

HILLGROVE RESOURCES

MINES & MONEY COMPANY UPDATE

GREG HALL ||||| CEO & MANAGING DIRECTOR

RUSSELL MIDDLETON ||||| CHIEF FINANCIAL OFFICER

HONG KONG ||||| 25 MARCH 2014



Production and cash flow in Australia

- ❑ Kanmantoo Copper Mine (100% owned), South Australia

Advanced greenfield exploration in Indonesia

- ❑ Sumba gold project (80% owned)
- ❑ Bird's Head copper/gold project (80% owned)

Hillgrove Board Directors

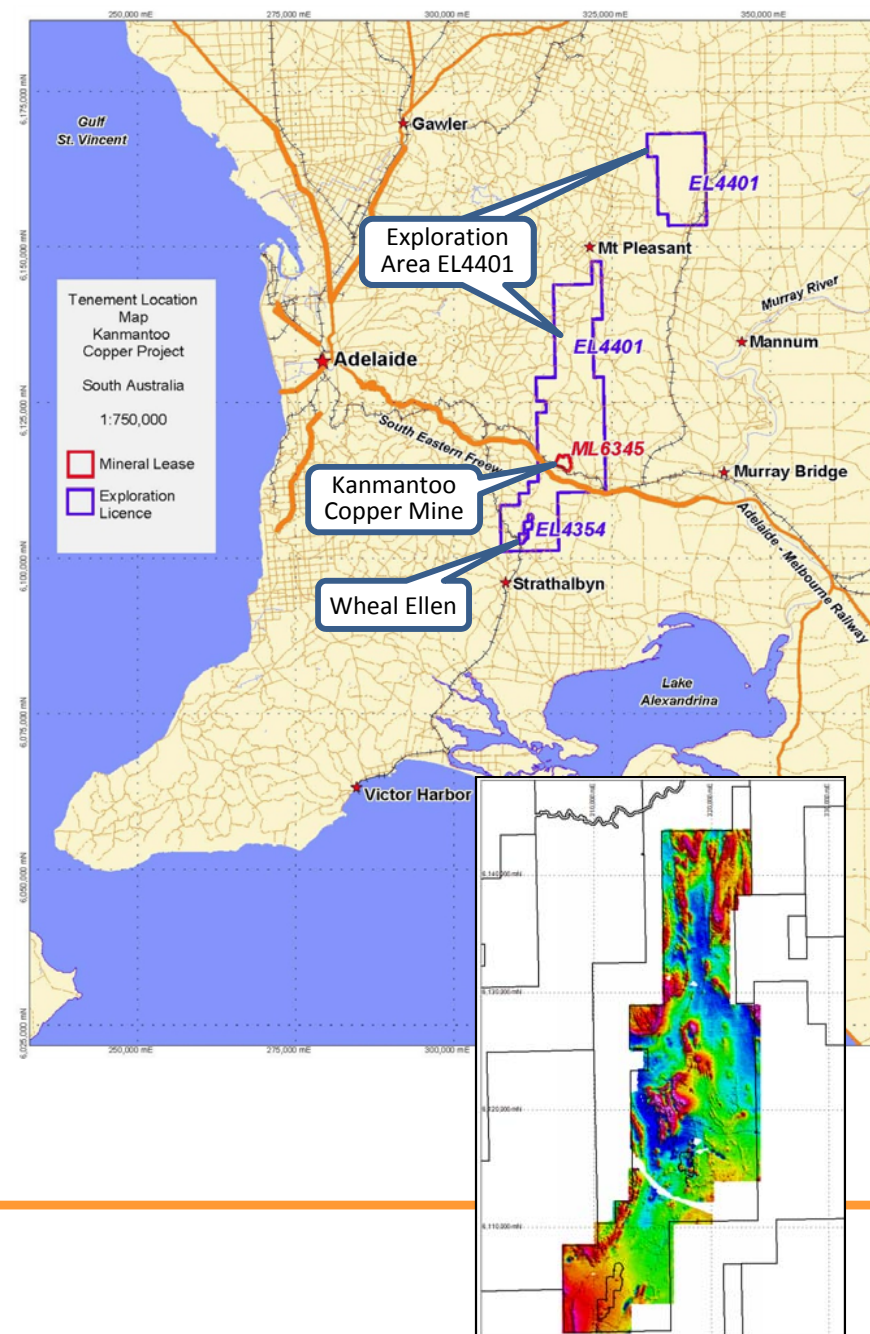
- ❑ Non-Executive: The Hon. Dean Brown, AO; Mr John Gooding; Mr Douglas Snedden; Mr Edwin Zemancheff; Mr Maurice Loomes
- ❑ Executive: Mr Gregory Hall, CEO and Managing Director

Hillgrove Management Team

- ❑ Mr Russell Middleton, CFO; Mr Steve McClare, General Manager – Kanmantoo; Mrs Shanthi Smith, Company Secretary & Group Finance Manager



- 100%-owned by Hillgrove
- 55km from Adelaide, South Australia
- Mining Lease is within 500km² Exploration License, and relatively unexplored
- Organic growth potential considered high
- Project enjoys infrastructure advantages
 - ❑ Close to power (National Grid)
 - ❑ Recycled water pipeline
 - ❑ 3km from main highway
 - ❑ 90km to export port
- Attractive employment costs compared to remote fly-in/fly-out mine operations
- Quality of life attracts mature, experienced workforce with low turnover

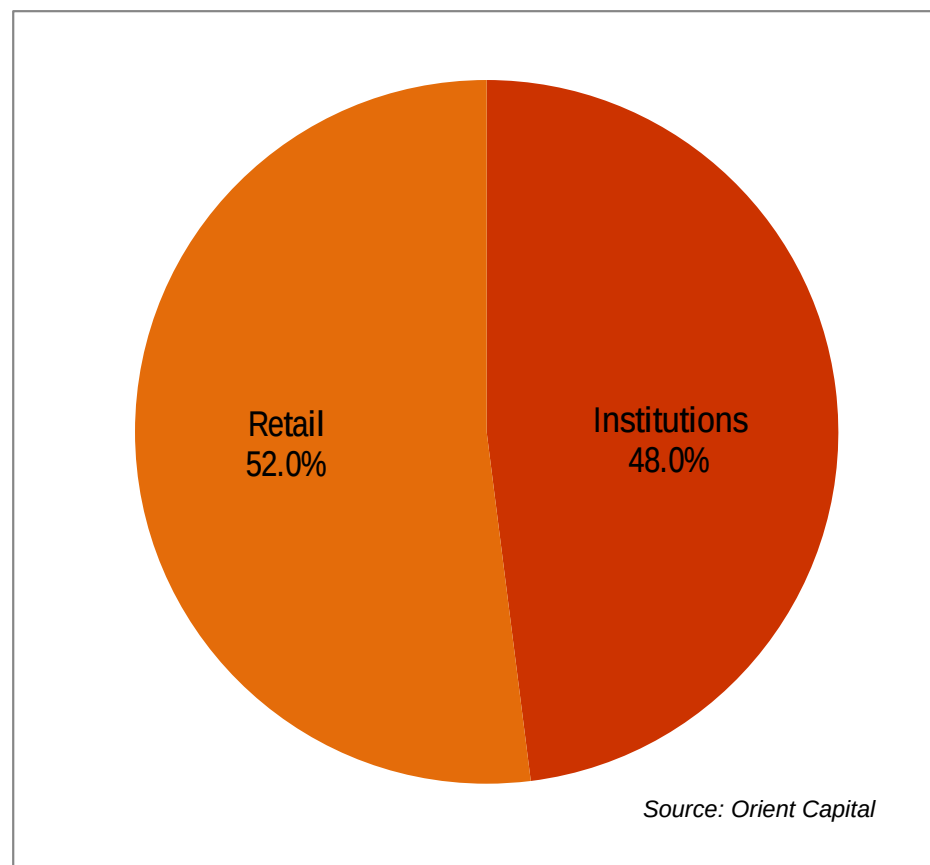


- Advanced greenfield exploration in Indonesia
 - Sumba gold project (80% owned)
 - Bird's Head copper/gold project (80% owned)
- Hillgrove has an 80% direct interest in both Bird's Head (PT Akram) and Sumba (PT Fathi) projects, with both projects at 'PMA' status allowing foreign ownership of shares
- The Company has delineated prospective Tier One targets with porphyry copper and gold potential
- Continued interest in projects from major mining group and potentially from SE Asian investors which Hillgrove will continue to pursue
- Exploration activity decreased, with experienced core teams and relationships with local landowners maintained for both projects

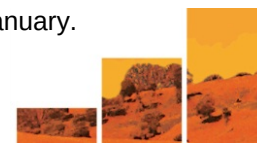


- ASX listed: HGO
- Shares on issue: 1,179.9 million
- Share price: A\$0.09
- Market capitalisation: A\$106.2 million
- Cash and cash equivalents: A\$16.5 million
- Debt A\$40.8 million
- 48% Institutional shareholders
- Top 20 shareholders own ~53.8%

SHAREHOLDER DISTRIBUTION



Hillgrove has a 31 January Year End, therefore quarter references are Q1 February-April, Q2 May-July, Q3 August-October and Q4 November-January.

