

# HILLGROVE RESOURCES

## KANMANTOO GROWTH PIPELINE

LACHLAN WALLACE ||||| CEO & MANAGING DIRECTOR  
29 NOVEMBER 2019





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#### **Competent Person's Statement**

The information in this release that relates to Exploration Results, Exploration Targets and Mineral Resource Estimates is based on information compiled by Mr Peter Rolley, who is a Member of The Australian Institute of Geoscientists. Mr Rolley 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 Rolley has consented to the inclusion in the release of the matters based on their information in the form and context in which it appears. All exploration drill results, soil sampling images, and rock chip results have previously been reported to the ASX by Competent Person at the time.

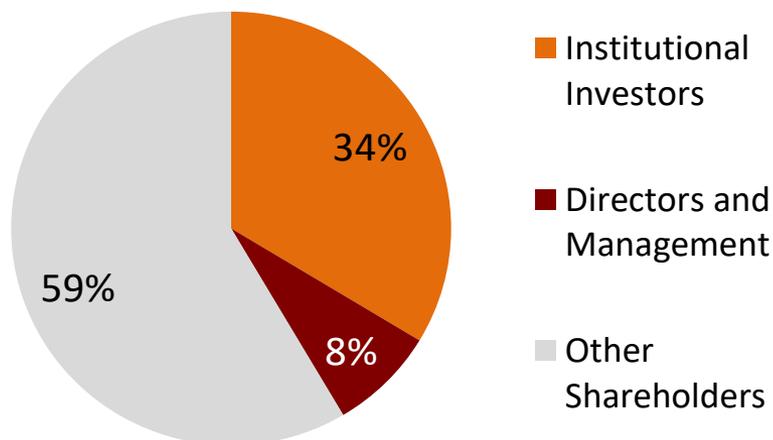




## Market Statistics

Share Price <sup>(1)</sup>	A\$p.s	0.065
Shares on Issue	M	585.6
Market Capitalisation	A\$M	38
Enterprise Value <sup>(2)</sup>	A\$M	33
Liquidity - 12 Months	M shares	52.1 (9%)

## Shareholders



## Investment Opportunity

- ✓ *Cash generation enables growth through modest exploration and potential value return through fully franked dividends*
- ✓ *Exciting growth pipeline throughout SA*
- ✓ *Infrastructure in place to quickly convert exploration success for low capex*

## Share Price – 3 years

Share Price (Adjusted for Dividends)



- Cash generative stage
  - Low cost processing of open pit stockpiles generating free cash flows
  - Pumped Hydro (\$30m in potential remaining payments)
  - 1.5cps fully franked dividend returned in Jun-19
  
- Funded pipeline of growth opportunities
  - Underground mining development potential on mining lease
  - Near mine exploration (<5km)
  - Large tenement holding in SA's newest Porphyry province, with no further tenements being granted in near future under Section 15 MLA moratoria
  
- Infrastructure and social licence in place
  - Low cost, fully paid off 3.6Mtpa process facility
  - Permitted and operational Tailings Storage Facility
  - Community goodwill through >10 years consultation.

***Funded explorer with exciting growth pipeline and infrastructure in place to convert exploration success quickly and with low capital***



