HILLGROVE RESOURCES

A PROUD SOUTH AUSTRALIAN COMPANY

LACHLAN WALLACE IIIII GENERAL MANAGER

11 DECEMBER 2015



SOUTH AUSTRALIA

HILLGROVE RESOURCES

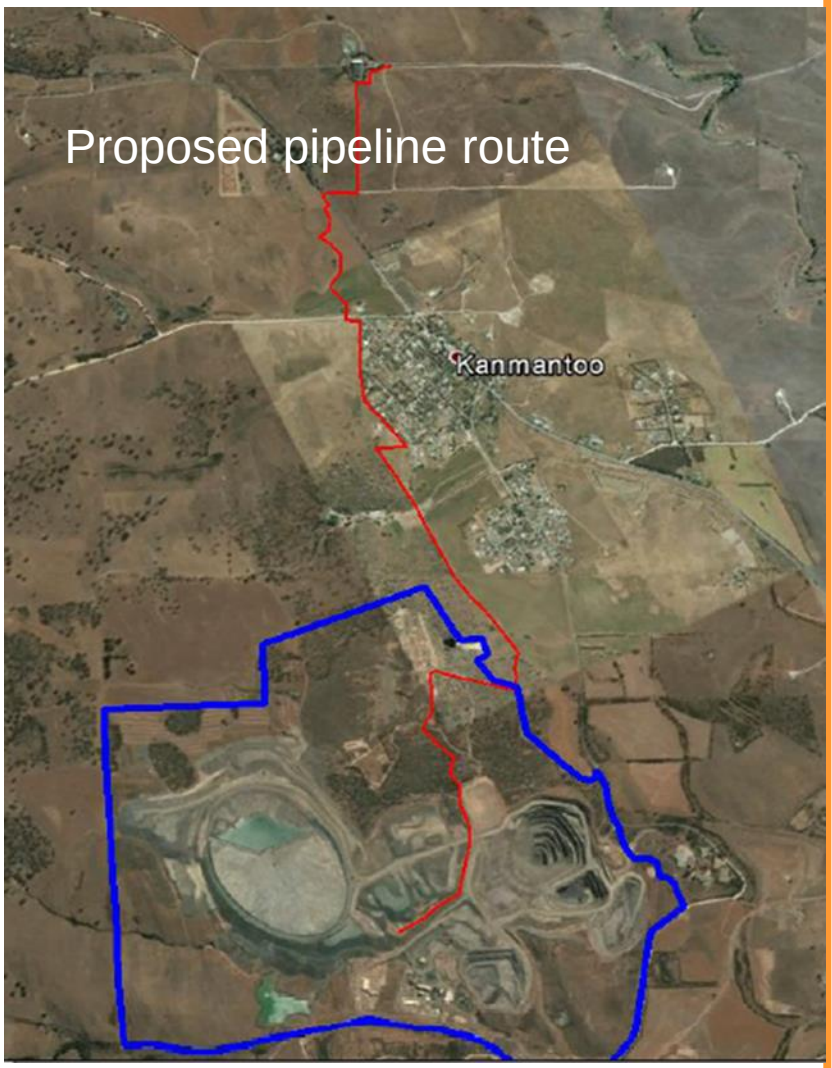
SOUTH AUSTRALIAN GOVERNMENT PARTNERSHIP



HILLGROVE RESOURCES

SOUTH AUSTRALIAN GOVERNMENT PARTNERSHIP

- SA Government Copper Strategy to be commended
- Collaborative approach - opportunities and challenges
- Corporate office and functions moved from NSW to SA
- Water pipeline - best practice community engagement
- Exploration potential to be tested
- Major asset(s) in SA to be developed to full potential
- Enhance capability - from exploration through to sale



