PERFORMANCE UPDATE FROM HILLGROVE'S KANMANTOO OPERATION

GREG HALL CEO & MANAGING DIRECTOR

1 MAY 2013
AUSTRALIAN AND INDONESIA FOCUS
PRODUCTION AND EXPLORATION ASSETS

- Production and cash flow in Australia
  - Kanmantoo Copper Mine (100% owned), South Australia
- Rim-of-Fire exploration upside in Indonesia
  - Sumba gold project (80% owned)
  - Bird’s Head copper/gold project (80% beneficial interest via JVA)
ASX listed: HGO

Shares on issue: 1,022.8 million

Cash and cash equivalents: AUD 27.4 million

Share price: AUD 0.135*

Market capitalisation: AUD 138.1 million*

AUD 50.4 million debt

EV AUD 161.1 million*

48% Institutional shareholders

Top 20 shareholders own ~50%

* As at 31 January 2013
- 100%-owned by Hillgrove
- 55km from Adelaide, South Australia
- Mining Lease is within 500km² Exploration License, and relatively unexplored
- Exploration potential considered high
- The project enjoys commensurate capital cost 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
Revenue for the full year of $115.4 million – and EBITDA at $17.1 million

Full year Net Loss after tax of $11.8 million, second half profit of $2.9 million

Significant investment in CAPEX for Kanmantoo project with new primary crusher and tailings dam extension

Production of 13,744t contained copper and throughput capability demonstrated with consistent mill performance

New Life of Mine finalised with significant increase in Kanmantoo mine life, potentially to 2023

Safety performance shows continued trend of improvement

Drilling campaigns in Indonesia confirm epithermal gold mineralisation on Sumba and widespread molybdenum mineralisation and elevated copper values consistent with near-porphyry environment on Birds Head
Performance Update

Safety – 3 Month Rolling Kanmantoo TRIFR

TRIFR - Total Recordable Injury Frequency Rate
Feb 2012 - Jan 2013

- Monthly TRIFR
- 3MTH ROLLING AV.
KANMANTOO COPPER MINE PRODUCTION OUTPUT SINCE START UP

Copper Production

Total BCM Movements

- Contained Copper
- Total BCM Movements

000's

BCM

DMT

OOO's

0

Dec-11 Jan-12 Feb-12 Mar-12 Apr-12 May-12 Jun-12 Jul-12 Aug-12 Sep-12 Oct-12 Nov-12 Dec-12 Jan-13
Hillgrove Staff Distribution

- Local: 48%
- Semi Local: 36%
- Metro: 16%

Hillgrove Staff Gender Diversity

- Male: 87%
- Female: 13%
## H1 vs H2 Analysis

- **Significant increase in total tonnes mined**
- **Mined grade in line with Resource model**
- **Milled grade in H2 lower than ROM grade due to low grade ore used to meet milling throughput**
- **Mill throughput rates and mill run time continue to improve**
- **Metal recovery continues to improve**
- **Concentrate sales increased in H2**

