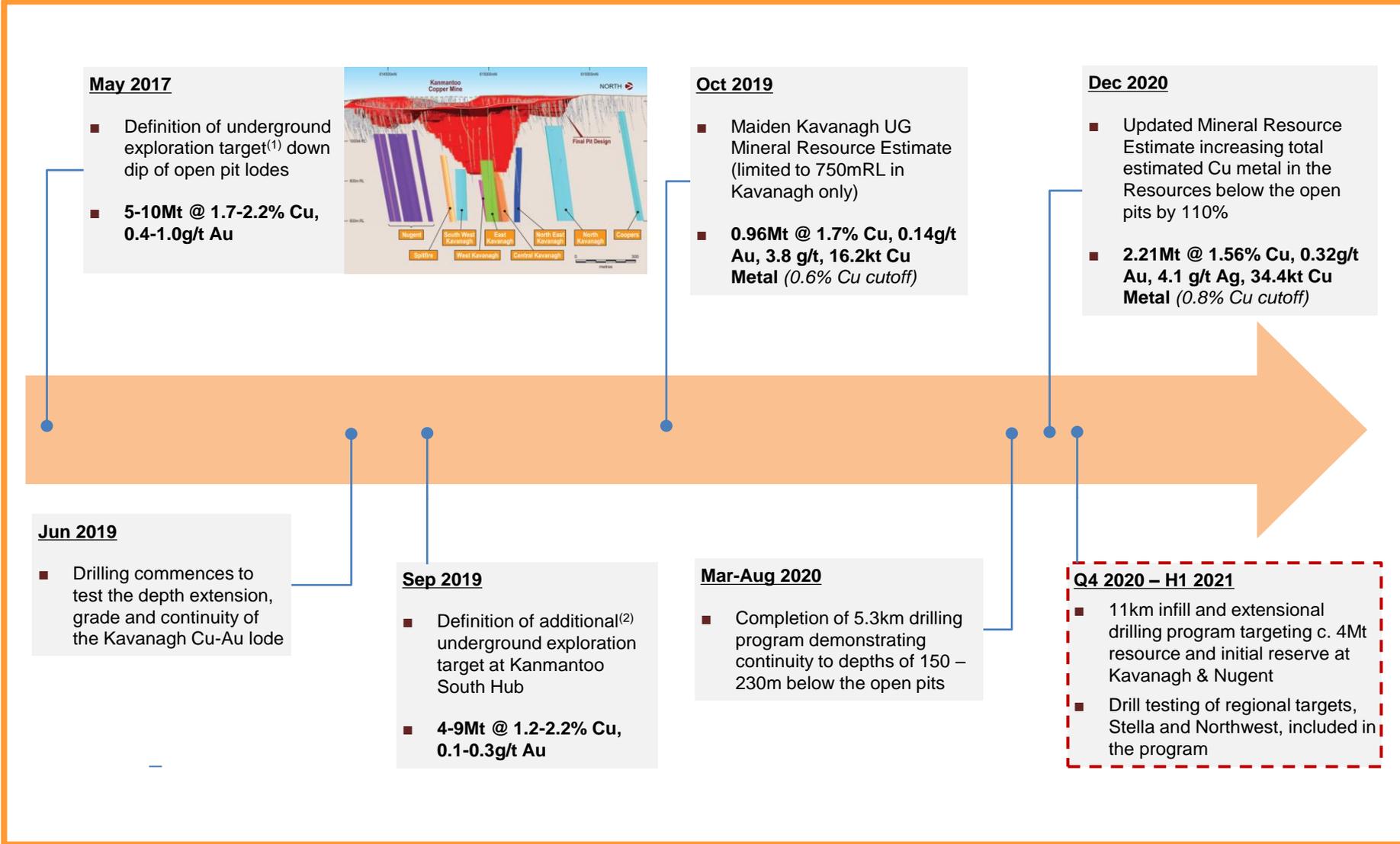
This announcement is authorised for market release by Hillgrove Resources' Managing Director and CEO, Lachlan Wallace.



- ✓ Brownfields underground project with low risk staged development plan
- ✓ All key infrastructure in place and maintained for ready restart
- ✓ Short timeline to production restart
- ✓ Near mine exploration upside to extend resource base
- ✓ Fully permitted and strong stakeholder support in a tier 1 jurisdiction
- ✓ Highly leveraged to current and forecast strength in copper
- ✓ \$112m of carried forward tax losses and \$17.5m of franking credits
- ✓ Pumped hydro maintained as an alternative to mitigate closure risk

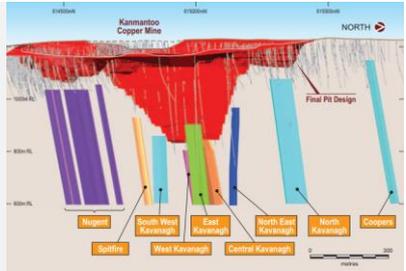
- 100% owned by Hillgrove Resources (**HGO**)
- Open pit mining from 2011-19 produced 137kt Cu
- 55km from Adelaide; local workforce
- Processing plant on C&M
- Fully operational TSF with additional capacity
- 360m deep open pit provides ready access to underground lodes
- All regulatory and community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





**May 2017**

- Definition of underground exploration target<sup>(1)</sup> down dip of open pit lodes
- **5-10Mt @ 1.7-2.2% Cu, 0.4-1.0g/t Au**



**Oct 2019**

- Maiden Kavanagh UG Mineral Resource Estimate (limited to 750mRL in Kavanagh only)
- **0.96Mt @ 1.7% Cu, 0.14g/t Au, 3.8 g/t, 16.2kt Cu Metal (0.6% Cu cutoff)**

**Dec 2020**

- Updated Mineral Resource Estimate increasing total estimated Cu metal in the Resources below the open pits by 110%
- **2.21Mt @ 1.56% Cu, 0.32g/t Au, 4.1 g/t Ag, 34.4kt Cu Metal (0.8% Cu cutoff)**

**Jun 2019**

- Drilling commences to test the depth extension, grade and continuity of the Kavanagh Cu-Au lode

**Sep 2019**

- Definition of additional<sup>(2)</sup> underground exploration target at Kanmantoo South Hub
- **4-9Mt @ 1.2-2.2% Cu, 0.1-0.3g/t Au**

**Mar-Aug 2020**

- Completion of 5.3km drilling program demonstrating continuity to depths of 150 – 230m below the open pits

**Q4 2020 – H1 2021**

- 11km infill and extensional drilling program targeting c. 4Mt resource and initial reserve at Kavanagh & Nugent
- Drill testing of regional targets, Stella and Northwest, included in the program

Note (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 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.

