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 Douglas Snedden, Mr Edwin Zemancheff, Mr Maurice Loomes
- Executive: Mr Gregory Hall, CEO and Managing Director
- 100%-owned
- 55km from Adelaide, South Australia
- Mining Lease is within 500km$^2$ Exploration License
- 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
- Quality of life attracts mature, experienced workforce
- Mine Construction and Operation are critical to exploration
  - Feasibility to operation
  - Safety & Community
  - Quality
  - Efficiency
  - Costs
ABARE stated that at the end of October 2011, 102 Projects underway with A$231 Billion of expenditure

- Pressure on EPCMs and Owners
- Significant scale
- Unprecedented level of complexity

Blowouts and over runs aren’t new

- Between 1965 and 1981 the average cost over run was 22 to 33 per cent
- By today’s standards these were simple projects with skilled people more readily available

Financiers start to manage their risks

- Automatically factor in “unforeseen events”
- Borrowing restrictions and lack of trust

Modified Scope

- Scopes are adjusted
- Operational capability is compromised
COMMUNITY

- Operational commencement presents new challenges and expectation increase with time.
RESOURCE AND RESERVE

- Important parameters are realistic and achievable

GEOTECHNICAL

- Blasting and vibration can have serious impacts on stability
- Bench and ground support effectiveness

GRADE CONTROL

- Further refinement to Reserve

EFFECTIVE EXTRACTION

- Maximum recovery
- Minimum dilution
BASIC BUT BULLETPROOF

- Do the absolute minimum
- Keep everything simple
- Plan effectively
- Maximise throughput
- Minimise cost
On Time and Scope Project

- Low Cost Operation
- Longer life
- Increased Exploration Options
- Complete change out of the mining services
  - Supply, Maintain and Repair Contract (SMARC)
  - Recruitment of Hillgrove employees and supervisors
  - Specialised Drillers
  - Explosives Supply
- Focus on safety, quality, efficiency and costs
Mining rate impacted by weather and changeover

New fleet operational by 7 August, ramping to nominal capacity by mid-September

Base of old Kanmantoo pit reached improving ore consistency
- Mill continued to outperform
- Mill record, with 756k tonnes milled for the quarter reducing milling costs per tonne of ore
- Kanmantoo produced 4,306 tonnes of copper in concentrate
- Guidance for FY14 on target for 16,500 to 18,000t Cu
<table>
<thead>
<tr>
<th>Quarter</th>
<th>Costs ($/t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2013</td>
<td>12.00</td>
</tr>
<tr>
<td>Q2 2013</td>
<td>11.00</td>
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<tr>
<td>Q3 2013</td>
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<td>Q4 2013</td>
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<td>Q1 2014</td>
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<tr>
<td>Q2 2014</td>
<td>9.00</td>
</tr>
<tr>
<td>Q3 2014</td>
<td>8.00</td>
</tr>
</tbody>
</table>

Quarterly Processing Unit Costs
Including Mobile Crushing ($/t Milled)
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 pre-strip underway, then 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>JORC 2012 Classification</th>
<th>Tonnage (Mt)</th>
<th>Cu (%)</th>
<th>Au (g/t)</th>
<th>Ag (g/t)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In Situ Reserve</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proven</td>
<td>2.5</td>
<td>0.77</td>
<td>0.08</td>
<td>1.7</td>
</tr>
<tr>
<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><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><strong>Long Term Stockpiles</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proven</td>
<td>1.4</td>
<td>0.46</td>
<td>N/A</td>
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<tr>
<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><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.

- 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
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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).

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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.
HILLGROVE RESOURCES - COMPANY UPDATE

COMPETENT PERSON STATEMENTS

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.

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<tr>
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<td><strong>1.89</strong></td>
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<td>Total</td>
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