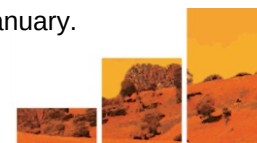


Top Shareholders
% of isc

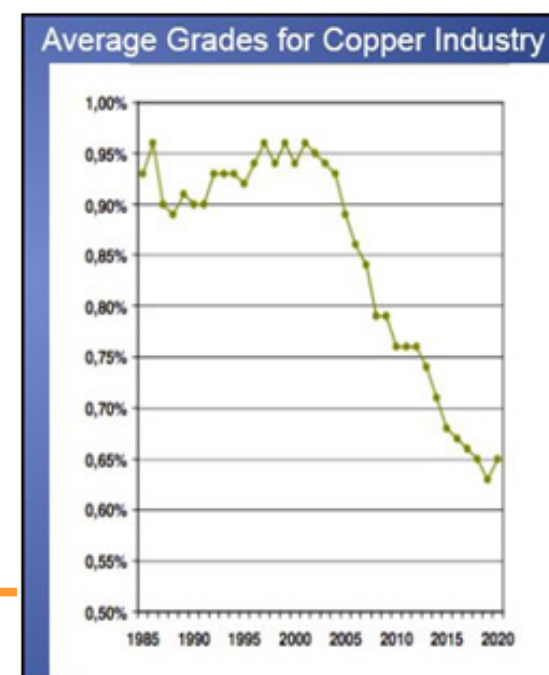
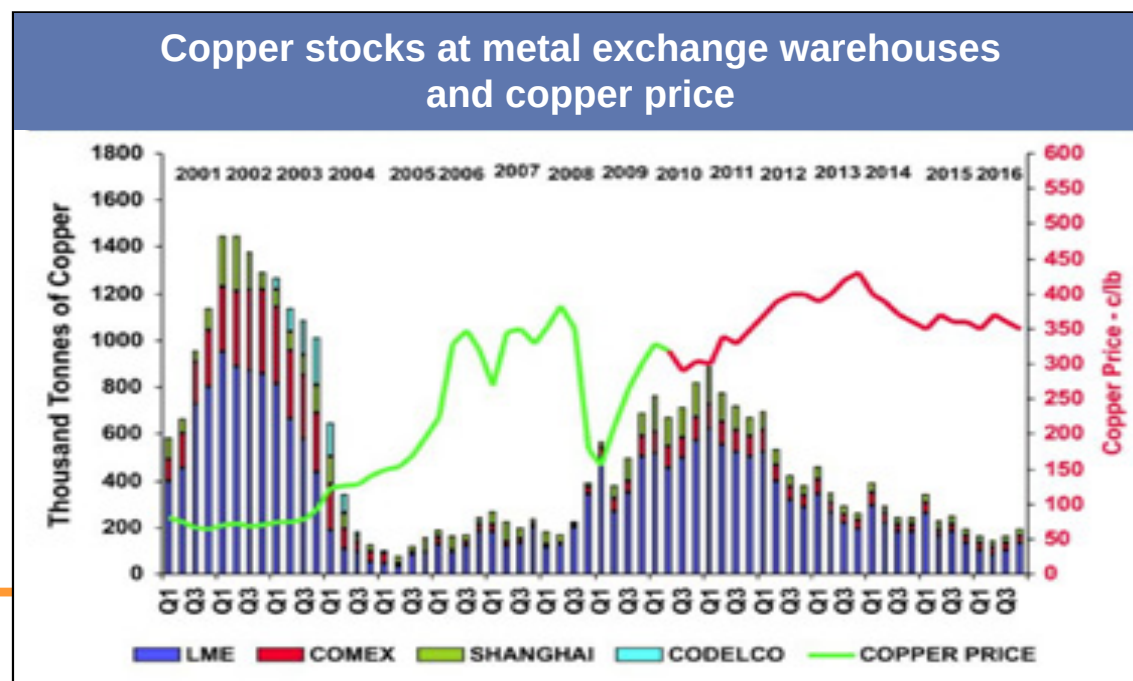
Perennial Value Management	11.8%
Renaissance Smaller Companies	7.4%
Colonial First State - Growth Australian Equities	5.5%
Freepoint Metals & Concentrates	4.7%
Aedos Advisers	4.3%
Dimensional Fund Advisors	3.9%
Ariadne Australia	3.9%
Nomura Securities	3.3%
Platinum Partners Value Arbitrage Fund	3.2%

Total
48.0%
Source: HGO Register

Hillgrove has a 31 January Year End, therefore quarter references are Q1 February-April, Q2 May-July, Q3 August-October and Q4 November-January.



- Global copper mine production surprised to the upside in 2H2013, leaving larger than expected global concentrate stocks coming into 2014
- Although copper mine supply is expected to be in a small surplus over the next 3 years, the supply deficit gap will widen after 2016
- Copper producers in all percentiles have experienced cost escalations
- US\$3:50/lb required to clear weighted average capital cost for forecast mine supply
- Average grades continue to decline, with new investments required to offset degradation in grades



- Record production with 5,838 tonnes of copper in concentrate for the quarter, 17,184t for full year – within guidance range for year
- High grade ore in the main Kavanagh Pit at base of old Kanmantoo mine pit now being augmented with first primary ore from Nugent pit
- Nugent pre-stripping activity continuing to open up next primary ore source
- New Liebherr excavators plus mining productivity changes and multiple ore sources targeting a 40% increase in truck tph through next six months
- Completion of mining crew operator and quality training
- 0.85% Cu mined ore grade, with mining dilution now in line with the Reserve dilution



- Continued ramp up of mining capacity with one new Liebherr 9350 300 tonne excavator commissioned and a second arriving, with full crew training completed
- Safety at Kanmantoo continues to improve with the 12 month TRIFR reducing to 15.8 through the year
- Revised drill and blast practices being implemented to continue to minimise mining dilution and improve productivity