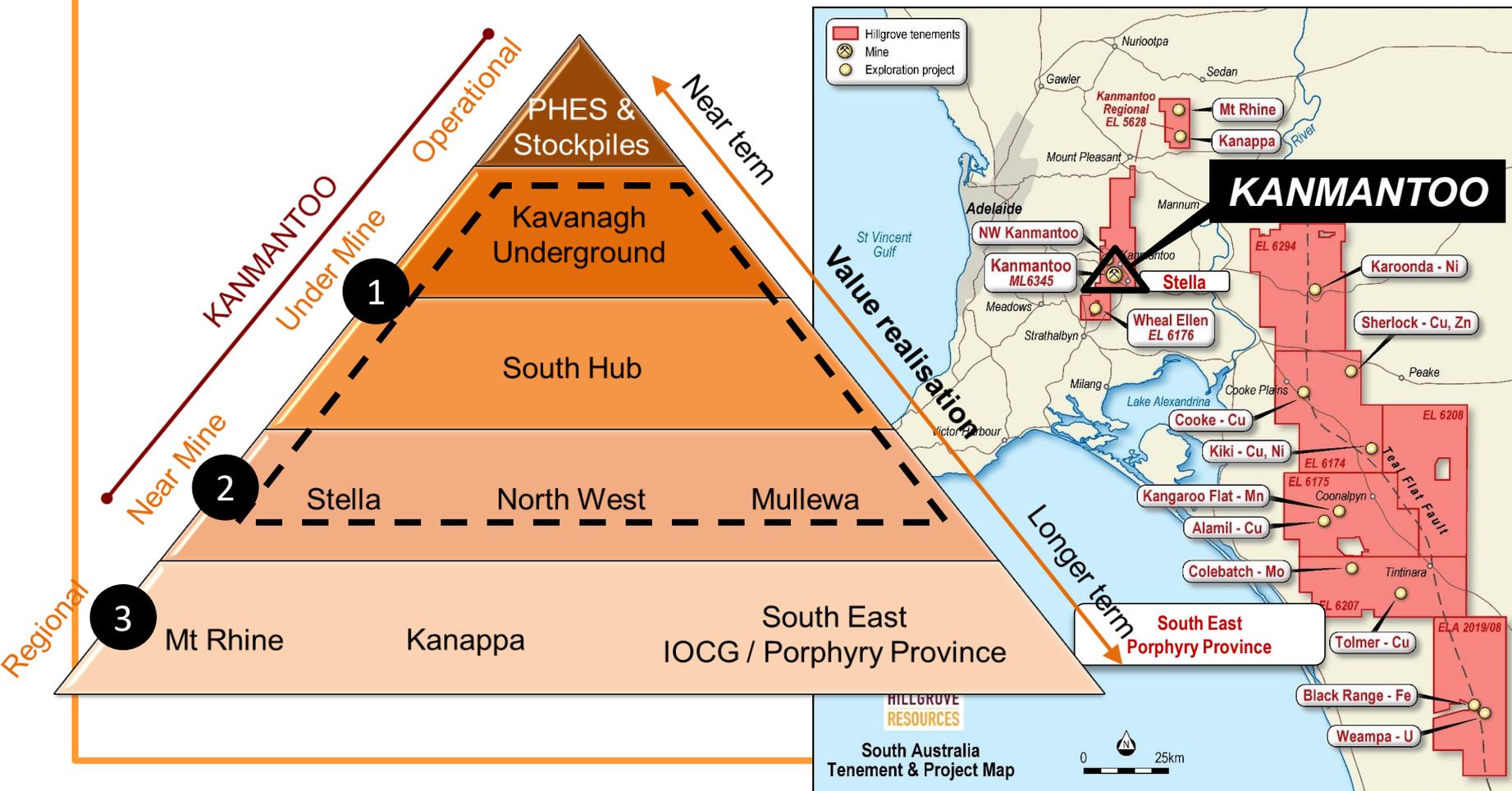
- Low risk, low cost processing of open pit stockpiles generating cash
- Pumped Hydro Energy Storage (PHES) payments – potentially \$30m remaining
- Franking credits enable fully franked dividends to be distributed
- Tax credits shield future earnings from tax