Note (2): South Hub exploration target includes the Nugent exploration target that was included in the May 2017 announcement (0.8 – 2.0Mt)



- The 2020 drilling program (now complete) confirmed that the key Cu-Au lodes of Kavanagh, West Kavanagh and Nugent extend at least 230-150m below the extent of the respective pits with grade and width to support an evaluation of underground mining
- The drilling completed in August 2020 clearly demonstrates that the mineralisation extends to these levels and is open at depth and along strike
- The 2020 drilling program more than doubled the 2019 Underground Mineral Resource Estimate to over 2.2Mt

JORC 2012 Classification	Tonnage (kt)	Cu (%)	Au (g/t)	Ag (g/t)	Cu Metal (kt)
Indicated	890	1.77	0.27	4.9	15.8
Inferred	1,318	1.4	0.4	3.5	19
<b>Total</b>	<b>2,208</b>	<b>1.56</b>	<b>0.32</b>	<b>4.1</b>	<b>34.4</b>

(Copper Cut Off Grade is 0.80% Cu. Due to appropriate rounding, numbers may not sum)

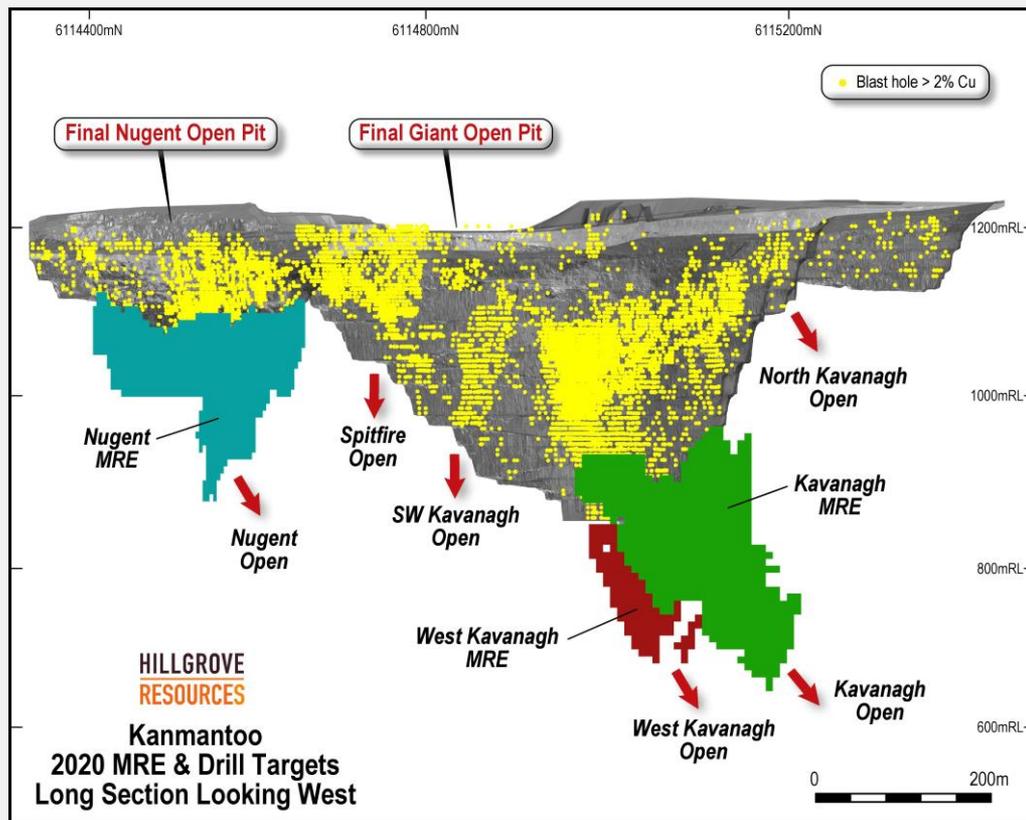
- Key intersections (all drill programs):

**Kavanagh**

- 33m @ 2.06% Cu, 0.24 g/t Au (KTDD029 from 280m)
- 20m @ 2.07% Cu, 0.67 g/t Au (KTDD190\_W2 from 490m)
- 21m @ 2.01% Cu, 0.42 g/t Au (KTDD197 from 326.6m)
- 12m @ 2.8% Cu, 0.7 g/t Au (KTDD071 from 479m)

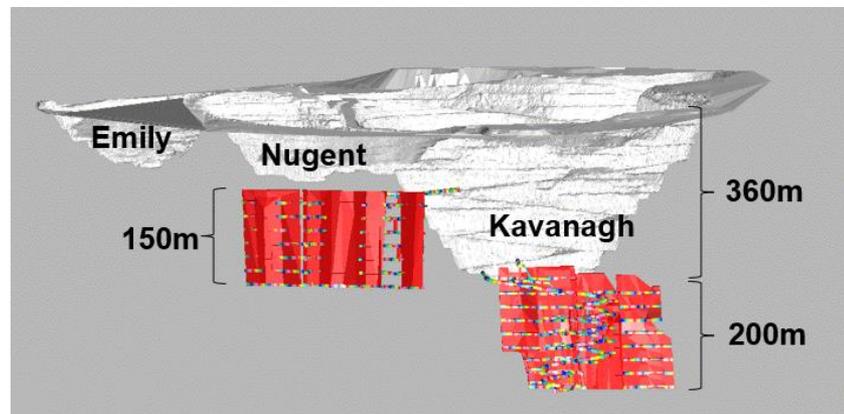
**Nugent**

- 12m @ 2.2% Cu, 7.9 g/t Au (KTDD141 from 64m)
- 11m @ 1.84% Cu, 0.46 g/t Au (KTRC762 from 142m)
- 6m @ 1.13% Cu, 1.86 g/t Au (KTDD194 from 281m)



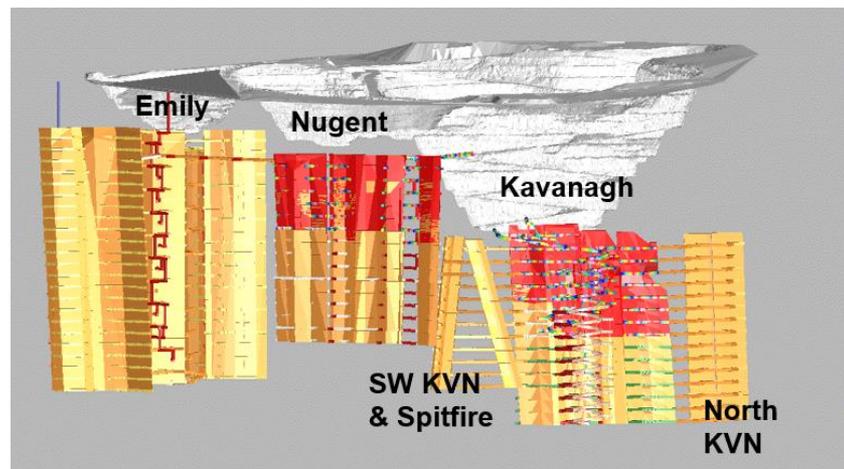
**Initial reserve at Kavanagh and Nugent:**