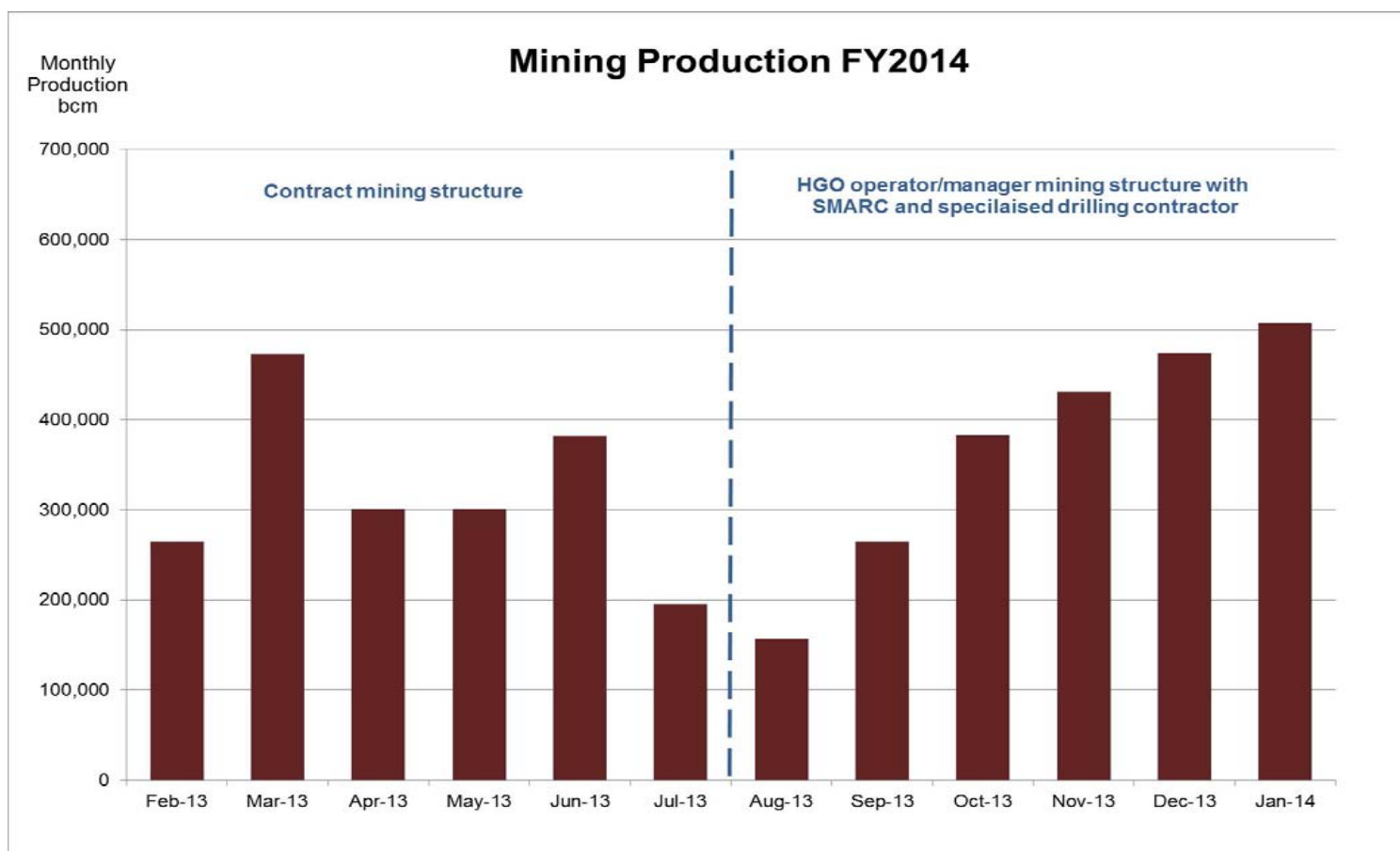


Period		FY 2012	FY 2013	Apr-13 QTR	Jul-13 QTR	Oct-13 QTR	Jan-14 QTR	FY 2014
Ore to ROM from Pit	kt	495	2,221	689	555	656	733	2,633
Ore to/(from) long term stockpiles	kt	1,267	849	(137)	(84)	3	148	(70)
Mined Waste	kt	7,446	11,777	2,728	2,158	1,658	3,483	10,027
Total Tonnes Mined	kt	9,208	14,847	3,417	2,713	2,430	4,362	12,922
Mining Grade to ROM	%	0.75	0.76	0.67	0.67	0.63	0.85	0.71
Ore Milled	kt	331	2,303	708	720	756	760	2,944
Milled Grade - Cu	%	0.56	0.66	0.57	0.54	0.63	0.83	0.64
- Au	g/t	0.11	0.16	0.18	0.09	0.10	0.11	0.12
- Ag	g/t	2.22	2.96	3.21	2.11	3.00	3.12	2.86
Recovery - Cu	%	69.6	89.9	89.1	89.5	90.7	92.4	90.7
- Au	%	67.5	54.7	54.0	57.8	50.3	48.5	52.9
- Ag	%	46.6	55.4	38.7	56.0	45.3	58.0	49.0
Cu Concentrate Produced	Dry mt	4,774	56,431	15,510	15,699	19,161	25,053	75,423
Concentrate Grade - Cu	%	30.2	24.4	23.1	22.0	22.5	23.3	22.8
- Au	g/t	6.0	3.6	4.5	2.5	1.9	1.6	2.5
- Ag	g/t	79.9	67.0	56.8	54.1	45.3	54.8	54.8
Contained Metal in Concentrate - Cu	t	1,481	13,744	3,590	3,450	4,306	5,838	17,184
- Au	oz	816	6,570	2,237	1,268	1,178	1,279	5,962
- Ag	oz	12,194	121,656	28,304	27,302	33,097	44,151	132,854
Total Concentrate Sold	Dry mt	4,263	56,526	16,184	14,134	18,919	24,814	74,051

- Record quarter for ore to ROM mining production
- Record quarterly metal and concentrate production driven by throughput, grades and recoveries

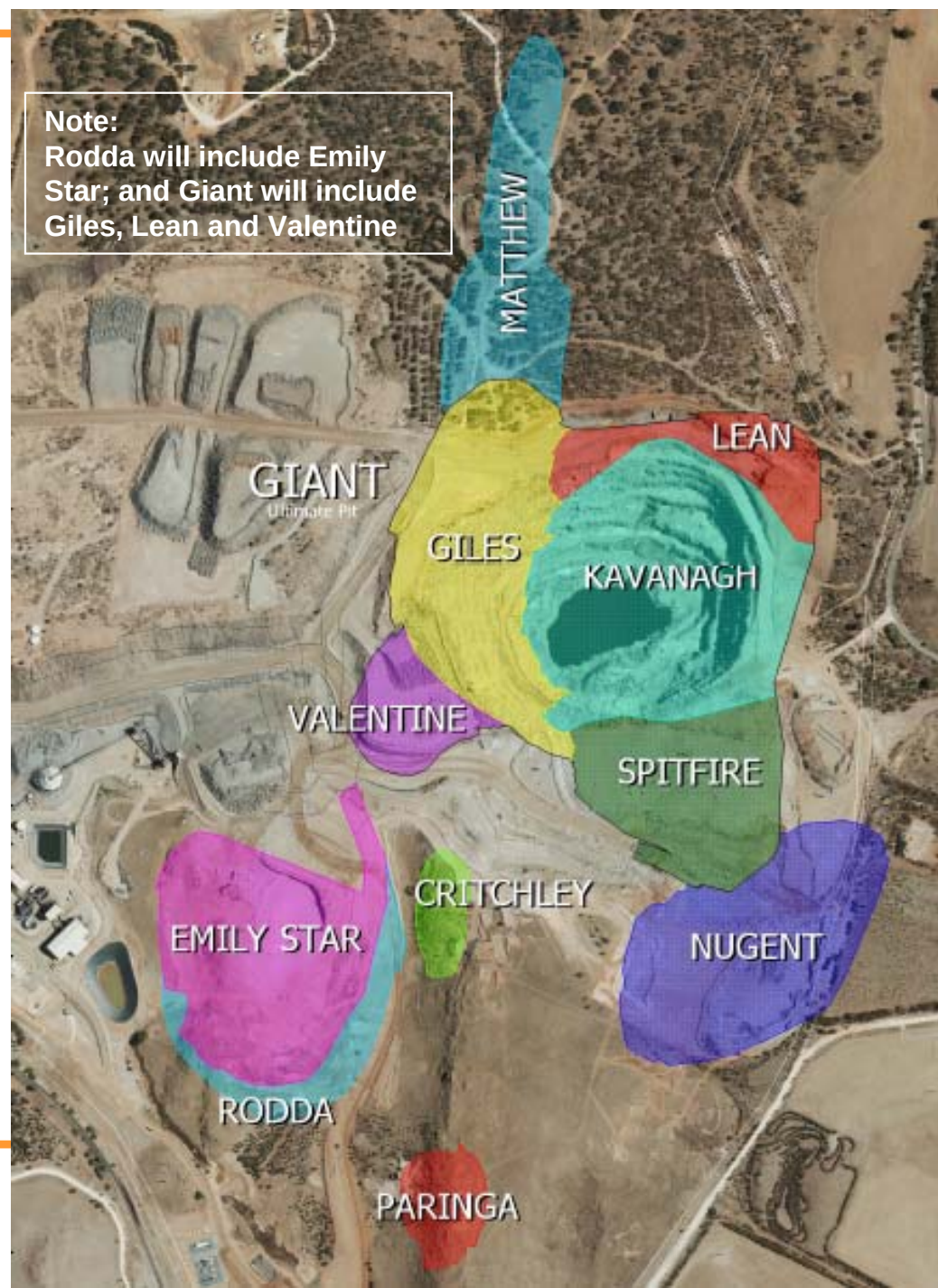
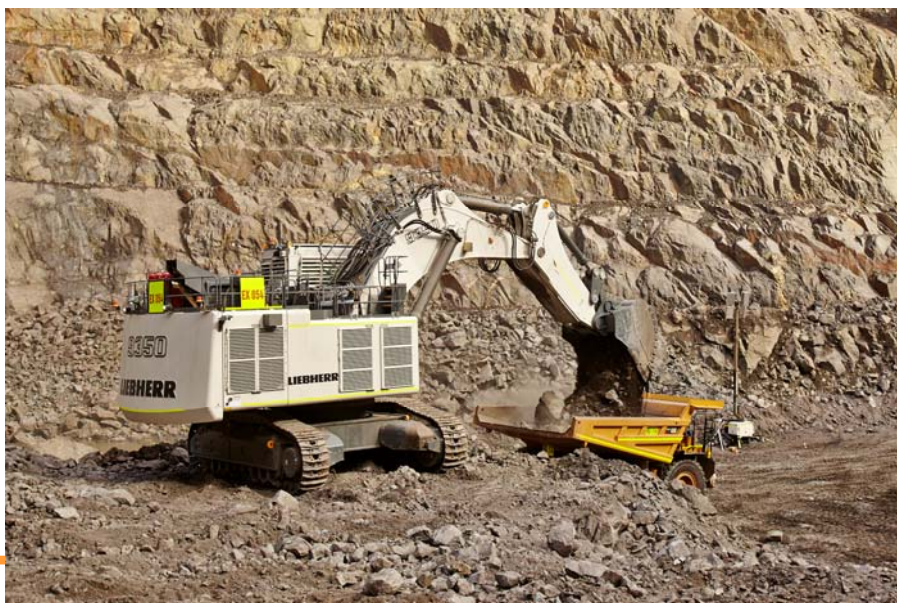
Note: all references to quarters in this presentation relate to Hillgrove financial year quarters. Hillgrove FY14 is 1 February 2013 to 31 January 2014.

