HILLGROVE
RESOURCES

Q3 AND COMPANY UPDATE

GREG HALL CEO & MANAGING DIRECTOR
RUSSELL MIDDLETON CHIEF FINANCIAL OFFICER
20 NOVEMBER 2013
Production and cash flow in Australia

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

Rim-of-Fire 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 John Quirke; Mr Douglas Snedden, Mr Edwin Zemancheff
- 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

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 with low turnover
- Rim-of-Fire exploration in Indonesia
  - Sumba gold project (80% owned)
  - Bird’s Head copper/gold project (80% owned)

- Hillgrove now has 80% direct interest in both Bird’s Head (PT Akram) and Sumba (PT Fathi) projects, with both successfully converted to “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 which Hillgrove will continue to pursue

- Exploration activity decreased, with experienced core teams maintained for both projects, as have relationships with local landowners
ASX listed: HGO

Shares on issue: 1,178.6 million

Share price: AUD0.09

Market capitalisation: AUD106.1 million

Cash and cash equivalents: AUD16.5 million

Debt AUD44.5 million

49% Institutional shareholders

Top 20 shareholders own ~51.6%
Complete change out of the mining services was finalised with the introduction of a new fleet of mobile equipment and the recruitment of Hillgrove employees and supervisors.

Safety at Kanmantoo continues to improve with the 12 month TRIFR reducing to 15.0.

Implementation of new drilling and blast practices to minimise mining dilution.
Record production with 4,306 tonnes of copper in concentrate for the quarter, achieving set targets following change out of mining service activities in August.

High grade ore in the main Kavanagh Pit at base of old Kanmantoo mine pit now being mined.

Nugent pre-stripping activity continuing to open up next primary ore source.

Blended feed to the mill (direct from pit and lower grade stockpiles) continued to be used to ensure adequate mill feed, resulting in a mill grade of 0.63% Cu.

One shipment was made to China in September totalling some 10,000wmt.

New Reserve estimate released for Kanmantoo with a substantial increase in mine life as a result.
**KANMANTOO COPPER MINE**  
**Q3 FY14 PRODUCTION OUTPUT**

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore to ROM from Pit</td>
<td>kt</td>
<td>495</td>
<td>2,221</td>
<td>689</td>
<td>555</td>
<td>656</td>
</tr>
<tr>
<td>Ore to/(from) long term stockpiles</td>
<td>kt</td>
<td>1,267</td>
<td>849</td>
<td>(137)</td>
<td>(84)</td>
<td>3</td>
</tr>
<tr>
<td>Mined Waste</td>
<td>kt</td>
<td>7,446</td>
<td>11,777</td>
<td>2,728</td>
<td>2,158</td>
<td>1,658</td>
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<tr>
<td><strong>Total Tonnes Mined</strong></td>
<td>kt</td>
<td>9,208</td>
<td>14,847</td>
<td>3,417</td>
<td>2,713</td>
<td>2,430</td>
</tr>
<tr>
<td><strong>Mining Grade to ROM</strong></td>
<td>%</td>
<td>0.75</td>
<td>0.76</td>
<td>0.67</td>
<td>0.67</td>
<td>0.63</td>
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<tr>
<td>Ore Milled</td>
<td>kt</td>
<td>331</td>
<td>2,303</td>
<td>708</td>
<td>720</td>
<td>756</td>
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<tr>
<td>Milled Grade</td>
<td>%</td>
<td>0.56</td>
<td>0.66</td>
<td>0.57</td>
<td>0.54</td>
<td>0.63</td>
</tr>
<tr>
<td>- Cu</td>
<td>g/t</td>
<td>0.11</td>
<td>0.16</td>
<td>0.18</td>
<td>0.09</td>
<td>0.10</td>
</tr>
<tr>
<td>- Au</td>
<td>g/t</td>
<td>2.22</td>
<td>2.96</td>
<td>3.21</td>
<td>2.11</td>
<td>3.00</td>
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<tr>
<td>Recovery</td>
<td>%</td>
<td>69.6</td>
<td>89.9</td>
<td>89.1</td>
<td>89.5</td>
<td>90.7</td>
</tr>
<tr>
<td>- Cu</td>
<td>%</td>
<td>67.5</td>
<td>54.7</td>
<td>54.0</td>
<td>57.8</td>
<td>50.3</td>
</tr>
<tr>
<td>- Au</td>
<td>%</td>
<td>46.6</td>
<td>55.4</td>
<td>38.7</td>
<td>56.0</td>
<td>45.3</td>
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<tr>
<td><strong>Cu Concentrate Produced</strong></td>
<td>Dry mt</td>
<td>4,774</td>
<td>56,431</td>
<td>15,510</td>
<td>15,699</td>
<td>19,161</td>
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<tr>
<td>Concentrate Grade</td>
<td>%</td>
<td>30.2</td>
<td>24.4</td>
<td>23.1</td>
<td>22.0</td>
<td>22.5</td>
</tr>
<tr>
<td>- Cu</td>
<td>g/t</td>
<td>6.0</td>
<td>3.6</td>
<td>4.5</td>
<td>2.5</td>
<td>1.9</td>
</tr>
<tr>
<td>- Ag</td>
<td>g/t</td>
<td>79.9</td>
<td>67.0</td>
<td>56.8</td>
<td>54.1</td>
<td>45.3</td>
</tr>
<tr>
<td>Contained Metal in Concentrate</td>
<td>%</td>
<td>1,481</td>
<td>13,744</td>
<td>3,590</td>
<td>3,450</td>
<td>4,306</td>
</tr>
<tr>
<td>- Cu</td>
<td>oz</td>
<td>816</td>
<td>6,570</td>
<td>2,237</td>
<td>1,268</td>
<td>1,178</td>
</tr>
<tr>
<td>- Au</td>
<td>oz</td>
<td>12,194</td>
<td>121,656</td>
<td>28,304</td>
<td>27,302</td>
<td>33,097</td>
</tr>
<tr>
<td>Total Concentrate Sold</td>
<td>Dry mt</td>
<td>4,263</td>
<td>56,526</td>
<td>16,184</td>
<td>14,134</td>
<td>18,919</td>
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</tbody>
</table>