- Funding required for 11.4km expansion and infill drill program at Nugent and Kavanagh and to test near mine targets including Stella and Northwest
- Funds allow definition of an initial 3-4 year underground reserve at Kavanagh and Nugent with clear visibility to extend through drill-out of additional resources / targets
- Provides option for a low capex, fast restart that would generate substantial cash at current prices and de-risk further development



**Target mine life extension at depth, new lodges:**

- Follow-on program would involve building out resources and reserves through depth extensions and proximal lodges which were mined from the open pit such as North Kavanagh, SW Kavanagh, Spitfire, and Emily and near mine targets
- Target conversion of a significant portion of the on-lease underground exploration target of c. 8.0 – 17Mt<sup>(1)</sup> which could sustain >8 year mine life
- Drill out near mine targets Stella, NW and Mullewa within trucking distance (5km) to add potential upside to mine life

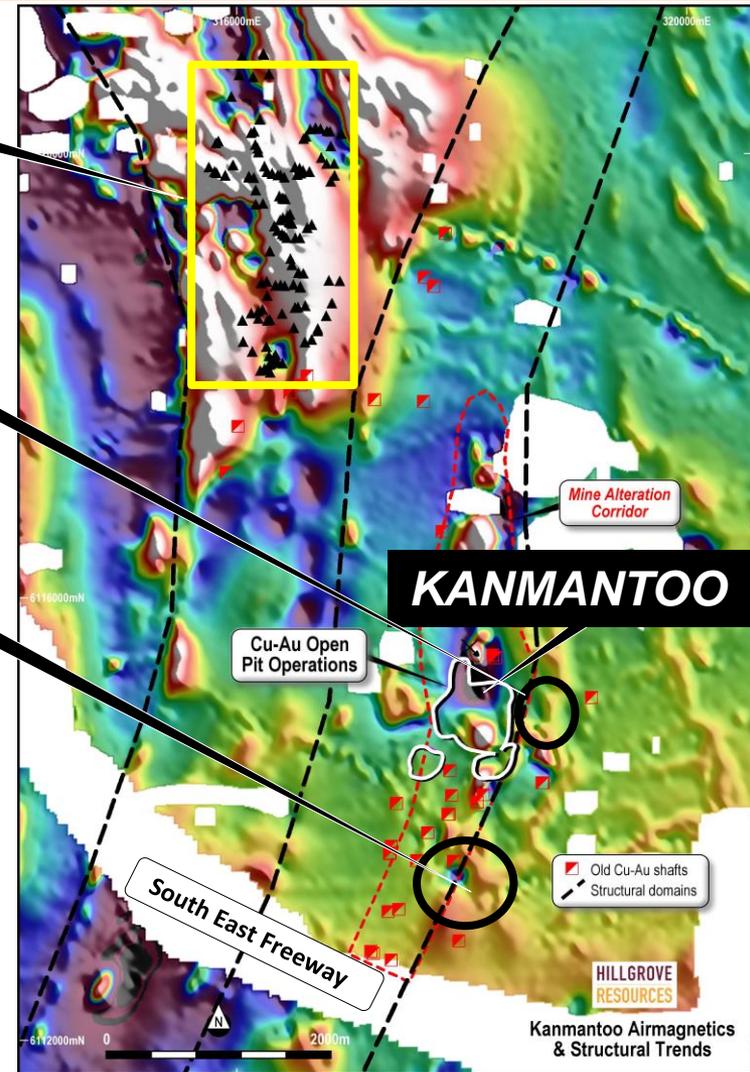


North West; Copper soil anomaly is 2.3kms long; Rock chips have identified zones with high gold and copper

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***



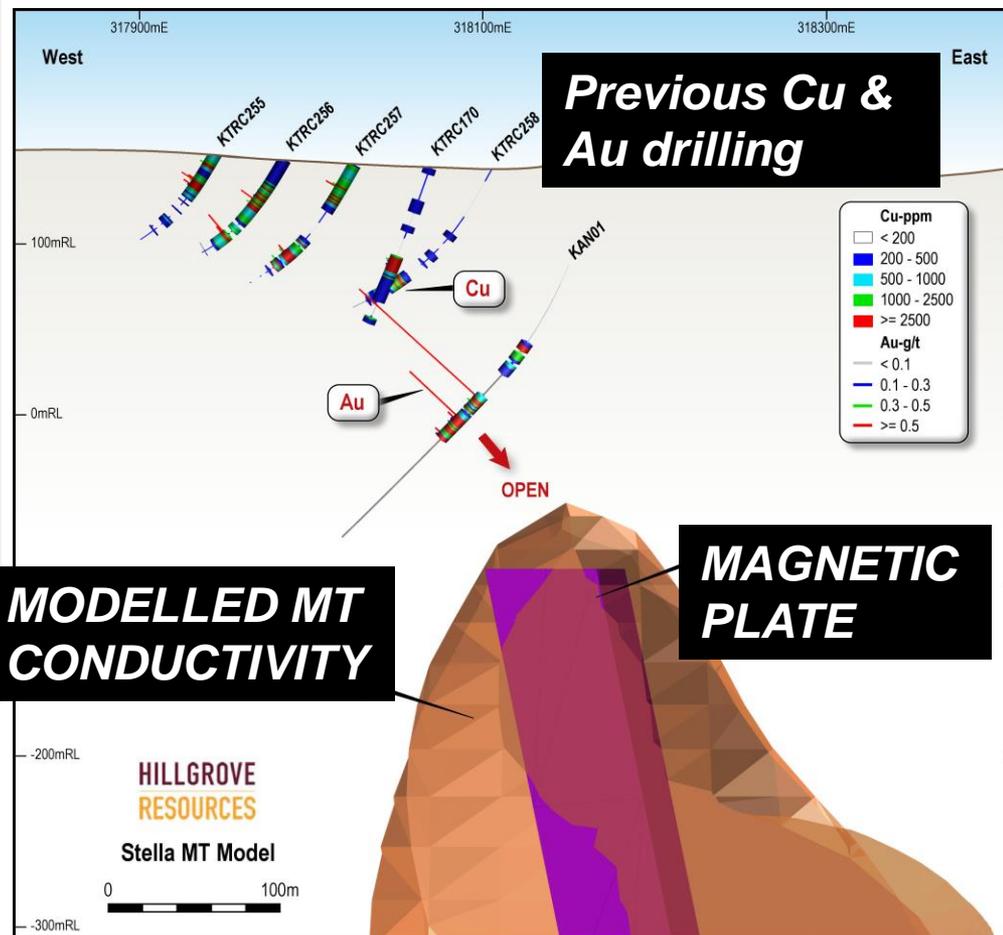
MT survey suggests a significant conductive zone which presents a new large target for exploration

A large geochemical and geophysical signature with coincident:

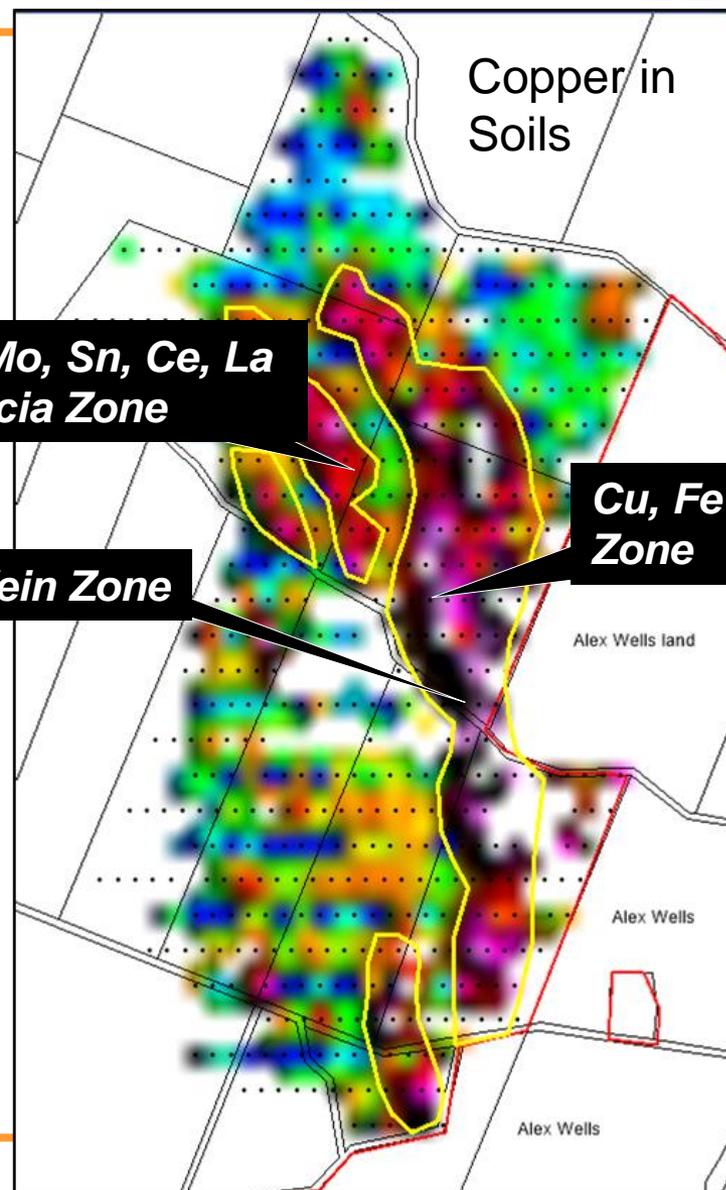
- MT Conductivity
- Magnetic RTP High
- Gravity Low
- Geochem Cu, Pb, As, Au

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***



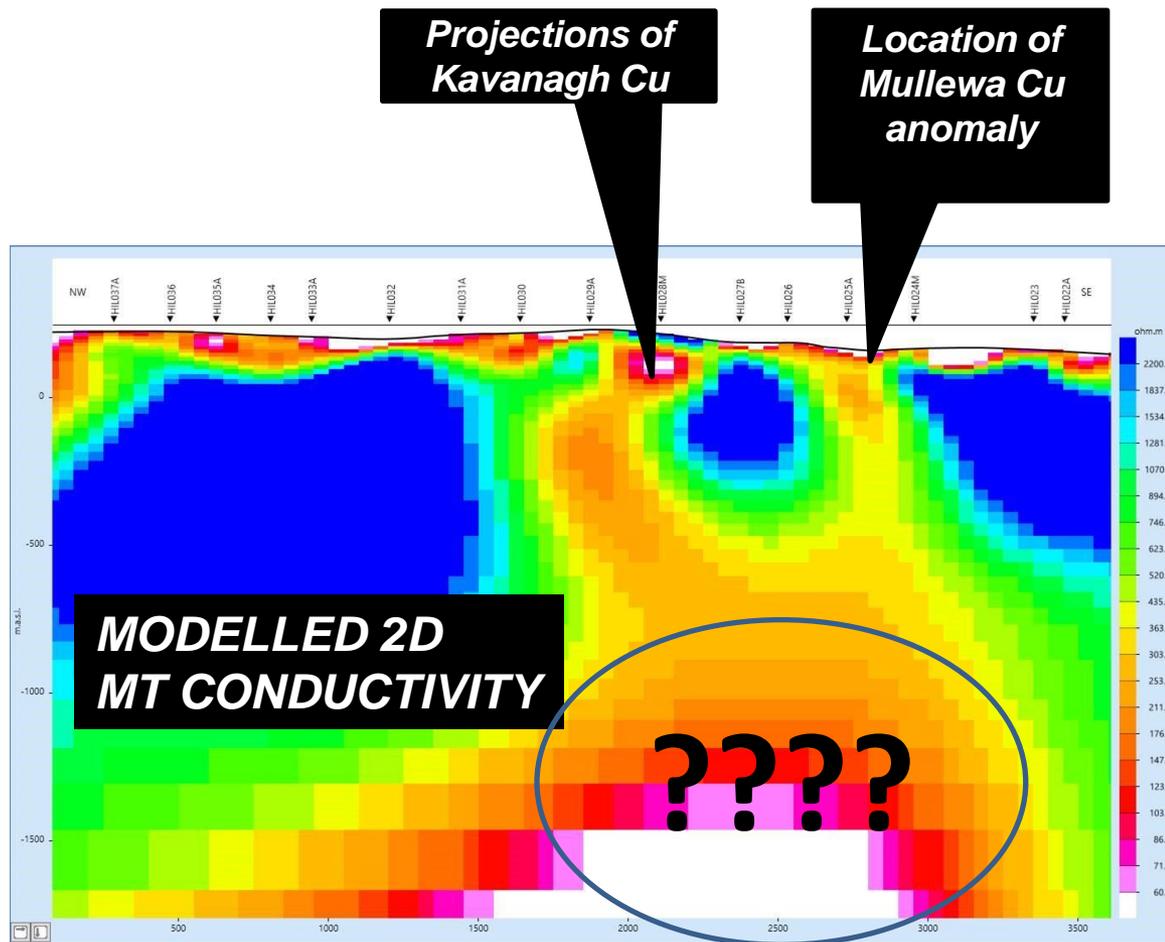
- Copper soil anomaly is 2.3kms long and coincident with large air-magnetic anomaly.
- Rock chips have identified zones with high gold and copper.
- Regionally located at major tectonic dilation zone with new granites, albitites, monzonites now mapped
- Strong magmatic association with elevated Mo, Bi, Co, Sn, U, Ce, La in rock chips:
  - Ce > 2000ppm, Fe to 40%, La > 1000.
- <5km from Kanmantoo processing plant