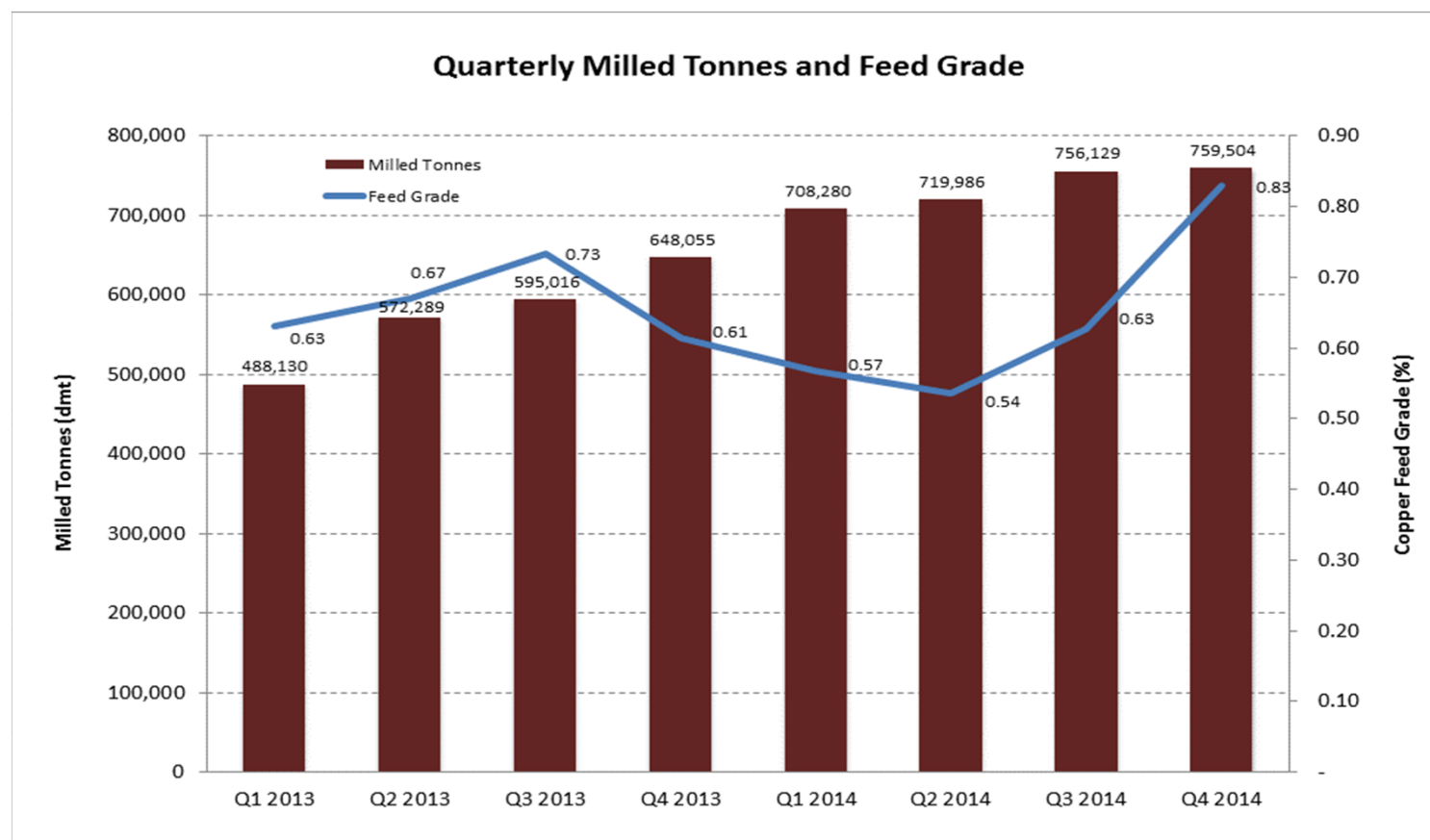




- New Liebherr excavators lifting mining rates to planned level – targeting 550-600k bcm per month
- Kavanagh and Nugent pits being mined with Emily Star to commence in March