- Rates generally maintained despite mining services changeover
- Access to higher grade ore in Kavanagh pit allows increase in copper production through next quarter
- New crusher circuit continued to perform at above 2.8Mt p.a. target

Note: all references to quarters in this presentation relate to Hillgrove financial year quarters. Hillgrove FY14 is 1 February 2013 to 31 January 2014.
The mining rate was impacted by weather and the mining services changeover

New mining fleet on site and operational by 7 August, ramping up to nominal mining capacity by mid-September

Base of old Kanmantoo pit reached, and access to improved ore consistency will result in increased grade from main Kavanagh pit through Quarter 4
Mill and wet plant continued to perform well during the quarter.

Mill throughput was a record, with 756k tonnes of ore milled for the quarter (at 3Mtpa rates) further reducing milling costs per tonne of ore.

Blended feed to the mill (direct from pit and lower grade stockpiles) continued to be used to ensure continuity, resulting in a mill feed grade of 0.63% Cu.
Kanmantoo produced 4,306 tonnes of copper in concentrate, reaching target following the changeout of mining services

Total copper production guidance for FY14 on target for 16,500 to 18,000t Cu
MINING STATUS – KAVANAGH AND GIANT Cross Section (318200E Looking West)

Reserve 2013 Model
Blocks Shown > 0.2% Cu

EOM Survey July 2013
Revenue for the quarter was AUD32.8 million at an average realised price for copper of AUD3.58/lb

C1 unit costs for the quarter were USD2.80 per pound

Year to date C1 costs USD2.63 per pound, and projected to be maintained within previous guidance throughout remainder of the financial year

<table>
<thead>
<tr>
<th>Period</th>
<th>US cents per lb</th>
<th>FY 2013</th>
<th>Apr-13 QTR</th>
<th>Jul-13 QTR*</th>
<th>Oct-13 QTR</th>
<th>Year To Date</th>
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</thead>
<tbody>
<tr>
<td>Mining Costs</td>
<td></td>
<td>92</td>
<td>117</td>
<td>102</td>
<td>156</td>
<td>127</td>
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<tr>
<td>Processing Costs</td>
<td></td>
<td>97</td>
<td>97</td>
<td>92</td>
<td>65</td>
<td>85</td>
</tr>
<tr>
<td>Other Direct Cash Costs</td>
<td></td>
<td>23</td>
<td>24</td>
<td>29</td>
<td>25</td>
<td>27</td>
</tr>
<tr>
<td><strong>Total Onsite Costs</strong></td>
<td></td>
<td>212</td>
<td>238</td>
<td>223</td>
<td>246</td>
<td>239</td>
</tr>
<tr>
<td>Transport &amp; Shipping</td>
<td></td>
<td>18</td>
<td>18</td>
<td>17</td>
<td>16</td>
<td>18</td>
</tr>
<tr>
<td>Treatment, Refining &amp; Smelter Charges</td>
<td></td>
<td>36</td>
<td>39</td>
<td>44</td>
<td>41</td>
<td>43</td>
</tr>
<tr>
<td><strong>Total Offsite Costs</strong></td>
<td></td>
<td>54</td>
<td>57</td>
<td>61</td>
<td>57</td>
<td>61</td>
</tr>
<tr>
<td>Precious Metals Credits</td>
<td></td>
<td>(46)</td>
<td>(54)</td>
<td>(35)</td>
<td>(23)</td>
<td>(37)</td>
</tr>
<tr>
<td><strong>Total Direct Operating Costs (C1 Cash Costs)</strong></td>
<td></td>
<td>220</td>
<td>241</td>
<td>249</td>
<td>280</td>
<td>263</td>
</tr>
<tr>
<td>Royalties</td>
<td></td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>5</td>
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<tr>
<td>D&amp;A</td>
<td></td>
<td>96</td>
<td>86</td>
<td>75</td>
<td>56</td>
<td>71</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>321</td>
<td>332</td>
<td>328</td>
<td>340</td>
<td>339</td>
</tr>
</tbody>
</table>
Continued reduction in processing unit costs due to higher production rates and continuous feed.