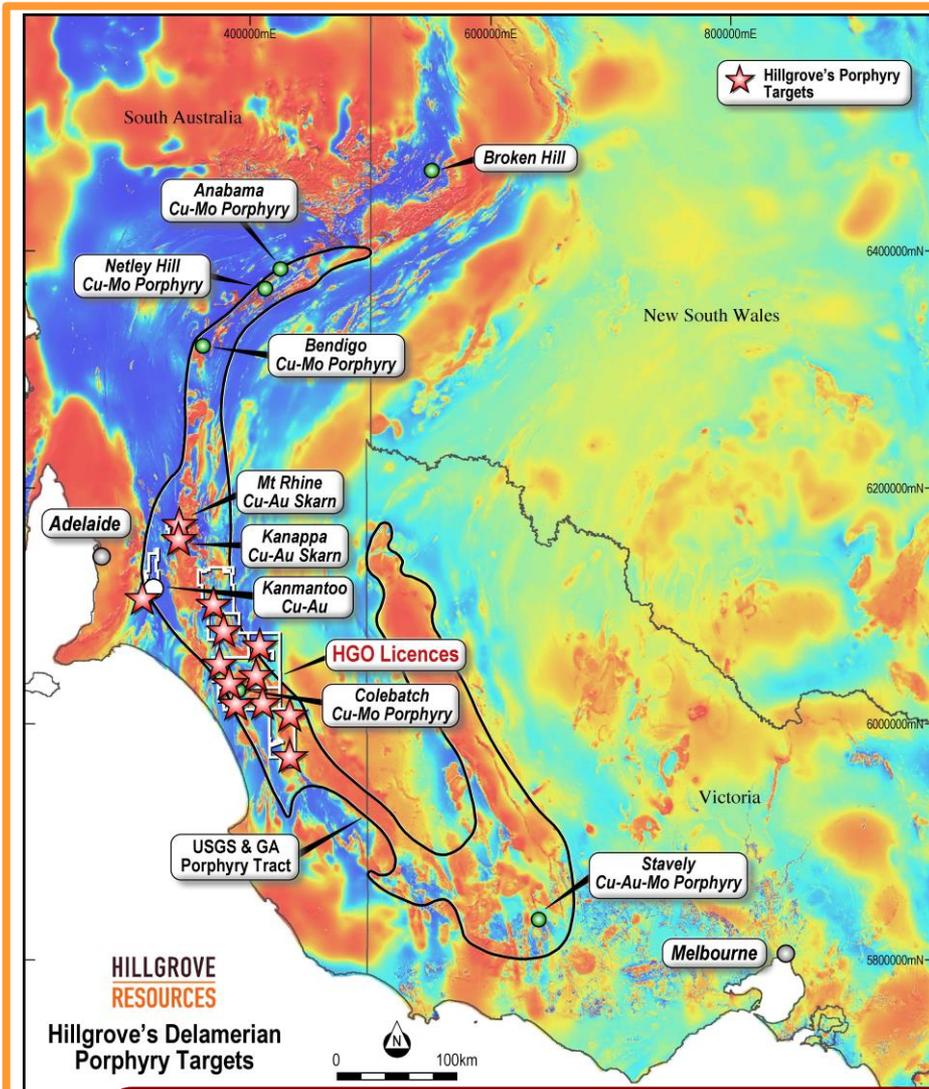
MT survey suggests a significant conductive zone which presents a new large target for exploration

A large geochemical and geophysical signature with coincident:

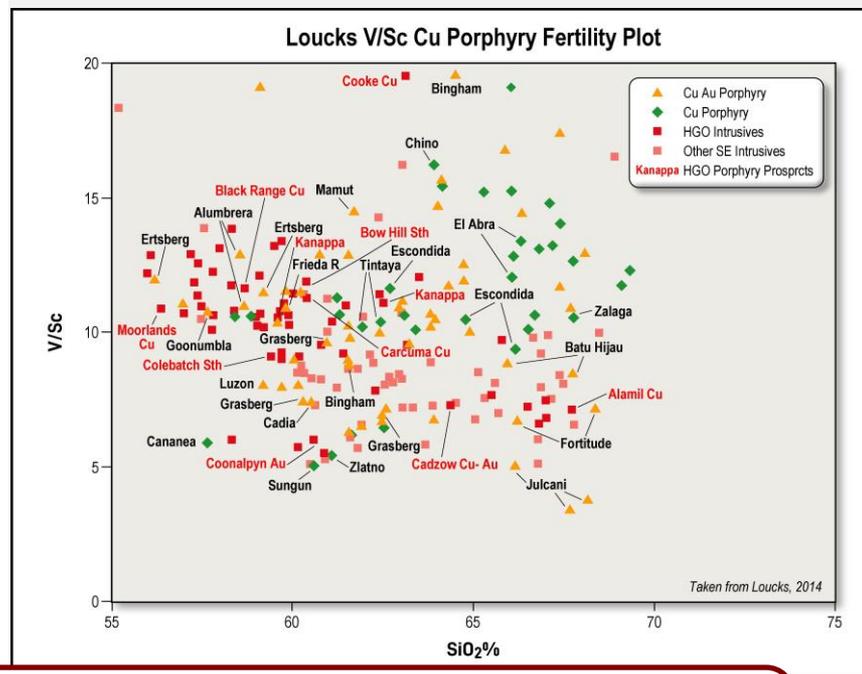
- MT Conductivity
- Magnetic RTP High
- Geochem Cu, Ce