HILLGROVE RESOURCES

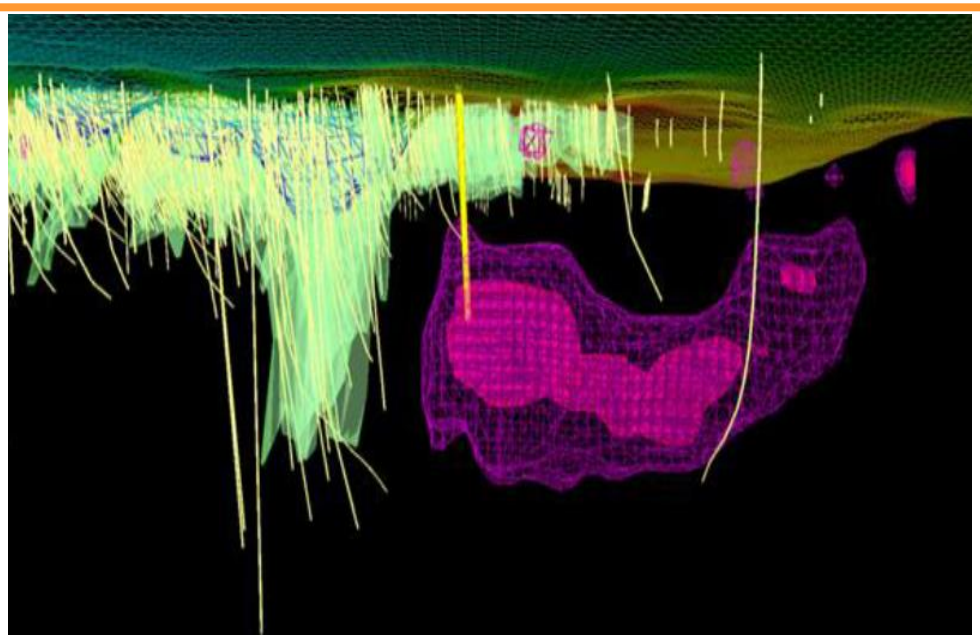
COPPER MINE DEVELOPMENT SUCCESS FACTORS

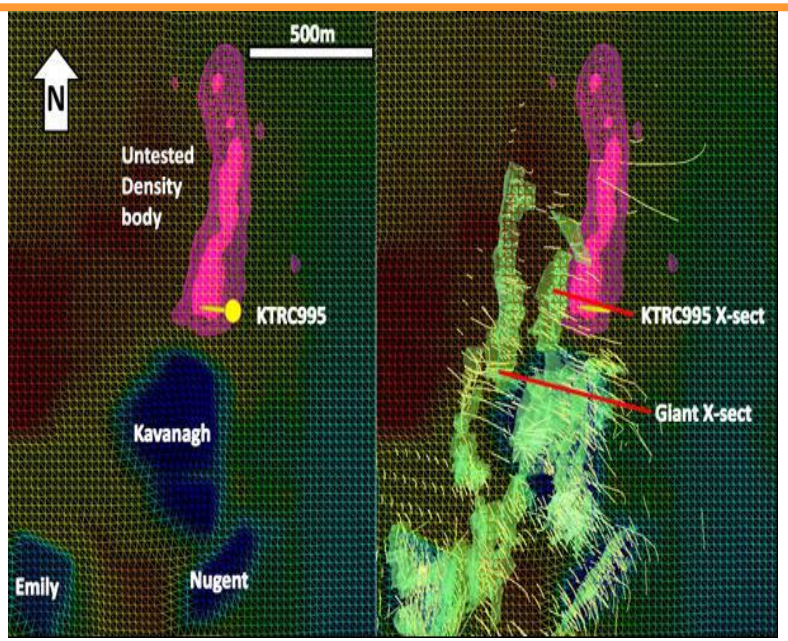
Find, Assess, Develop, Operate, Community & Closure



SUCCESS FACTORS

FIND - EXPLORATION





- 28 metres @ 0.61% Cu, 0.14g/t Au and 2.6g/t Ag within a broader mineralised zone of 39 metres @ 0.47% Cu, 0.11g/t Au and 2.1g/t Ag
- Included within the 28 metre intersection are:
  - a higher grade zone of 10 metres @ 0.88% Cu, 0.18g/t Au and 3.2 g/t Ag; and a peak one metre interval of 2.86% Cu, 0.8g/t Au and 9.4 g/t Ag.
- Downhole geophysics in October returned positive results