Further reduction is expected with implementation of improvement projects in the plant.
Strong hedge book provides certainty for cashflows and revenue in future periods

Approximately 33,000 tonnes of copper swaps remain

65-70% of forecast copper production hedged to March 2016 at an average price of ~AUD7,950/tonne
Eighty eight new Hillgrove employees recruited since Hillgrove moved to Owner/Operator, representing:

- 147% employee increase from Local Region (Callington / Kanmantoo)
- 141% employee increase from Adelaide Hills Region
- 26% employee increase from the Greater Adelaide Region

Services being undertaken by Andy’s Earthmovers and Roc-Drill have a combined permanent workforce of some 55 employees on site.
LOM plan to encompass immediate resource areas – targeting 10 year life of operations

Mining performance currently focussed on Kavanagh pit, with the pit now accessing the higher grade zone

Nugent under pre-strip operations, to be followed by Emily Star

Note: Rodda will include Emily Star; and Giant will include Giles, Lean and Valentine
Kanmantoo Global Mineral Reserve Estimate at End February 2013

<table>
<thead>
<tr>
<th>Classification</th>
<th>JORC 2012</th>
<th>Tonnage (Mt)</th>
<th>Cu (%)</th>
<th>Au (g/t)</th>
<th>Ag (g/t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Situ Reserve</td>
<td>Proven</td>
<td>2.5</td>
<td>0.77</td>
<td>0.08</td>
<td>1.7</td>
</tr>
<tr>
<td></td>
<td>Probable</td>
<td>18.2</td>
<td>0.72</td>
<td>0.20</td>
<td>2.0</td>
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<tr>
<td></td>
<td></td>
<td><strong>20.7</strong></td>
<td><strong>0.73</strong></td>
<td><strong>0.18</strong></td>
<td><strong>1.9</strong></td>
</tr>
<tr>
<td>Long Term Stockpiles</td>
<td>Proven</td>
<td>1.4</td>
<td>0.46</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>1.4</strong></td>
<td><strong>0.46</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>22.1</strong></td>
<td><strong>0.71</strong></td>
<td><strong>0.18</strong></td>
<td><strong>1.9</strong></td>
</tr>
</tbody>
</table>

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.
SENSITIVITIES TO REVENUE

- AUD/USD +/- 10% AUD 2.0 million
- Copper Price +/- 10% AUD 2.3 million
- Gold Price +/- 10% AUD 1.1 million

GUIDANCE FOR FY2014

Production – Copper 16,500 – 18,000 tonnes

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

- Hillgrove completed placement to raise AUD10.8 million through issue of 153.7 million ordinary shares.
- Placement price of AUD0.07 per share represents a discount of 12.0% to volume weighted average price during 5 trading days up to and including 18 September.
- Oversubscribed and received strong support from both current and new shareholders, endorsing Hillgrove’s commercial and operational outlook.

Debt Repayments

- Hillgrove was able to make a significant reduction to its debt balance during the quarter.
- Total debt reduced from AUD48.2m to AUD44.5m at 31 October 2013.
- A Gold Loan repayment of AUD1.2m (818 ounces) was made in addition to the first repayment of AUD2.5m principal in relation to Senior Debt.
Revenue for the quarter was AUD32.8 million (USD29.5 million) at an average realised price for copper of AUD3.58/lb (USD3.29/lb)

Kanmantoo guidance for FY14 remains on target for 16,500 to 18,000t Cu

Positive cash generation in FY14, with copper price certainty as a result of strong copper hedge book

Hillgrove operators with a focus on skills, training and culture achieving targeted mining rates and quality, leading to increased ore grade from the Kavanagh pit and ramp up in copper production
For further information please contact:

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- Russell Middleton, Chief Financial Officer
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  Level 17, 264 George Street
  Sydney NSW 2000
- E: info@hillgroveresources.com.au
- T: 61 2 8247 9300
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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.
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 2.8Mtpa, to produce approximately 80,000 dry metric tonnes of copper concentrate containing 20,000t copper and associated gold and silver per annum.

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 Mineral 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.