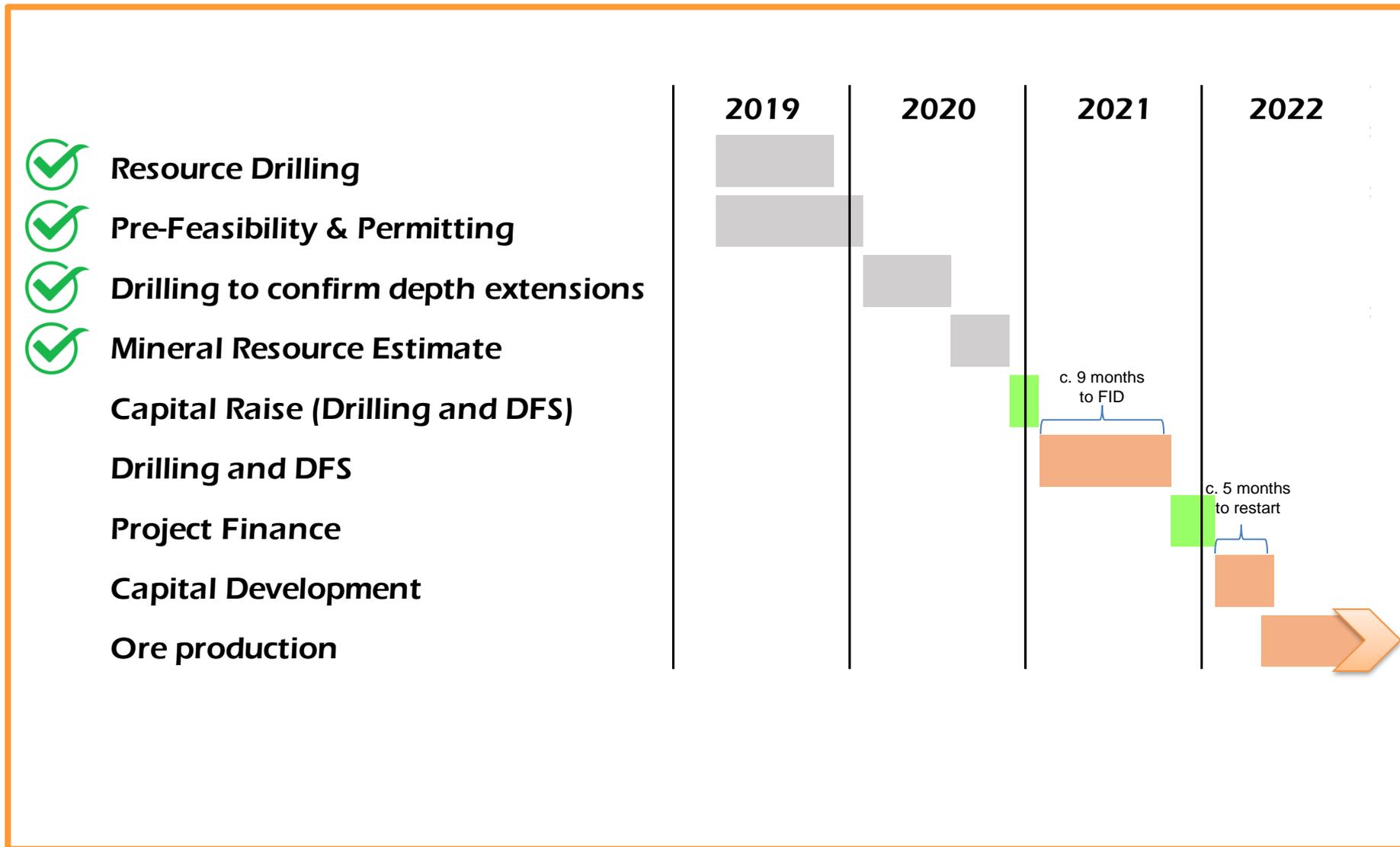
***Significant conductive zone presents a large exploration target***



- In parallel with the underground and near mine development opportunities, HGO continues to undertake low cost exploration across 5,652km<sup>2</sup> 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**



**Capital Raise to drill near mine targets, expand UG resource and reach FID**

Sources (to Oct-21)		Uses (to Oct-21)	
Item	Amount (\$M)	Item	Amount (\$M)
Current Net Cash	\$3.3	Restricted Cash	\$1.8
Placement	\$8.1	Drilling & Studies: 1. Expand UG Resource and complete DFS 2. Drill test depth extensions	\$5.0
Non underwritten entitlement issue <sup>(2)</sup>	\$0.6 - \$2.8	C&M & Site Optionality <sup>(1)</sup>	\$2.7
Capital Raising Costs	(\$0.4)	Corporate	\$1.3
		Residual Cash <sup>(2)</sup>	\$0.8 - \$3.0
<b>TOTAL SOURCES</b>	<b>\$11.6 - \$13.8</b>	<b>TOTAL USES</b>	<b>\$11.6 - \$13.8</b>

***Funding is required to complete drilling and studies to estimate an initial Reserve / reach final investment decision (FID) on a low capex underground restart by H2 2021***

15 Note (1): Processing infrastructure and TSF being maintained for quick restart. 83% of costs between electricity, rehabilitation, equipment hire and salaries  
 Note (2): Range based on take up of entitlement issue noting pre-commitments have been received for \$0.4m





**Proposed structure:**

- Quantum: \$8.7m - \$10.9m (gross)
- Sources:
  - \$8.1m two tranche placement to institutional & sophisticated investors at \$0.031 per share
  - 1 for 6.5 non underwritten non-renounceable rights issue to raise up to approximately \$2.8m at \$0.031 per share of which pre-commitments received for \$0.6m
- Commitments to subscribe for placement and entitlements from major shareholders
- Target close of tranche 1 of placement in December and tranche 2 of placement and rights issue in early February

**Indicative Timetable<sup>1</sup>**

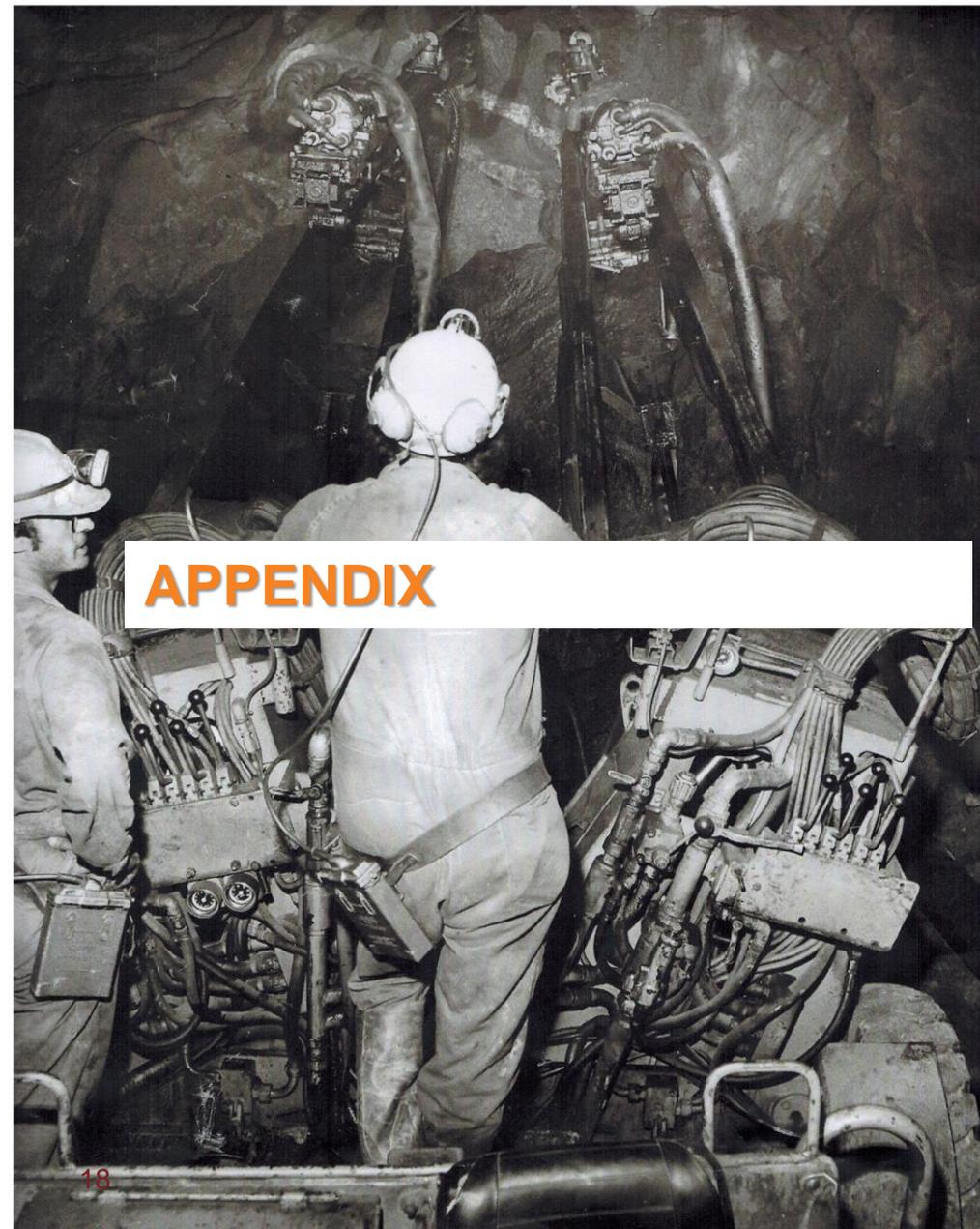
Trading halt	Tuesday, 15 December
Announcement of Placement and Rights Issue	Thursday, 17 December
Ex-date	Tuesday, 22 December
Record date for determining entitlements	Wednesday, 23 December
Settlement of Placement (T1)	Thursday, 24 December
Issue of T1 Placement shares	Tuesday, 29 December
Despatch of Offer Booklet; Entitlement Offer opens	Wednesday, 30 December
EGM for approval to issue T2 Placement Shares	Friday, 5 February
Entitlement Offer closes	Monday, 8 February
Settlement of Placement (T2)	Thursday, 11 February
Results of Entitlement Offer announced to ASX	Thursday, 11 February