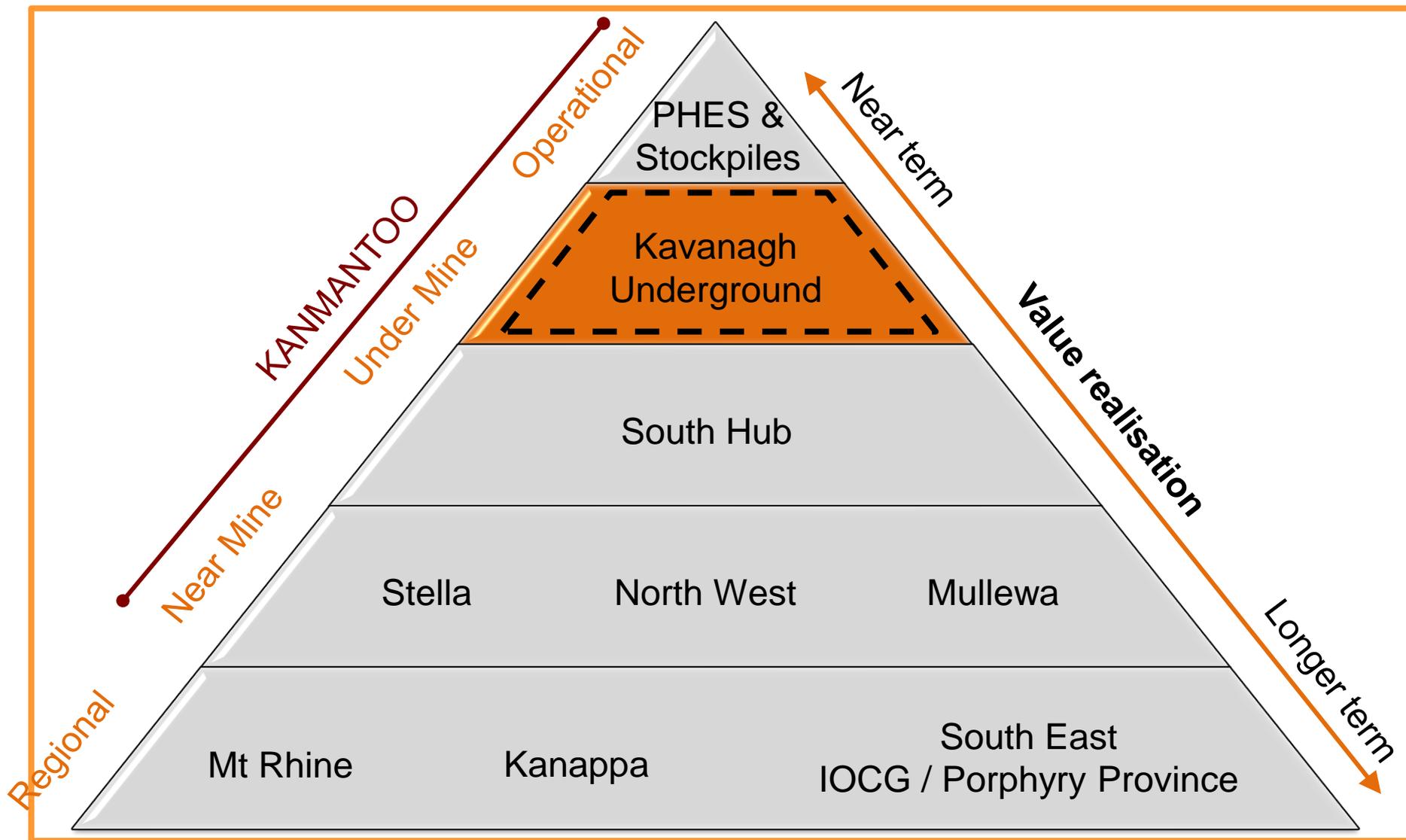


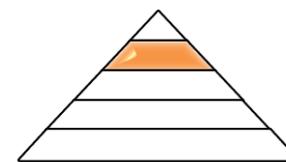
***Uniquely positioned to fund growth through exploration and consider returning value to shareholders through fully franked dividends***



- Overarching strategy to utilise existing infrastructure including 3.6Mtpa process facility and operational TSF to add value by converting exploration targets.