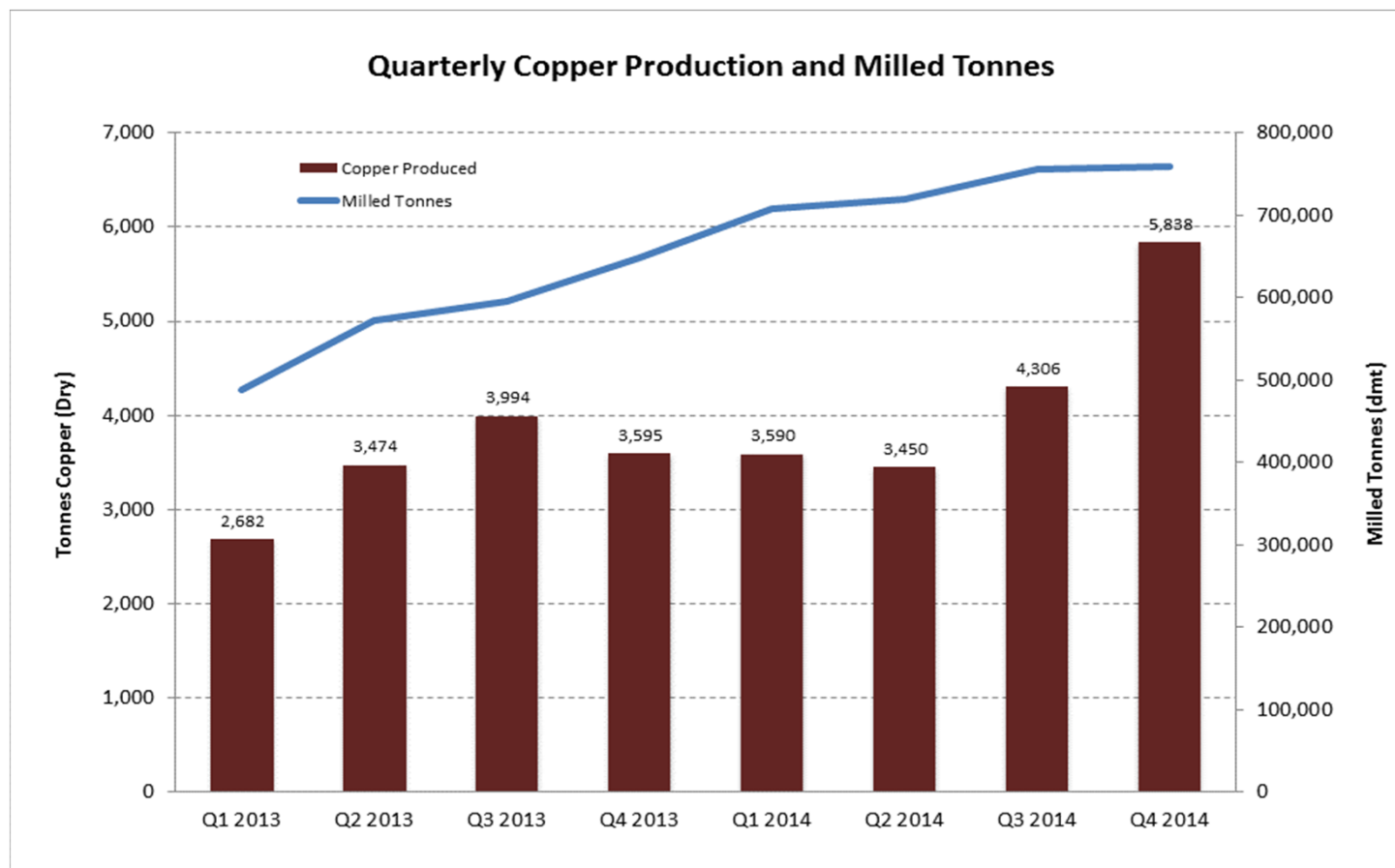






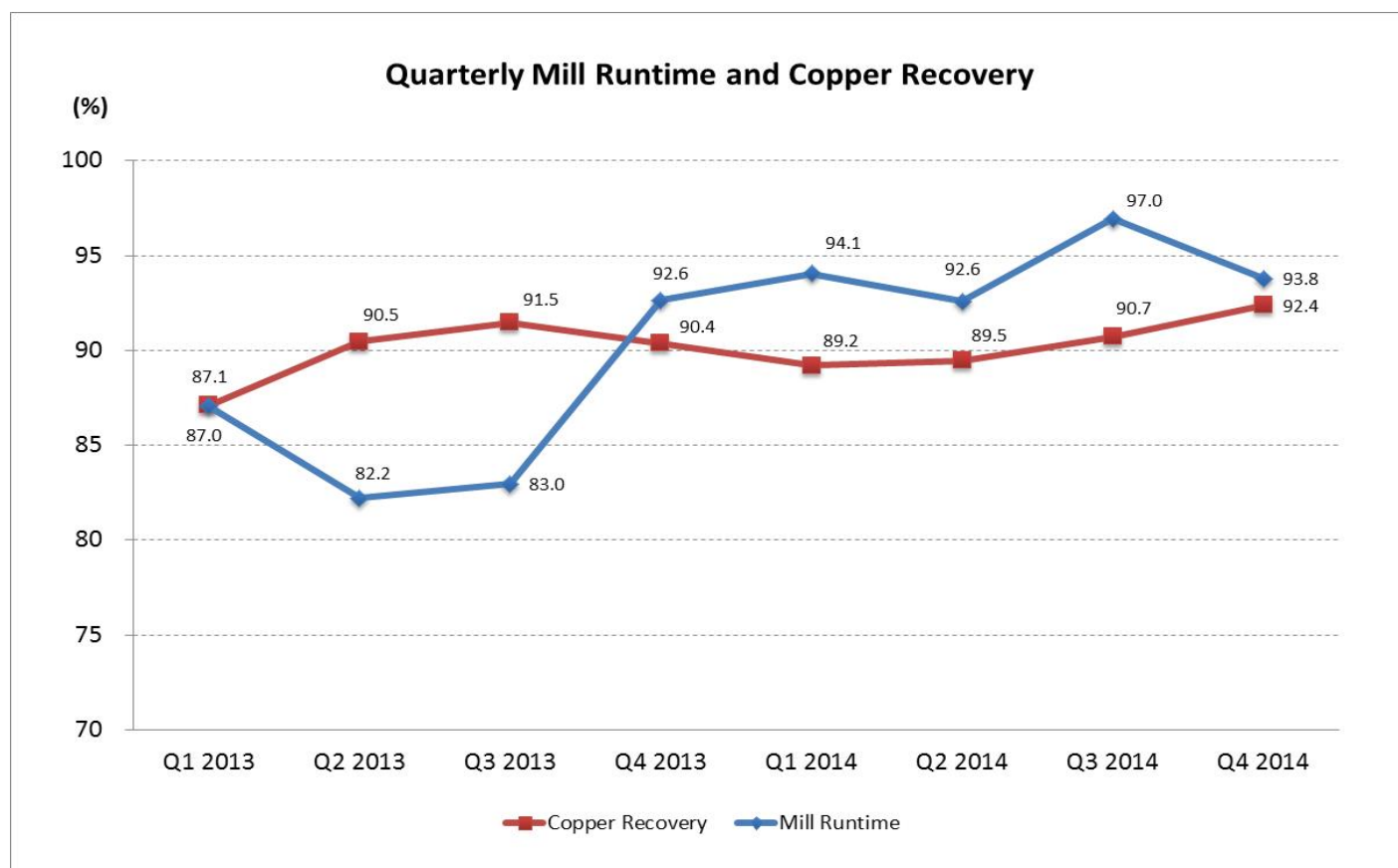
- Mill and wet plant continued to perform well during the quarter
- Mill throughput was a record, with 760kt of ore milled for the quarter (at 3Mtpa rates)
- Mined ore fed directly to mill with only minor additions of low grade due to high milling rate





- Kanmantoo produced 5,838t of copper in concentrate, reaching target following the changeout of mining services
- Total copper production for FY14 was 17,184t Cu – in line with guidance