SUCCESS FACTORS

FIND - INDONESIA

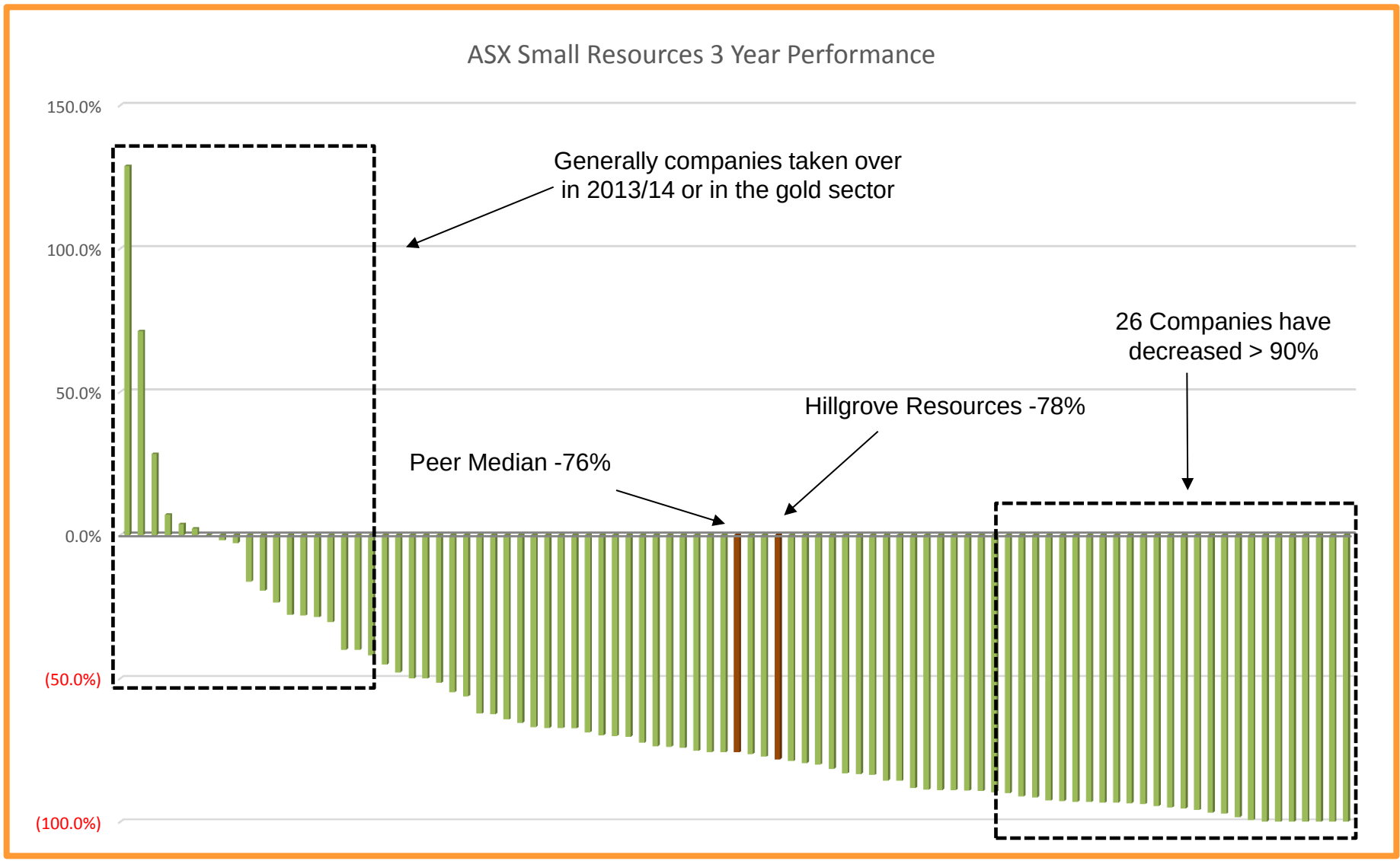
High quality assets with significant potential but significant expenditure demands

