COMPANY BACKGROUND
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
ASX listed: HGO
Shares on issue: 1,180.9 million
Share price: $0.068
Market capitalisation: $80.3 million
Profit to 31 Jan 2014 (FY14): $1.5 million
Cash and cash equivalents $13.9 million
Debt $33.4 million
Net Debt $19.5 million
Production FY14: 17,184t contained copper
Guidance FY15: 22,300 to 24,600t copper
The strategic focus of the Company is on further improvements in performance of the Kanmantoo Mine, expansion of the Kanmantoo region Resource through exploration, realisation of value from the Indonesian assets and the creation of value for shareholders.
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.
OPERATIONS REVIEW
### Kanmantoo Global Mineral Resource 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>
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</tr>
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<tbody>
<tr>
<td>In Situ Resource</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measured</td>
<td>2.63</td>
<td>0.88</td>
<td>0.10</td>
<td>1.95</td>
</tr>
<tr>
<td>Indicated</td>
<td>21.77</td>
<td>0.82</td>
<td>0.23</td>
<td>2.21</td>
</tr>
<tr>
<td>Inferred</td>
<td>5.0</td>
<td>0.67</td>
<td>0.13</td>
<td>1.79</td>
</tr>
<tr>
<td></td>
<td><strong>29.46</strong></td>
<td><strong>0.80</strong></td>
<td><strong>0.20</strong></td>
<td><strong>2.11</strong></td>
</tr>
<tr>
<td>Long Term Stockpiles</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measured</td>
<td>1.39</td>
<td>0.46</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Indicated</td>
<td>0.50</td>
<td>0.18</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td><strong>1.89</strong></td>
<td><strong>0.39</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td><strong>31.30</strong></td>
<td><strong>0.78</strong></td>
<td><strong>0.20</strong></td>
<td><strong>2.11</strong></td>
</tr>
</tbody>
</table>

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

### Kanmantoo Global Ore 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>
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</tr>
</thead>
<tbody>
<tr>
<td>In Situ Reserve</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>
</tr>
<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>Long Term Stockpiles</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Proven</td>
<td>1.4</td>
<td>0.46</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td><strong>1.4</strong></td>
<td><strong>0.46</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</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 Reserve >0.20% Cu. Long Term Stockpiles >0.15% Cu.

Refer to Competent Persons Statement Page 22.
High grade ore in Kavanagh Pit being augmented with primary ore from Nugent pit, and commencing from Emily pit

New Liebherr excavators, drill & blast productivity changes and multiple ore sources targeting a 40% increase in truck tph

Completion of mining crew operator and quality training

Mining dilution now in line with Reserve dilution
- Ore throughput of 3.0Mtpa
- Standard flotation process, coarse grind (~212μm), clean concentrate
- Initial constraints on production addressed with installation of new primary jaw crusher in April 2013

**FY15 Guidance:**
- Production of 22,300t - 24,600t of copper in concentrate
- Copper grade of 0.83% – 0.88%
- Gold 7,000 – 9,000 ounces
Our approach is derived from a strong ethical foundation outlined in our Sustainability & Work Health and Safety Policies.

Prudent and environmentally responsible operational management will help reduce our overall rehabilitation expenditure, while building our reputation with the community as a good neighbour and an ethical mining operator.

Our Community Engagement Plan, in place since 2009, outlines our objectives, identifies our community, governs how we engage with stakeholders and mechanisms for feedback.

Key areas of ongoing discussion with the community include fugitive dust, blasting vibration, local traffic impacts, lighting and our two year life extension (PEPR) approval.
12 Month moving average Total Recordable Injury Frequency Rate

- Safety performance shows significant trend of improvement
- Following move to owner operator a high level of induction, skills assessment and training has been instigated for all employees
- Transition to new safety legislation with completion of Integrated Risk Management System
- Ongoing development of Principal Mining Hazard Management Plans
- Continuous improvement through more extensive equipment training to manufacturer guidelines
- New specialist contractors achieving a high level of safety and compliance
OVERVIEW OF FY14 RESULTS

Financial Year Ending 31 January 2014
Revenue of $139.2 million and adjusted EBITDA at $37.3 million for full year