Note (1): Subject to potential change



- Underground development opportunity on mining lease at Kanmantoo which benefits from very low capital intensity due to existing infrastructure.
- Well advanced project: completed permitting, initial resource definition drilling, and mining contractor tender.
- Funding required to prove up a 3-4 year reserve at Kavanagh and Nugent with strong potential to extend mine life through lode and depth extensions and near mine satellite opportunities.
- Continue to explore exciting opportunities in the broader region with particular focus on porphyry signatures within Hillgrove's 5,652km<sup>2</sup> exploration tenements in south-east SA.
- Carried forward tax losses and franking credits.
- Maintain optionality for pumped hydro project at Kanmantoo which provides a value accretive alternative to development.





**APPENDIX**

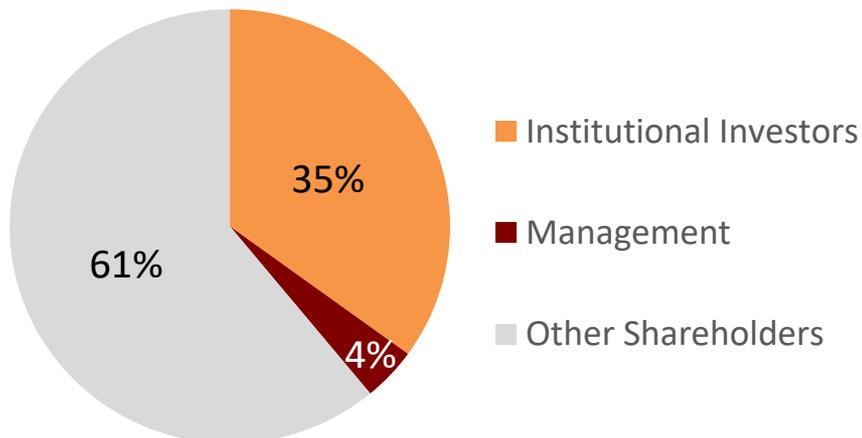




## Market Statistics

Share Price <sup>(1)</sup>	A\$/p.s	0.0355
Shares on Issue	M	585.6
Market Capitalisation	A\$M	21
Enterprise Value <sup>(2)</sup>	A\$M	17
Liquidity - 12 Months	%	8%