- Data room has been made more readily available
- Leading to increased interest
- Flexible with potential opportunities to move projects forward



SUCCESS FACTORS

ASSESS - HGO SHARE PRICE PERFORMANCE



SUCCESS FACTORS

DEVELOP - STICKING TO THE BASICS

Low price outlook constrains supply:

- knock out upper end of the cost curve, and
- stops or defers all but the best projects

Foundations for prosperity in next phase for those that can:

- Find and/or extend projects without capital infrastructure cost or time implications (common to brownfields)
- Operate efficiently (do for 20c what any idiot can for $1)
- Build and maintain relationships with communities, government, investors and financiers

SUCCESS FACTORS

OPERATE – HILLGROVE RESOURCES WELL POSITIONED

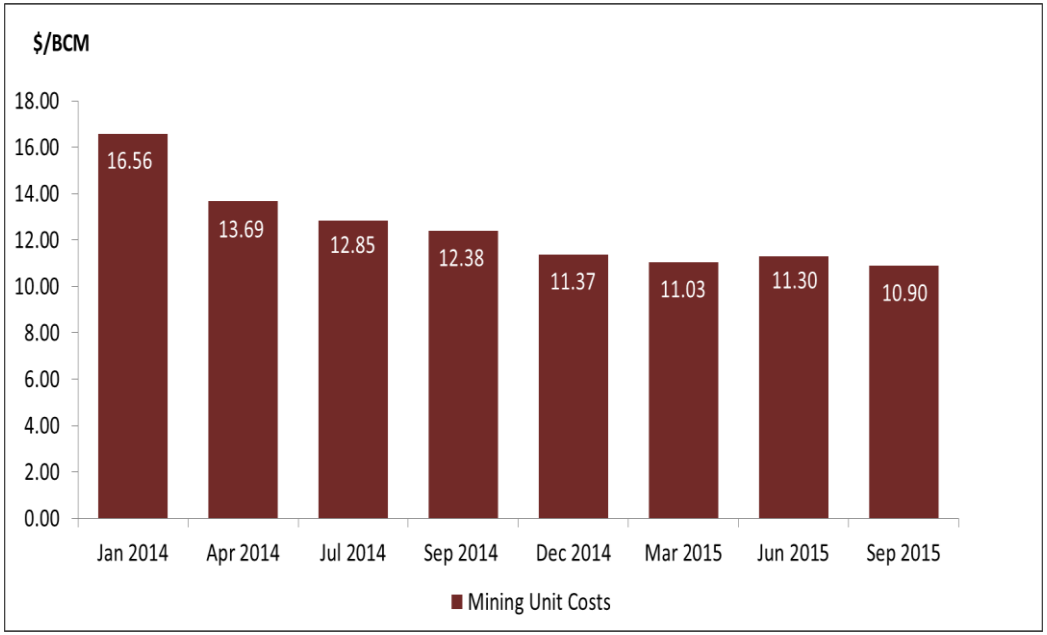
Hillgrove Resources:

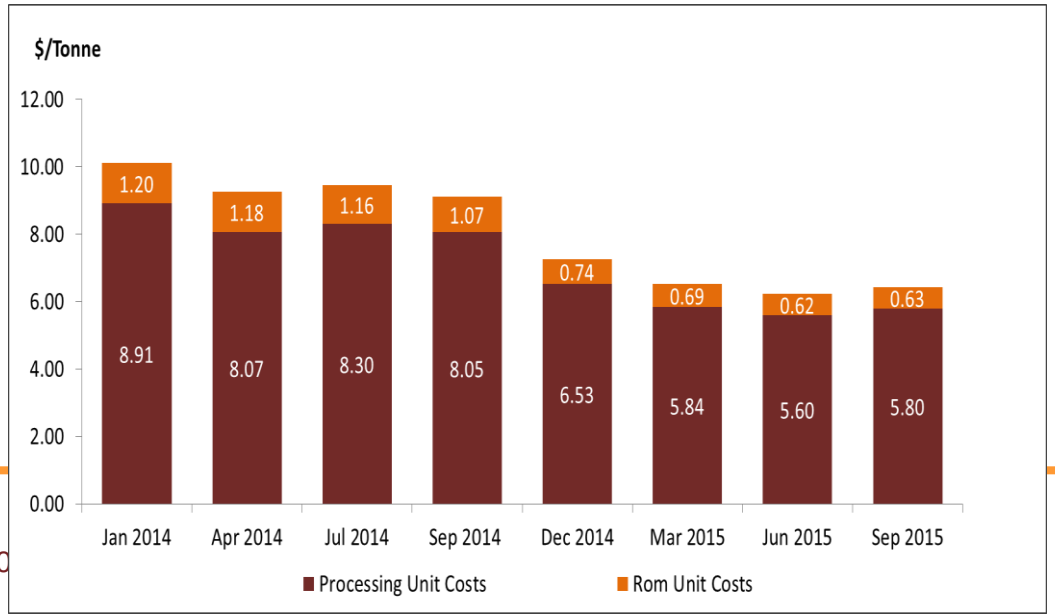
- Progressing well with mining cutback
- Prudent use of cash through cutback before moving into life extension and then cash generation
- Significant cost savings onsite expanded to corporate
  - 50% reduction within 12 months is on track
- Continuing stronger relationships with communities, government, investors and financiers
- Built and maintaining strong capability from exploration to closure
- Prudent hedging providing protection