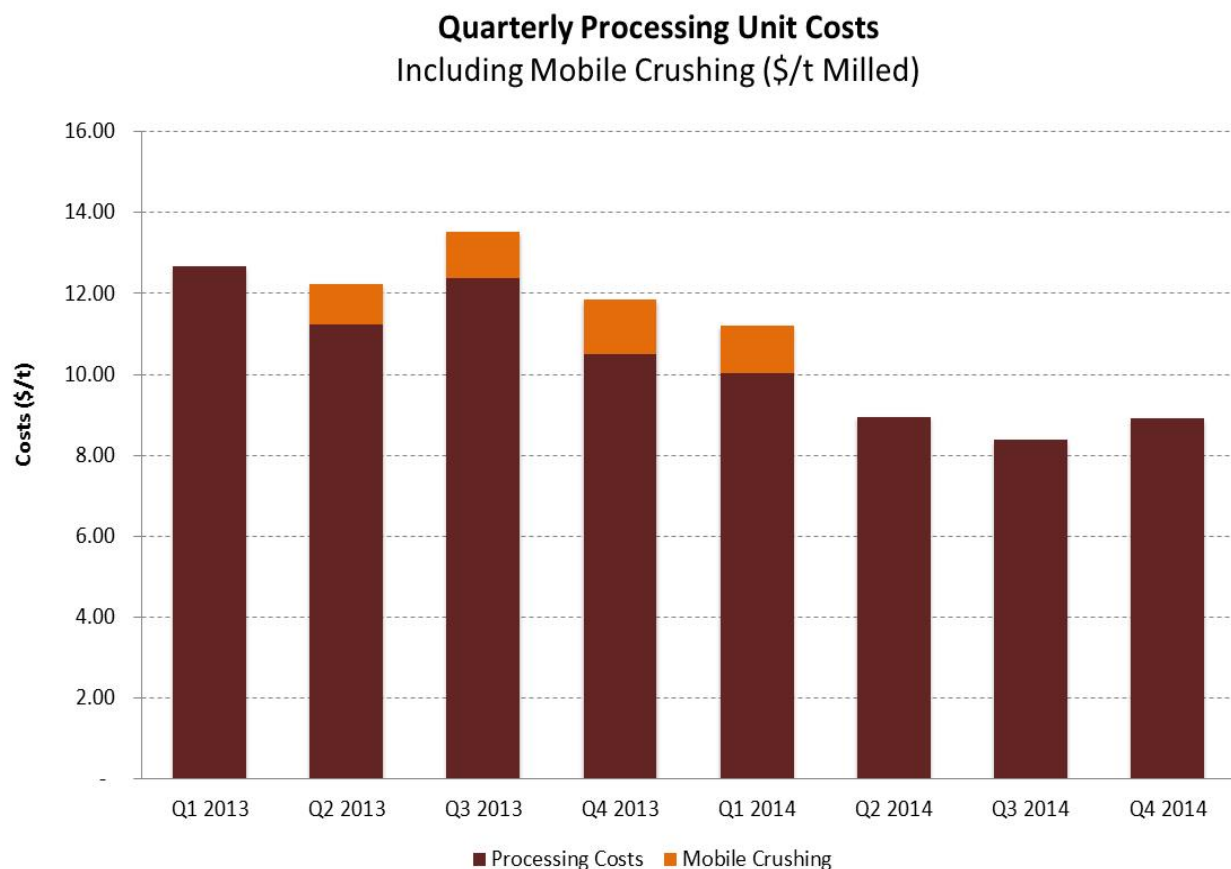
- Multi stream analyser will further optimise recoveries and cost
- Mill run time steady – only impacted by planned outages



- Revenue for the quarter was A\$46.8M (Q3 A\$32.8M) at an average realised price for copper of A\$3.59/lb (US\$3.33/lb)
- C1 unit costs for the quarter were US\$2.00/lb
- Full year C1 costs were US\$2.39/lb

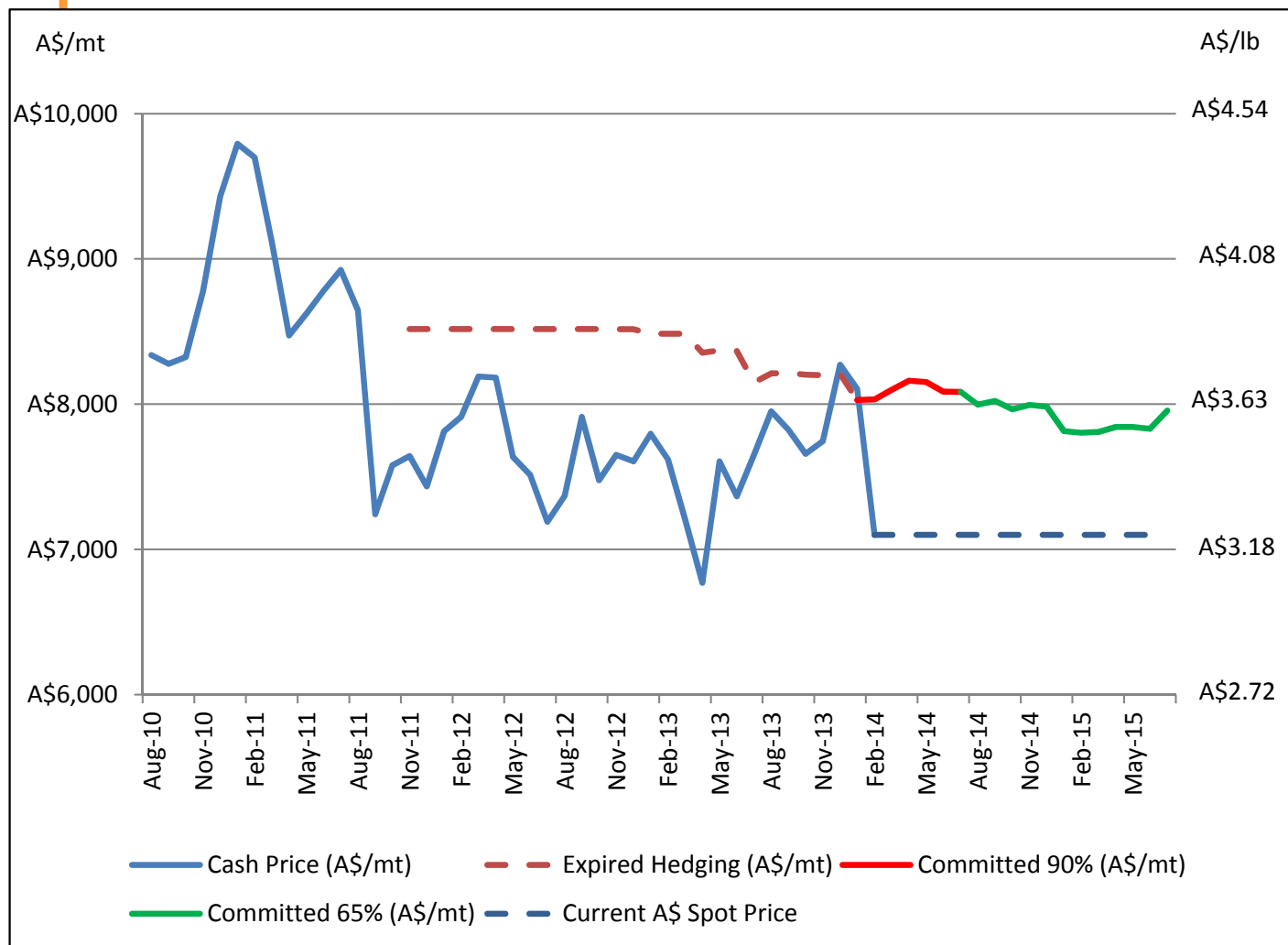
Period US cents per lb	FY 2013	Apr-13 QTR	Jul-13 QTR*	Oct-13 QTR	Jan 14 QTR	FY 2014
Mining Costs	92	117	102	156	98	117
Processing Costs	97	97	93	65	50	72
Other Direct Cash Costs	23	24	29	25	15	22
Total Onsite Costs	212	238	223	246	163	211
Transport & Shipping	18	18	17	16	16	17
Treatment, Refining & Smelter Charges	36	39	44	41	39	41
Total Offsite Costs	54	57	61	57	55	58
Precious Metals Credits	-46	-54	-35	-23	-18	-30
Total Direct Operating Costs (C1 Cash Costs)	220	241	249	280	200	239
Royalties	5	5	4	4	3	4
D&A	96	86	75	72	68	74
TOTAL	321	332	328	356	272	317