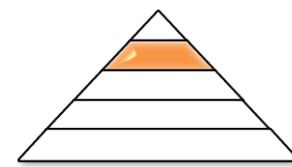




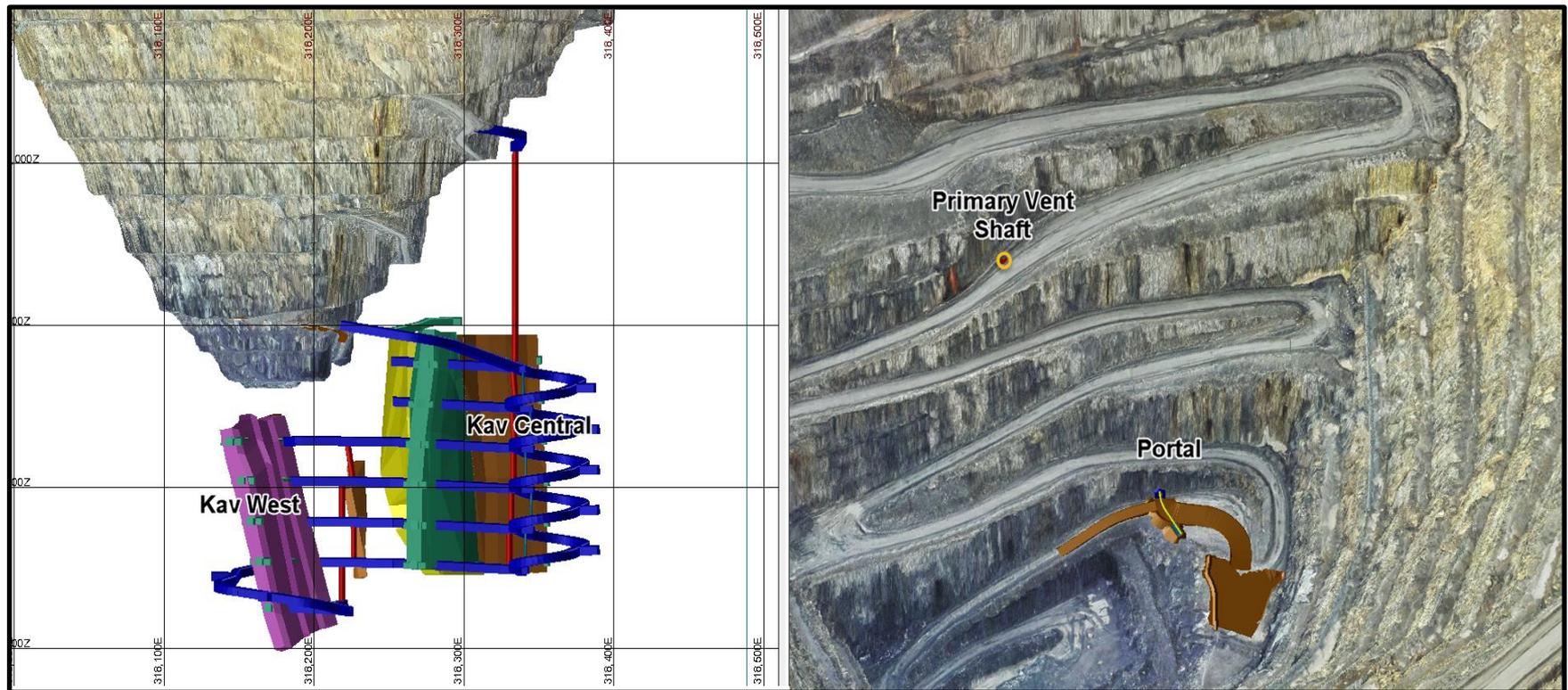


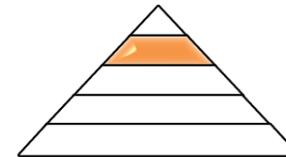
***Pumped Hydro has potential to realise up to \$30m but uses pit as lower pond which limits underground mine life below pit***





- Directly below the main pit. Utilises 350m deep pit as a 'quasi decline' to establish relatively low capital mining operation.
- Drilling and Feasibility Study undertaken to confirm viability of an short term, low capital underground operation before Pumped Hydro commences filling the pit.





- Key Intersections<sup>1</sup>:
  - 16.37m @ 3.0% Cu, 0.21 g/t Au, 7.8 g/t Ag from 434.73m downhole
  - 22.5m @ 2.5% Cu, 0.11 g/t Au, 6.9 g/t Ag from 372m downhole
  - 18m @ 2.3% Cu, 0.16 g/t Au, 7.8 g/t Ag from 367m downhole