HILLGROVE RESOURCES

SUCCESS FACTORS

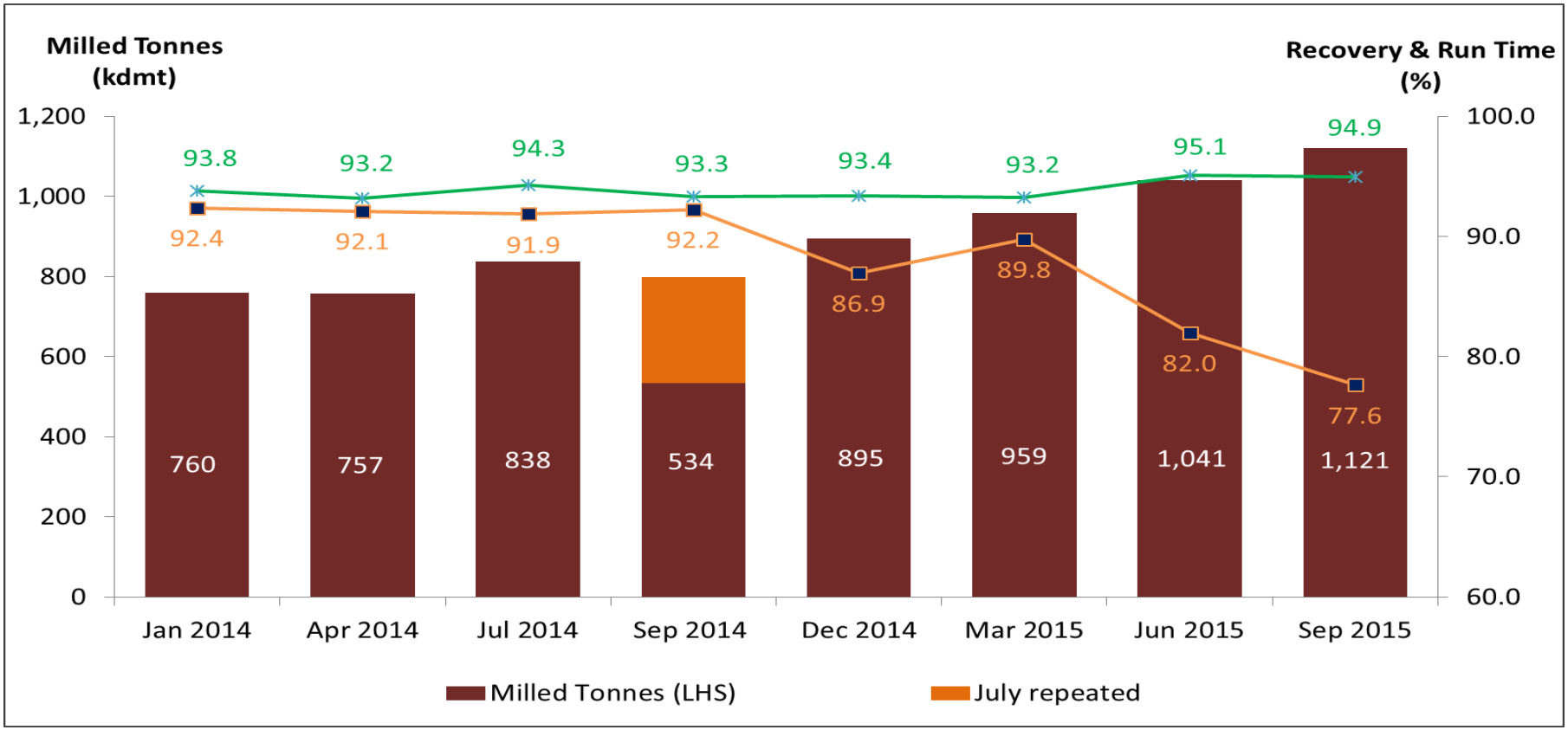
COST CONTROL





SUCCESS FACTORS

OPERATE - THROUGHPUT & RECOVERY



- 4 successful CPS campaigns to October for 1,808t copper
- Increased throughput despite CPS, averaging 4.45Mtpa rates in Q3.
- Recovery impacted by CPS and lower feed grade
- Excellent run time through the plant