### PERFORMANCE UPDATE
KANMANTOO COPPER MINE PRODUCTION OUTPUT

<table>
<thead>
<tr>
<th>Period</th>
<th>FY 2012</th>
<th>H1</th>
<th>H2</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore to ROM from Pit (kt)</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Ore to long term stockpiles (kt)</td>
<td></td>
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<tr>
<td>Mined Waste (kt)</td>
<td></td>
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<td></td>
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<tr>
<td>Total Tonnes Mined (kt)</td>
<td></td>
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<td></td>
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<tr>
<td>Mining Grade to ROM (%)</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Ore Milled (kt)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Milled Grade (%)</td>
<td></td>
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<td></td>
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<tr>
<td>Au (g/t)</td>
<td></td>
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<td></td>
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<tr>
<td>Ag (g/t)</td>
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<tr>
<td>Recovery Cu (%)</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Au (%)</td>
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<td></td>
<td></td>
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<tr>
<td>Ag (%)</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Cu Concentrate Produced Tonnes</td>
<td>4,774</td>
<td>23,596</td>
<td>32,834</td>
<td>56,431</td>
</tr>
<tr>
<td>Concentrate Grade Cu (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Au (g/t)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ag (g/t)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contained Metal In Concentrate Cu (t)</td>
<td>1,481</td>
<td>6,154</td>
<td>7,589</td>
<td>13,744</td>
</tr>
<tr>
<td>Au (oz)</td>
<td>816</td>
<td>2,491</td>
<td>4,078</td>
<td>6,570</td>
</tr>
<tr>
<td>Ag (oz)</td>
<td>12,194</td>
<td>52,858</td>
<td>68,798</td>
<td>121,656</td>
</tr>
<tr>
<td>Total Concentrate Sold Dry metric t</td>
<td>4,263</td>
<td>24,052</td>
<td>32,474</td>
<td>56,526</td>
</tr>
</tbody>
</table>
Revenue of $115.4 million

Hillgrove Resources underlying EBITDA of $17.1 million – a year of two halves:

<table>
<thead>
<tr>
<th>Period</th>
<th>H1 $’000</th>
<th>H2 $’000</th>
<th>FY 2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>50,149</td>
<td>65,246</td>
<td>115,395</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,458</td>
<td>15,604</td>
<td>17,062</td>
</tr>
<tr>
<td>CAPEX</td>
<td>15,079</td>
<td>23,937</td>
<td>39,016</td>
</tr>
<tr>
<td>NPAT</td>
<td>-14,651</td>
<td>2,866</td>
<td>-11,785</td>
</tr>
</tbody>
</table>

Significant improvement in H2 financial performance with EBITDA and NPAT improvements

Cashflow from operations of $31.5 million

Cash balance of $27.4 million @ 31 January 2013
CASHFLOW

PERFORMANCE UPDATE

<table>
<thead>
<tr>
<th>Activity</th>
<th>Amount (A$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>20.7</td>
</tr>
<tr>
<td>Cash Receipts</td>
<td>106.8</td>
</tr>
<tr>
<td>Cash Payments</td>
<td>75.3</td>
</tr>
<tr>
<td>Property, Plant, and Equipment</td>
<td>38.1</td>
</tr>
<tr>
<td>Exploration</td>
<td>8.6</td>
</tr>
<tr>
<td>Other Investing Activities</td>
<td>1.1</td>
</tr>
<tr>
<td>Capital Raising</td>
<td>17.8</td>
</tr>
<tr>
<td>Borrowings</td>
<td>15.0</td>
</tr>
<tr>
<td>Repayment of Borrowings</td>
<td>5.9</td>
</tr>
<tr>
<td>Repayment of Interest</td>
<td>3.1</td>
</tr>
<tr>
<td>Deferred Settlements</td>
<td>2.9</td>
</tr>
<tr>
<td>Closing Balance</td>
<td>27.4</td>
</tr>
</tbody>
</table>

Operating Activities
Investing Activities
Financing Activities
Performance Update

Hedge Prices Realised Significantly Higher Than Current Prices

Hillgrove AUD Copper Position

Cash Price (A$/mt)  Committed Hedging (A$/mt)

Production started
December 2011
Strong hedge book provides certainty for our cashflows and revenue in future periods

- Approximately 41,000 tonnes of copper swaps
- Approximately 70% of forecast copper production hedged up until June 2015 at an average price at circa A$7,950/tonne
- Current mark-to-market value in excess of $31.5 million (based on a copper 3 month price of A$6,750/tonnes)
New primary crushing circuit installed ahead of plan and within budget, with commissioning currently underway

Removal of ancillary crushing equipment from ROM will lead to lower unit costs and a substantial increase to mill throughput

Crusher operating satisfactorily to 2.8Mt pa rate

Announced new Life of Mine (LOM) with significant increase to future planning Reserves

Finalised new financing arrangements with current financiers
  - Significant reduction to Current Borrowings
  - Mezzanine repayment deferred to July 2015

Continued high mill throughput, with improved grade performance and mining delivery, will lead to significantly improved metal production and revenue
New LOM planning with long-term pit optimisation provides a reasonable basis for indicative future planning and likely extension of mine life to 2023.