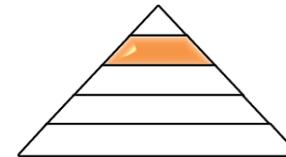


**Drilling confirmed widths and grade suitable for underground mining**

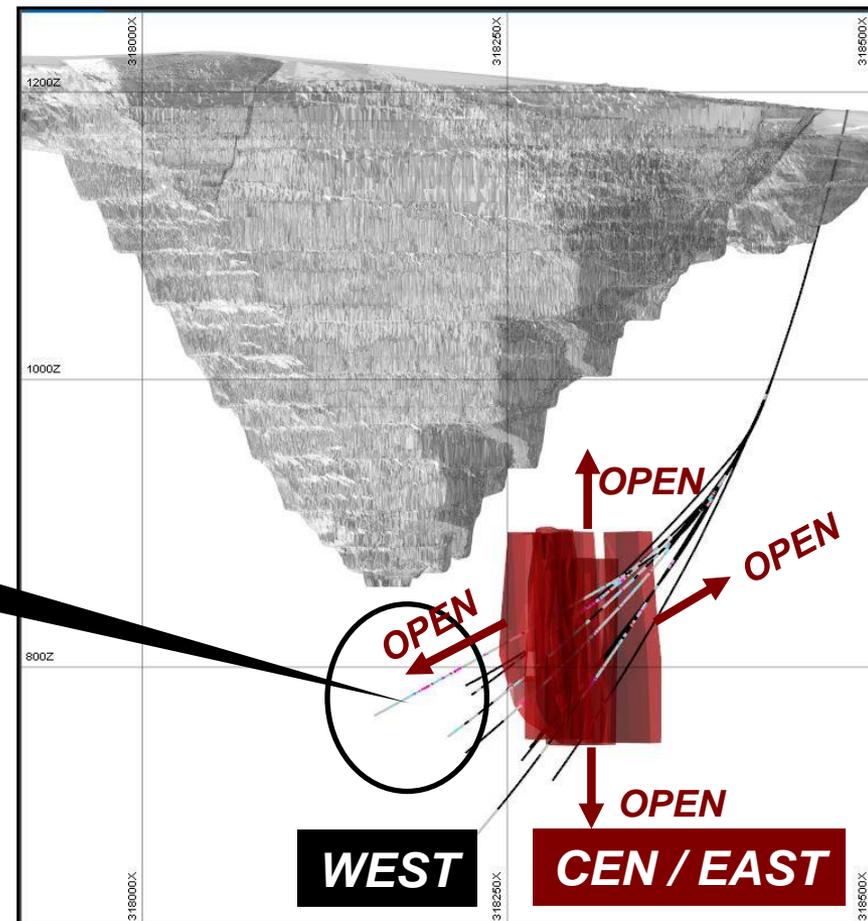
Note:

1. Refer ASX Release: Excellent Drill Results from Kanmantoo Cu-Au Deposit, 10/10/19  
Picture of core from diamond drill hole KTDD187-W2 (440.63m to 445.09m downhole)



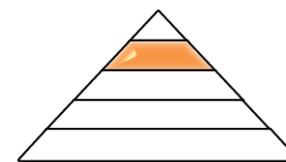


- JORC Mineral Resource Estimate of 857kt at 1.7%Cu, 0.14 g/t Au (Kavanagh Central & East only).<sup>1</sup>
- Central & East Kavanagh Resource open in all directions (down dip and along strike).
- West Kavanagh provides opportunity to increase mining inventory which is expected to improve project economics.
- Note: further drilling would take place prior to final investment decision.



***Resource open along strike and down dip, and West Kavanagh lode was not modelled providing opportunity to increase mining inventory***