SUCCESS FACTORS

OPERATE - CORPORATE SAVINGS

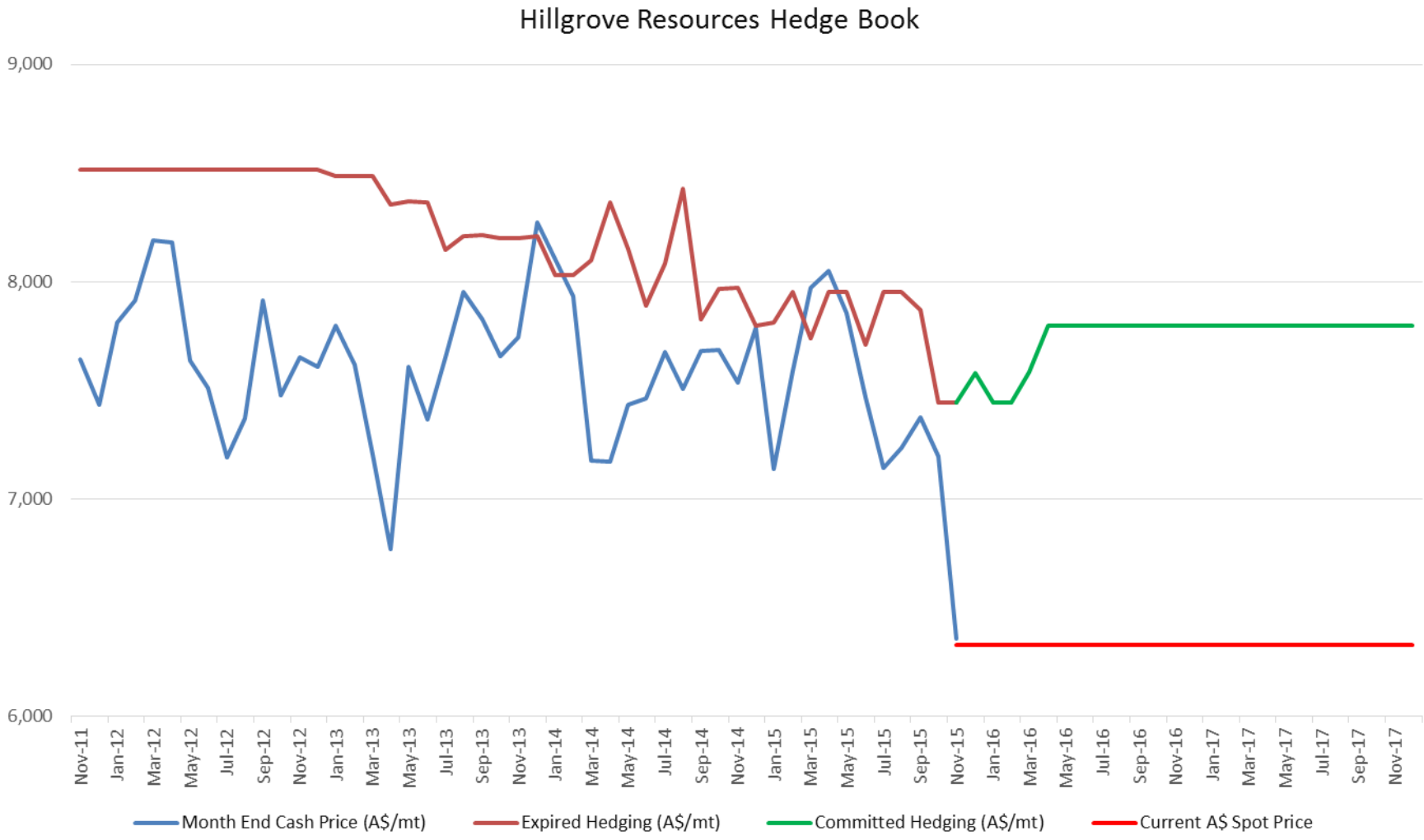
Corporate savings:

- Office location and associated premium
- Reduction in number of roles
- Significant reduction in travel
- Salary reduction leadership
  - CEO & MD - $75k on sign up and $75k from 1/12/15
  - Board – 20% reduction from 1/12/15
  - CFO/Company Secretary – combined reduced by 42%
- Corporate services step change in SA

