The Total Recordable Injury Frequency Rate (TRIFR) has improved 75% in the last three years.

This year the severity has reduced but the frequency remains.

It must continue to decline before we can be proud of this reduction.
Engagement continues through the Kanmantoo Callington Community Consultative Committee (KCCCC), with key areas discussed including dust, noise, lights and rehabilitation program.

- A Dust Working Party was formed promoting understanding and community input.
- State-of-the-art dust monitoring stations measure performance.
- Community Engagement Plan was re-developed for the Program for Environmental Protection and Rehabilitation (PEPR) extension of two years to 2019.
- Master Plan Working Party formed to liaise on the latter stages of development, closure, rehabilitation and the future after mining.
- Design of a KCCCC website.
COMPANY UPDATE
DUST MONITORING
Program for Environment Protection and Rehabilitation (PEPR) in relation to the Life of Mine plan for ML6345 and ML6436 was approved by the Department of State Development.

The approval provides a 75% increase in processed ore and a two year extension to 2019.
Owner Operator mining - July 2013

- 48% mining unit costs
+ 81% mining production
+ 8% payload per truck
+ 24% truck efficiency
+ 17% drilling efficiency
- 17% blasting powder factor
- 29% fuel consumption
- 75% dilution
Company Update
Processing and ROM Unit Costs

Quarterly Processing Unit Costs
Including Mobile Crushing ($/t Milled)

- Costs ($/t)
- Jul 2013 Q2 FY14
- Oct 2013 Q3 FY14
- Jan 2014 Q4 FY14
- Apr 2014 Q1 CY14
- Jul 2014 Q2 CY14
- Sep 2014 Q3 CY14
- Dec 2014 Q4 CY14
- Mar 2015 Q1 FY15

Processing Costs
ROM Costs
A record 20,693t Cu within concentrates produced

- EBITDA of $42.7M with underlying EBITDA of $53.4M
- Statutory Profit after tax of $3.8M with Underlying Profit after tax of $10.1M
- Reduction in bank debt from $40.8M to $18.0M
  - Gearing reduced from 17.5% to 7.5%
- Revenue up 20% to $166.8M at average realised price of $3.62/lb (US$3.31/lb) Cu
- C1 for CY14 was US$1.97/lb ($2.18/lb) which has come in below guidance
6,500mt of copper hedges added in April 2015 at a price of A$7,917/mt (A$3.59/lb) before margins.

19.6kmt at an average price of A$7,765/mt (A$3.52/lb).
THREE PILLARS FOR ENHANCING SHAREHOLDER VALUE

KANMANTOO MINE

Productivity and cost focus to maximise free cash flow generation
Grow reserves and extend mine life through lower costs and exploration

REGIONAL GROWTH

Targeted regional prospects and exploration

CAPITAL MANAGEMENT

Enabling the Company to maximise shareholder value through appropriate gearing, payment of dividends and other capital management initiatives
COMPANY UPDATE
ENHANCING SHAREHOLDER VALUE – KANMANTOO
Lower costs potentially allow a second cutback on the Giant Pit with existing resource.
- Wheal Ellen appears to continue at depth but not along strike
- Detailed gravity surveys to north of Kavanagh / Giant have indicated extensions
- Helicopter TEM completed
Exploration success in a 433 metre deep reverse circulation (RC) hole, 200 metres to the north of the current resource.

- **28 metres @ 0.61% Cu**, 0.14g/t Au and 2.6g/t Ag at a 0.2% Cu cut off – within a broader mineralised zone of;

- 39 metres @ 0.47% Cu, 0.11g/t Au and 2.1g/t Ag at a 0.1% Cu cut off, from 324 m downhole

Included within the 28 metre intersection are:

- a higher grade zone of **10 metres @ 0.88% Cu**, 0.18g/t Au and 3.2 g/t Ag; and

- a peak one metre interval of 2.86% Cu, 0.8g/t Au and 9.4 g/t Ag
Two density inversion shells that may cause the observed surface gravity signature, and the location of KTRC995 exploration hole.

Conceptual 3D model of the two potential density shells. Note that the shells have been truncated artificially just north of the pit due to Giant Pit influence.
Schematic surface projection of potential mineralisation (inc vertical depth isosurfaces)
BASE: Gravity Bouger Anomaly Terrain Corrected

Current LOM pit edge

Along strike holes (RC) showing projected mineralisation intersection

Mineralisation, near-surface
Likely up-dip correlative

Kavanagh Pit
Main Orebody

KTRC995
Up-dip hole fan (RC/DDH)
Down-dip hole (RC/DDH)

Mineralisation, 330 m downhole
Slope Stability Radar

East Wall Topple

60° batters

90° batters with presplits and 1m offset

Garnet
Andalusite
Biotite Schist

Biotite Schist
• Shore up revenue – complete Giant cutback promptly
• Lower costs – Company wide
• Simplify and consolidate organisation in line with renewed focus on Kanmantoo
• Extend life – through input cost reductions and exploration
• Maximise cash from Operation
• Increase value for owners
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All currency referred to is Australian dollars ($) unless otherwise indicated (e.g. US$).

Hillgrove moved to a 31 December year end in 2014, so prior year references are for CY14 and the current year is FY15, with Q1 Jan-Mar, Q2 Apr-Jun, Q3 Jul-Sep and Q4 Oct-Dec.
ABOUT HILLGROVE

Hillgrove 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.

Competent Person’s Statement

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

The information in this release that relates to Exploration Results is based on information compiled by Dr David Rawlings, who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Rawlings consults independently as the Kanmantoo Exploration Manager for Hillgrove Resources Limited and has sufficient relevant experience 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)’. Dr Rawlings consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.