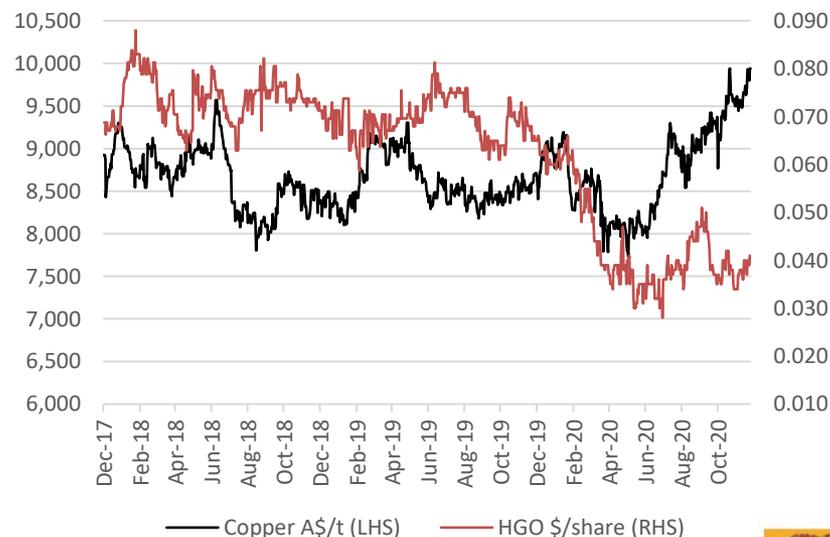
## Shareholders



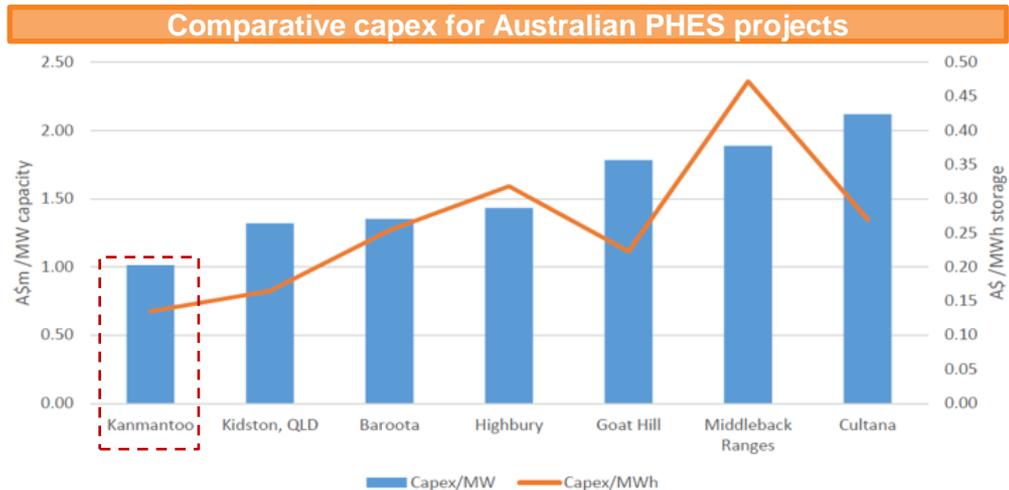
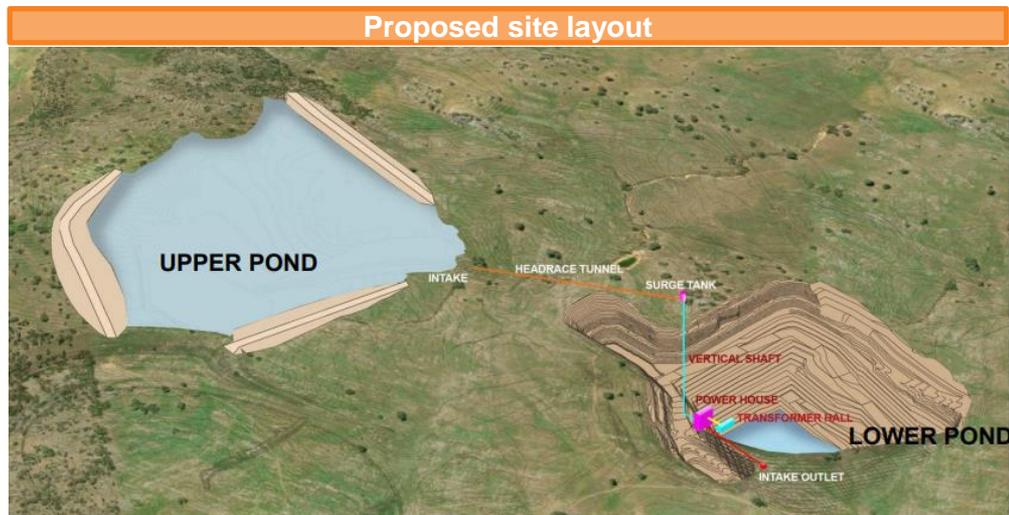
## Investment Opportunity

- ✓ *Advanced, fully permitted UG mining project with infrastructure in place to quickly convert for low capex and realise value of rising prices*
- ✓ *Exciting growth pipeline throughout SA*
- ✓ *Undervalued due to lack of funding certainty*

## Share Price – 3 years



- In April 2019, HGO sold the rights to AGL to develop, own and operate the Kanmantoo Pumped Hydro Energy Storage Facility (“PHES”) for A\$31m in staged development payments
- Despite the significant potential of the PHES it was agreed to mutually terminate the agreement with AGL in February 2020. This enabled HGO to focus on a larger scale UG development
- HGO continue to field approaches to advance the PHES and it remains a viable and value accretive use of the site at the end of mining
- The underground project does not impact the viability or value of the PHES, however the two projects cannot run concurrently
- The key features of the PHES that continue to attract developers include:
  - Low capital cost at ~\$1m/MW and <\$160/kWh
  - Fast to market given extensive knowledge (environmental, geotechnical, geology, hydrogeology) and infrastructure
  - Proximity to grid
  - Established social licence to operate
  - 100% owned freehold land with room to establish 40MW solar facility
  - Spot market arbitrage and FCAS opportunities



Source: Public information

***Continue to receive interest to develop PHES after mining***

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>

- 25 May 2017 Kanmantoo Underground Copper Mine Growth Opportunity.
- 21 Mar 2018 Kanmantoo Pumped Hydro, Pumped Hydro Energy Storage Conference
- 20 Jun 2019 Drilling of Kanmantoo Cu-Au Deeps to Commence
- 27 Sep 2019 Kanmantoo South Hub Cu-Au Growth Opportunity
- 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
- 21 Feb 2020 Termination of PHES Project Agreement with AGL
- 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



1. An Exploration Target was reported to the ASX on 25 May 2017 (*Kanmantoo Underground Copper Mine Growth Opportunity*).
2. The South Hub Exploration Target was reported to the ASX on 27 Sep 2019 (*Kanmantoo South Hub Cu-Au Growth Opportunity*). This Exploration Target includes the previously announced Nugent Exploration Target (NET). The NET herein replaces that previously reported on 25 May 2017. In this review the NET has been extended to the southwest and only projected to 900mRL.
3. The South Hub Exploration Target is in addition to the previously announced Kavanagh Exploration Targets under the Giant Pit. This presentation reports an underground exploration target of c. 8-17 Mt. This is the sum of the Exploration Targets reported on 25 May 2017 and 27 Sep 2019 with the Nugent Exploration Target removed from the 25 May 2017 Exploration Target.

#### Exploration Target (25 May 2017)

	Tonnage Range (Mt)	Grade Range Cu%	Grade Range Au g/t
Coopers	0.1-0.3	0.4-0.8	1.8-2.5
North Kavanagh	0.1-0.7	0.4-0.8	1.8-2.5
North East Zone	0.4-0.7	0.4-0.8	2.2-3.0
East Kavanagh	0.4-0.8	0.05-0.2	2.0-2.6
Central Kavanagh	1.2-2.2	0.1-0.4	1.6-2.2
West Kavanagh	0.8-1.6	0.01-0.05	2.0-2.5
South West Kavanagh	0.8-1.0	0.1-0.4	1.8-2.4
Spitfire	0.4-0.7	1.5-3.0	2.5-4.0
Nugent	0.8-2.0	1.5-2.5	2.5-3.5
<b>Totals</b>	<b>5-10</b>	<b>0.4-1.0</b>	<b>2.0-2.8</b>

#### South Hub Exploration Target (27 Sep 2019)

	Tonnage Range (Mt)	Grade Range Cu%	Grade Range Au g/t
Nugent	1.5-2.5	1.3-2.2	0.2-0.6
Paringa	0.5-1.5	1.1-2.2	0.1-0.2
Emily Star	2.0-4.5	1.2-2.2	0.1-0.3
<b>Totals</b>	<b>4-9</b>	<b>1.2-2.2</b>	<b>0.1-0.3</b>



### 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.

### COVID-19 RISKS

Hillgrove has observed that in response to COVID-19, governments globally have imposed restrictions on the movement of citizens and limited non-essential services and activities. Governments around the world have also recommended or enforced restrictions on both domestic and international travel in order to slow the spread of COVID-19. Given the ongoing uncertainty surrounding COVID-19 restrictions, it is not currently possible to assess the full impact of COVID-19 on Hillgrove's business. However, a prolonged financial reduction may impact on the commodity price and the availability of labour or other costs associated with Hillgrove's business. These effects may be felt both domestically and internationally, for an unspecified duration. A number of aspects of Hillgrove's business may also be directly or indirectly impacted by government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and interstate travel restrictions associated with COVID-19.

### 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.

### 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.

### 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.

**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