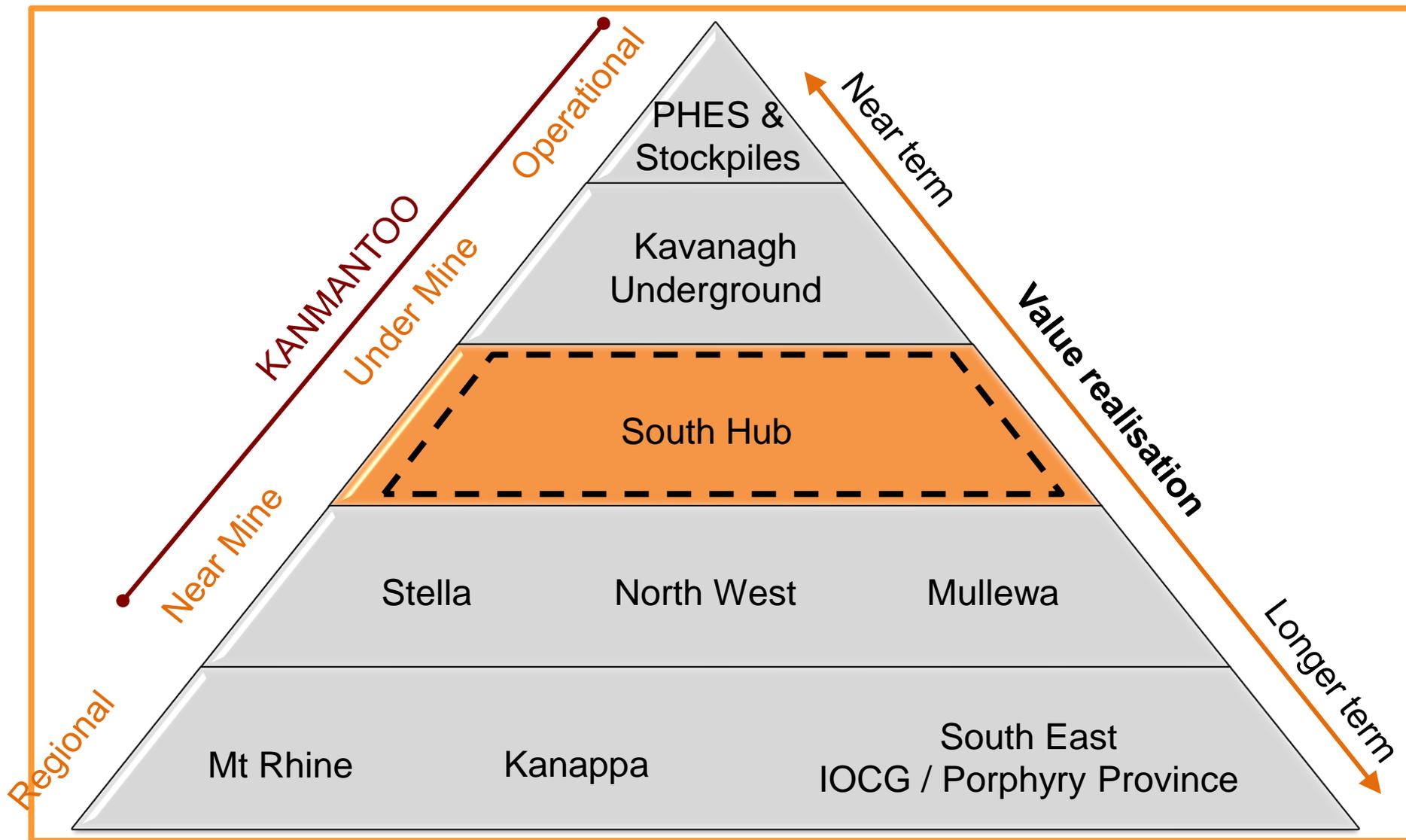


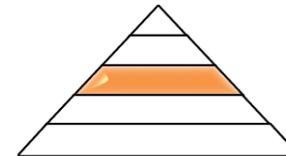
- Geotech modelling to assess impact of underground on pumped hydro project
- Permitting process underway – South Australian Regulator assessing application to undertake Kavanagh underground and increase TSF capacity by 7.5Mt which will enable 8-10 years processing capacity. Approval expected early 2020.
- Funding options available.
- Negotiations with AGL regarding the development of the underground are ongoing. A key consideration for Hillgrove will be to ensure the mining period is long enough to return sufficient ROI.

***Feasibility study, approvals and funding pathway position  
Hillgrove to take advantage of the underground opportunity  
pending confirmation of a minimum mining period that  
enables sufficient return on investment***