Estimated period of operation initially increasing from 6.5 to 10 years.

New plan contains total LOM Production Target of 30-32Mt @ 0.7-0.8% Cu for approximately 190kt of recoverable copper.

Improved understanding of Resource and increased confidence about the mine production profile, pit design and future Exploration Targets near mine.
- Hillgrove has an 80% beneficial interest in PT Akram through a JV Agreement
- Moving to a corporatised ownership structure – PMA conversion in progress
- IUP rights granted to March 2017 cover almost 1,000km²
- Hillgrove responsible for exploration & development activities to Decision to Mine
- Successful drilling campaign confirms widespread molybdenum mineralisation and elevated copper values consistent with near-porphyry environment
Hillgrove has an 80% direct shareholding in PT Fathi Resources through Singapore holding structures, which has been converted to PMA status.

IUP rights granted to December 2016 cover ~1,000km² – reducing to 750km².

Hillgrove responsible for exploration and development activities and sole funding up to Decision to Mine.

Ex-BHP project: Extensive database of previous exploration results has delineated numerous targets.

Island arc setting.

Principal targets of low sulphidation epithermal gold mineralisation throughout.

Successful drilling campaign has confirmed south coast potential for porphyry copper-gold targets.
SENSITIVITIES TO REVENUE

- AUD/USD +/− 5% AUD 2.8 million
- Copper Price +/− 10% AUD 4.5 million
- Gold Price +/− 10% AUD 0.8 million

GUIDANCE FOR FY2014

Production
- Concentrate 75,000 – 85,000 dry metric tonnes
- Copper 18,000 – 20,000 tonnes
- Gold 5,000 – 6,000 ounces

Costs
- C1 Costs USD 2.25 – 2.50 per pound (at AUD/USD of 1.00)

Processing Grade Outlook
- Average 0.75%
SUMMARY

PERFORMANCE UPDATE

- Kanmantoo now on track to meet guidance for FY14
- Revised finance arrangements complete
- Positive cash generation in FY14, with significant copper price certainty as a result of the strong copper hedge book
- Continued investment in infrastructure in FY14 at Kanmantoo Copper Mine, with new primary crusher and tailings dam extension
- New Resource and Reserve on track
- Interest for earn-in arrangements for Sumba and Bird’s Head Projects in Indonesia
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All currency referred to is Australian Dollars (AUD) unless otherwise indicated.

Hillgrove has a 31 January Year End, therefore quarter references are Q1 February-April, Q2 May-July, Q3 August-October and Q4 November-January.
The information in this release that relates to Exploration Results and Exploration Targets for the Kanmantoo Copper Mine 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 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code)’.

The information in this report that relates to Indonesian Exploration Results and Exploration Targets is based on information compiled by Mr Jim Kerr, who is a Member of The Australian Institute of Mining and Metallurgy. Mr Kerr is General Manager – Exploration for Hillgrove Resources and has sufficient relevant experience to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code)’.

The Competent Persons have consented to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Information that relates to Mineral Resources and Ore Reserves is based on previously released reports:

• 2012 Resource Statement by AMC Consultants Pty Ltd compiled by Mr Aaron Meakin as released to the ASX on 31 May 2012;
• 2010 Ore Reserve estimates by Mining and Cost Engineering Pty Ltd compiled by Mr Geoff Davidson as released to the ASX on 4 May 2010.

Hillgrove Resources Limited confirms in this announcement that it is not aware of any new information or data that materially affects the information included in the previously released reports. In the case of estimates of Mineral Resources or Ore Reserves, the company confirms that all material assumptions and technical parameters underpinning the estimates in the previously released reports continue to apply and have not materially changed.