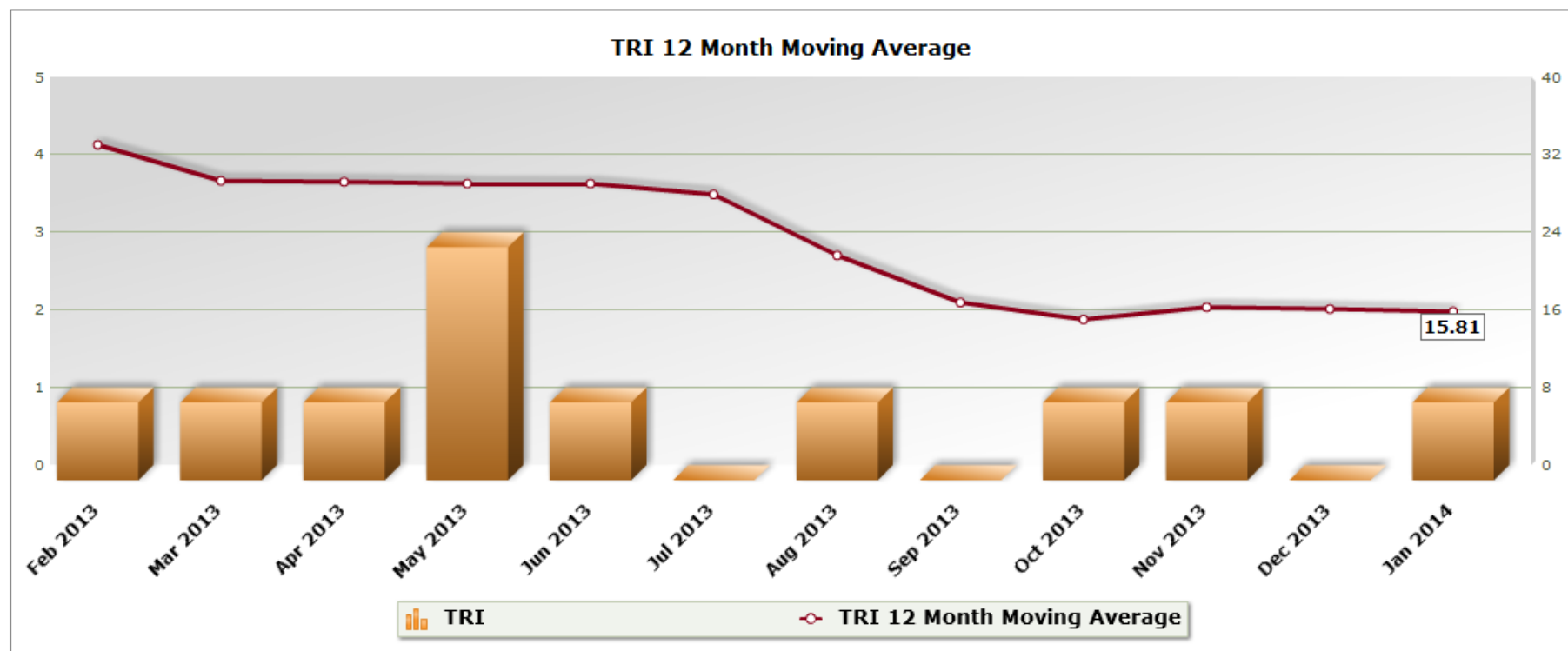
- Continued low processing unit costs
- While \$/t milled were slightly up, processing costs/lb were substantially reduced from increased grade
- Ongoing maintenance optimisation work to further improve reliability and reduce costs





- Strong hedge book provides certainty for cash flows and revenue during debt repayment period
- Additional hedging put in place in January at A\$8,300/t
- Production to end July hedged 90% at A\$8,140/t (A\$3.69/lb)
- Hedging currently tracking well over current spot price

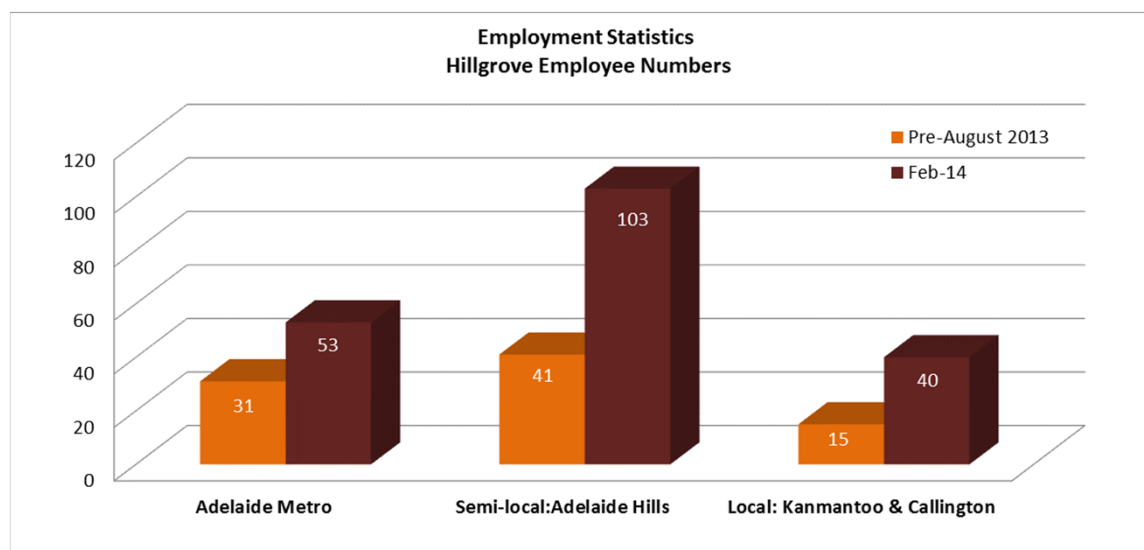




- Safety remained at improved low level for Quarter, with a 40% improvement over the year
- Hillgrove continues to work with the State and Federal Governments and local community on its application for a further two year life of mine extension



- Hillgrove seeks to support the community and reduce travel times and risk by concentrating recruitment on employees who live within the region wherever possible
 - 20% employees from Local Region (Callington/Kanmantoo)
 - 53% employees from Adelaide Hills Region
 - 27% employees from the Greater Adelaide



- Services being undertaken by Andy's Earthmovers and Roc-Drill have a combined permanent workforce of some 56 employees on site



Based on current performance and planned operational improvements, Hillgrove provides the following guidance for financial year 2015:

Guidance For FY15

Ore mined	3,000kt to 3,250kt
Ore processed	2,900kt to 3,000kt
Ore grade processed	0.83% to 0.88% Copper
Copper recovery	92.5% to 93.5%
Copper produced	22,300t to 24,600t copper contained in concentrates
Gold produced	7,000oz to 9,000oz gold contained in concentrates
C1 Costs	US\$2.10 to US\$2.40 per lb at 0.90 exchange rate

Forecast Capex For FY15

Tailings Storage Facility	A\$5.3M
Controlled Potential Sulphidisation	A\$2.0M
Dust mitigation	A\$1.0M
Other sustaining capital	A\$2.3M