Full year Net Profit After Tax of $1.5 million

Sales of 74,051t of copper concentrate

Record production levels achieved with 75,423t of concentrate containing 17,184t copper, 5,962oz gold, and 132,854oz silver

Significant capital expenditure investments for Kanmantoo mine with new primary jaw crusher installed and major tailings storage facility (TSF) lift underway

Safety performance shows significant trend of improvement with 60% reduction in 12 month average Total Recordable Injury Frequency rate

New Resource and Reserve statements released confirming Target Mine Life of 2023
- Profit after tax of $1.5M
- Revenue increased to $139.2M
- Operations efficiency has increased operating margins
- Full year C1 costs of US$2.39 per lb in line with guidance, improving at year end (Q4 at US$2.00 per lb)
- Depreciation and amortisation up with increased copper production
- Reduction in corporate and administration costs
- Reduced finance costs with lower bank debt outstanding
- Cash at year end of $16.5M
- Increase in oxide and transition inventories together with deferred mining
- Continued investment in infrastructure of $20.9M, including new primary crusher and TSF
- Wind back of Indonesian exploration
- Significant reduction in payables by $16.0M
- Significant reduction in borrowings by $8.6M
HILLGROVE UPDATE
- ASX listed: HGO
- Shares on issue: 1,180.9 million
- Share price: $0.068
- Market capitalisation: $80.3 million
- Cash and cash equivalents $13.9 million
- Debt $33.4 million
- Net Debt $19.5 million
- Tax losses carried forward circa $69 million
- Franking Account Credit $21.3 million
Significant additional reduction to current borrowings, with payment of $7.4M made in the first quarter of FY15

Current copper prices lower than balance date with hedging providing solid support for realised copper sales

Equipment supply contractor and Hillgrove commissioned two new Leibherr excavators with significantly higher operating capacity

Installation of multi-stream analyser to further improve recoveries in Mill

Advanced stage of permitting for further two year life extension

Bulk lime handling facility complete and operational
SENSITIVITIES TO REVENUE

- AUD/USD +/- 5% AUD 1.4 million
- Copper Price +/- 10% AUD 4.5 million
- Gold Price +/- 10% AUD 1.4 million

GUIDANCE FOR FY2015

Processing
- Ore Processed 2,900 to 3,000 k tonnes ore
- Copper Grade 0.83% – 0.88%

Production
- Copper 22,300 – 24,600 tonnes
- Gold 7,000 – 9,000 ounces

Costs
- C1 Costs USD 2.10 – 2.40 per pound (at AUD/USD of 0.90)
- Strong hedge book provides certainty for revenue during debt repayment period

- Additional hedging put in place in January at A$8,300/t

- Production to end July 2014 hedged 90% at A$8,140/t (A$3.69/lb)

- Currently tracking well over Cu spot price

- Post July, hedged at average 65% to March 2016
For further information please contact:

- Greg Hall, CEO and Managing Director
  E: info@hillgroveresources.com.au
- T: 61 2 8247 9300
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.

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No representation or warranty is or will be made by any person (including Hillgrove Resources Limited ACN 004 297 116 ("Hillgrove", “HGO”, or the “Company”) and its officers, directors, employees, advisers and agents) in relation to the accuracy or completeness of all or part of this document (the “Document”), or the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in, or implied by, this Document or any part of it. This Document includes information derived from third party sources that has not been independently verified.

This Document contains certain forward-looking statements with respect to the financial condition, results of operations and business of Hillgrove and certain plans and objectives of the management of Hillgrove. Forward-looking statements can generally be identified by the use of words such as ‘project’, ‘foresee’, ‘plan’, ‘expect’, ‘aim’, ‘intend’, ‘anticipate’, ‘believe’, ‘estimate’, ‘may’, ‘should’, ‘will’ or similar expressions. Indications of, and guidance on, production targets, targeted output, mine development or timelines, exploration or expansion timelines, infrastructure alternatives and financial position and performance are also forward-looking statements. Any forecast or other forward-looking statement contained in this Document involves known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Hillgrove, and may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

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.