HILLGROVE RESOURCES

SUCCESS FACTORS

OPERATE - HEDGE BOOK VALUATION > $22M



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SUCCESS FACTORS

COMMUNITY AND CLOSURE – PROGRESSIVE REHABILITATION



Master Planning

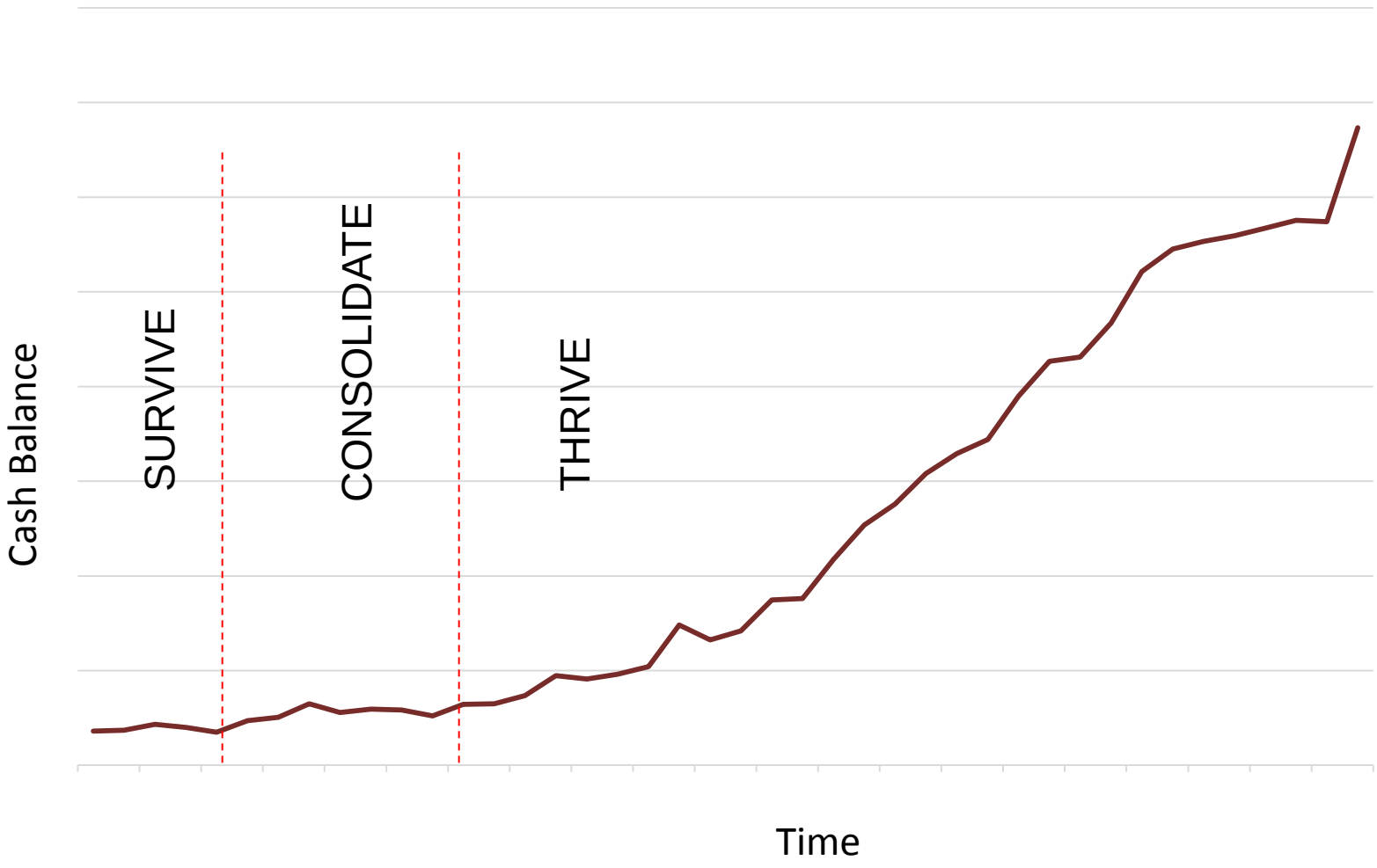
- Planning for closure
- Conceptual artwork by Garry Duncan to inspire discussion:
  - Tourism
  - Education
  - Recreation
  - Restoring natural habitat
  - Industrial hub



HILLGROVE RESOURCES

LOOKING FORWARD

CASH FLOW



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

Hillgrove moved to a 31 December year end in 2014, so prior year references are for CY14 and the current year is FY15, with Q1 Jan-Mar, Q2 Apr-Jun, Q3 Jul-Sep and Q4 Oct-Dec.

IMPORTANT NOTICE
COMPETENT PERSON STATEMENTS

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.

Kanmantoo Global Mineral Resource Estimate at End February 2013

	JORC 2012 Classification	Tonnage (Mt)	Cu (%)	Au (g/t)	Ag (g/t)
In Situ Resource	Measured	2.63	0.88	0.10	1.95
	Indicated	21.77	0.82	0.23	2.21
	Inferred	5.0	0.67	0.13	1.79
		29.46	**0.80**	**0.20**	**2.11**
Long Term Stockpiles	Measured	1.39	0.46	N/A	N/A
	Indicated	0.50	0.18	N/A	N/A
		1.89	**0.39**	**-**	**-**
	Total	**31.30**	**0.78**	**0.20**	**2.11**

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

Competent Person's Statement

The information in this release that relates to Mineral Resources 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.