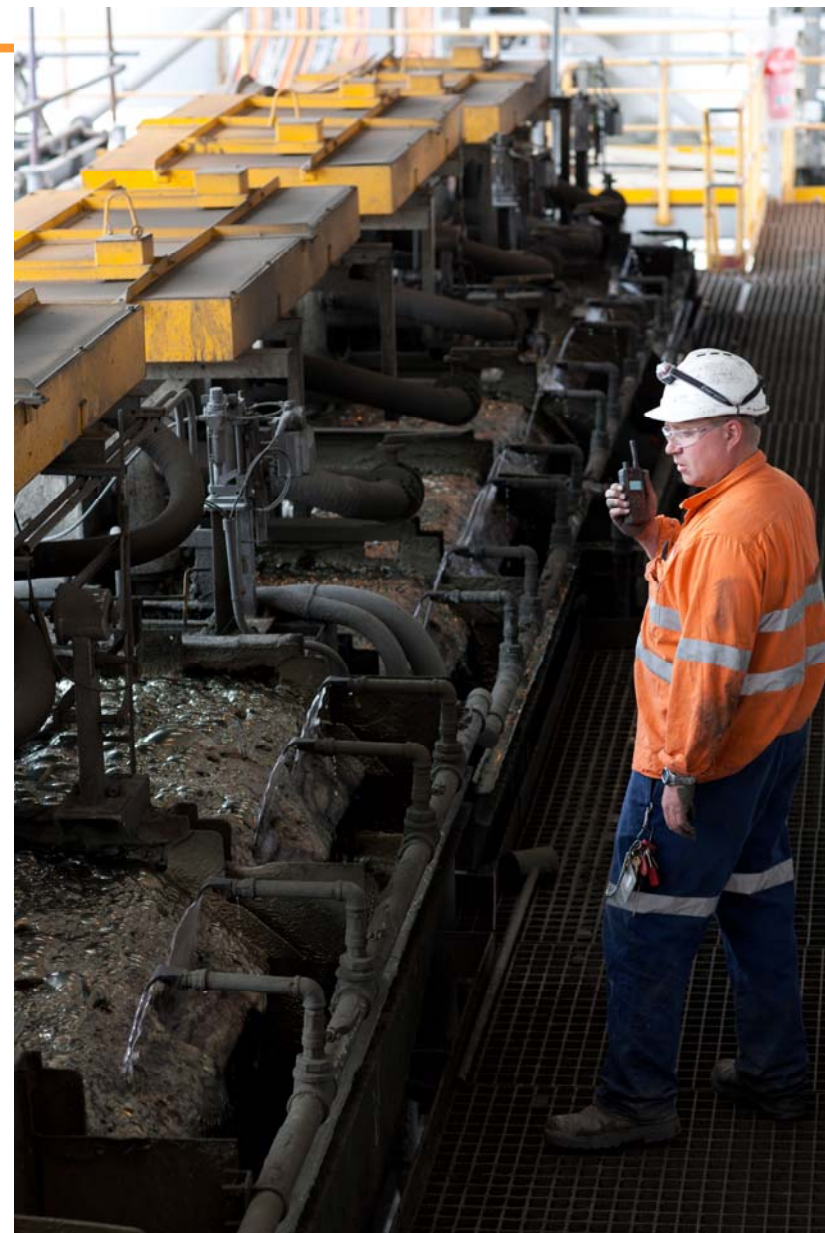
- Hillgrove again made a significant reduction to its debt balance during the quarter
- Total debt reduced from A\$44.5M to A\$40.8M at 31 January 2014
- A Gold Loan repayment of A\$1.2M (852oz) was made in addition to the repayment of A\$2.5M Senior Debt principal repayment
- Debt will be reduced by circa A\$15.0M over the next six months



- Multi stream analyser to further optimise recoveries and costs
- New Liebherr excavators to enhance truck productivity by approximately 40%
- Multiple pit sources for ore supply
- Revised drill and blast practices and reconfigured bench arrangements
- Continued maintenance optimisation in the processing plant
- Active hedging program



- Revenue for the quarter was A\$46.8M at an average realised price for copper of A\$3.59/lb (US\$3.33/lb)
- Increased production guidance for FY15 of 22,300t to 24,600t Cu in concentrate
- Strong positive operating cash generation in FY15, with copper price certainty as a result of strong copper hedge book
- Continued ramp up of mining production with new employee training and culture achieving targeted mining rates and quality



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ABOUT HILLGROVE

Hillgrove Resources 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. With construction completed in late 2011, Kanmantoo is an open-cut mine which has now ramped up to a throughput of up to 3.0Mtpa, to produce approximately 90,000 dry metric tonnes of copper concentrate, containing approximately 20,000t copper and associated gold and silver per annum over the current life of mine.

Competent Person's Statement

The information in this release that relates to Mineral Resources is based upon information compiled by Mrs Michaela Wright, who is a Member of The Australasian Institute of Mining and Metallurgy. Mrs 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)'. Mrs 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.

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.

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All currency referred to is Australian Dollars (AUD) unless otherwise indicated.

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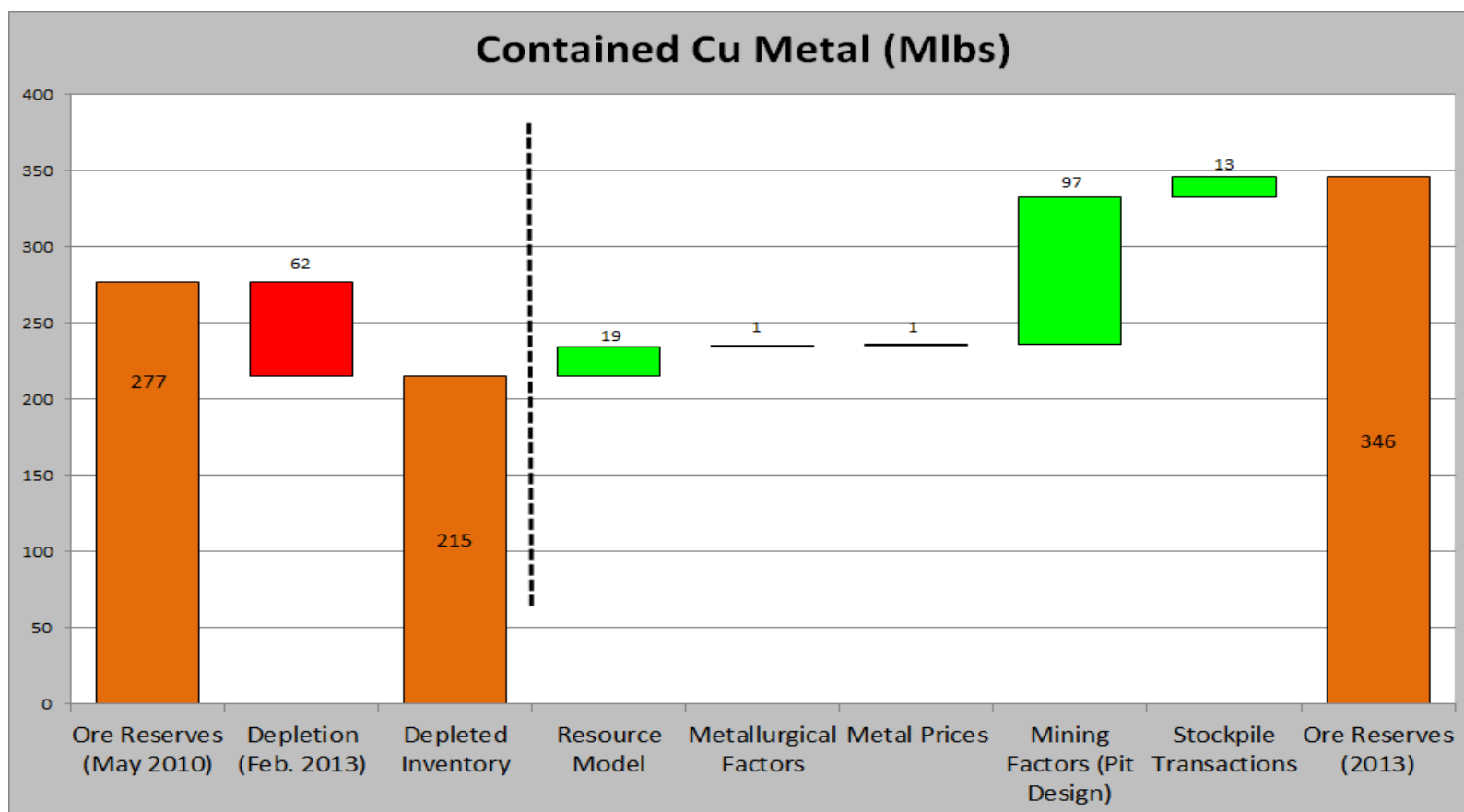
Kanmantoo Global Mineral Reserve Estimate at End February 2013

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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 Resource > 0.20% Cu. Long Term Stockpiles > 0.15% Cu.

- Total Ore Reserve now stands at 22.1Mt at 0.71% copper, 0.18g/t gold and 1.9g/t silver for contained metal of 157kt (346Mlbs) Cu, 128k oz Au and 1.35M oz Ag
- Increase in In Situ Ore Reserve to 20.7Mt @ 0.73% Cu, 0.18g/t Au and 1.9g/t Ag
- 25% increase in total Reserves of contained copper to 157k tonnes
- 58% Increase in total Reserves of contained gold to 128k ounces
- 8% Decrease in total Reserves of contained silver to 1.35M ounces





- New Ore Reserve shows an increase in both Reserve confidence and contained metal when compared to the May 2010 Ore Reserve, after taking into account reserve depletion from mining