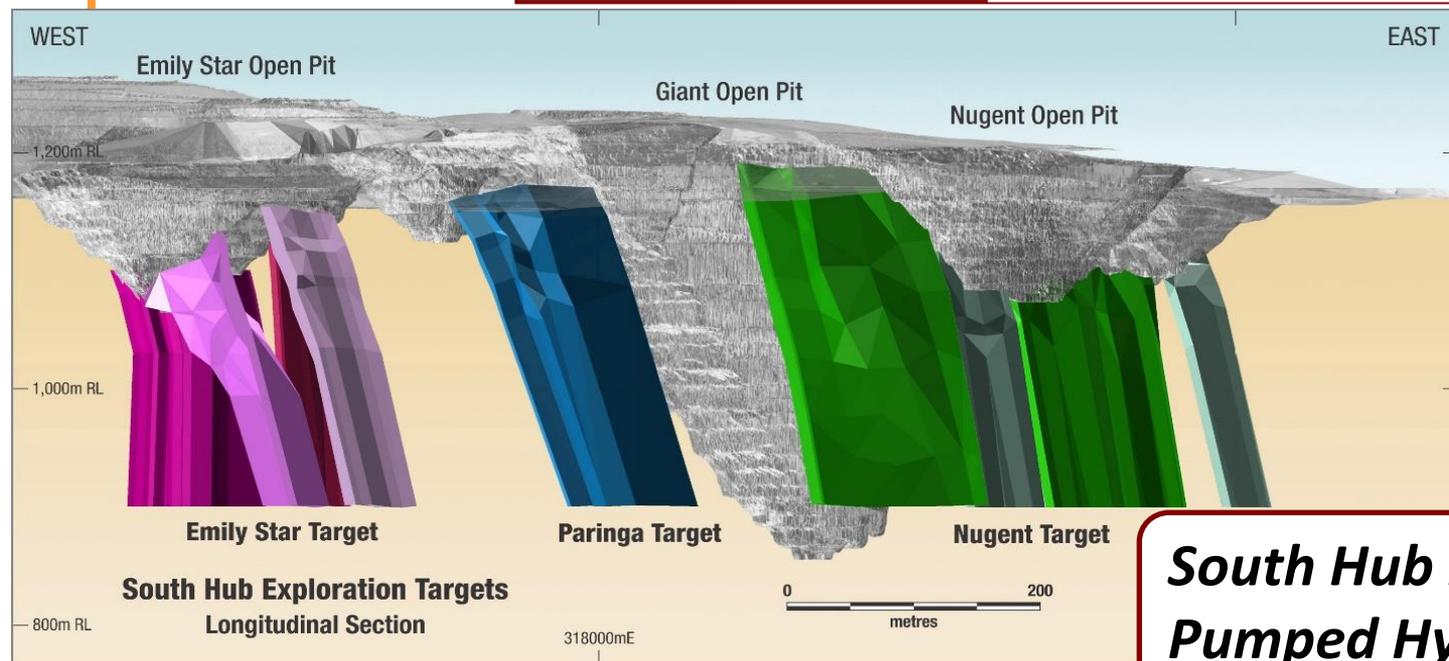
***In the meantime we focus on what we can control***





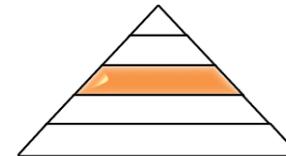


<b>South Hub Exploration Target</b>			
	<b>Tonnage Range (Mt)</b>	<b>Grade Range (Cu%)</b>	<b>Grade Range (Au g/t)</b>
<b>Nugent</b>	1.5 - 2.5	1.3 - 2.2	0.2 - 0.6
<b>Paringa</b>	0.5 - 1.5	1.1 - 2.2	0.1 - 0.2
<b>Emily Star</b>	2.0 - 4.5	1.2 - 2.2	0.1 - 0.3
<b>Totals</b>	<b>4 - 9</b>	<b>1.2 - 2.2</b>	<b>0.1 - 0.3</b>



***South Hub not impacted by  
Pumped Hydro agreement***

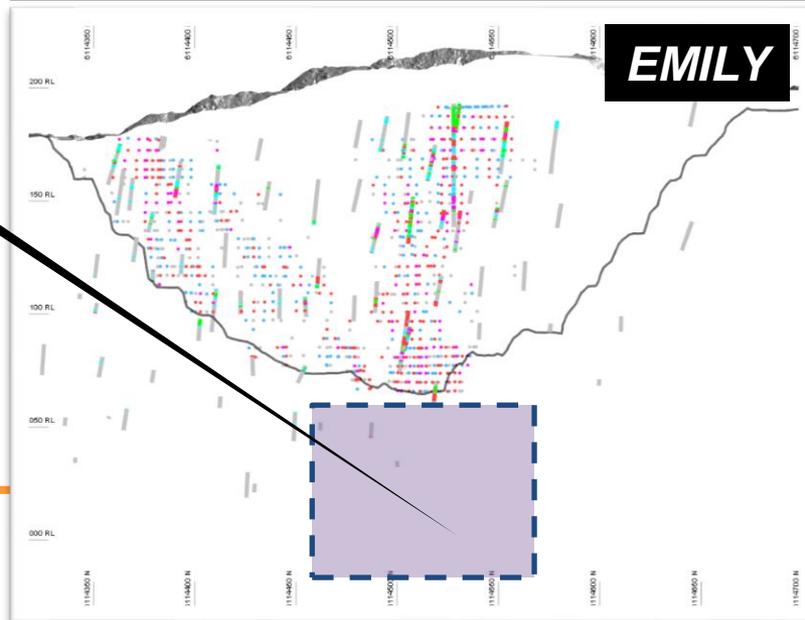
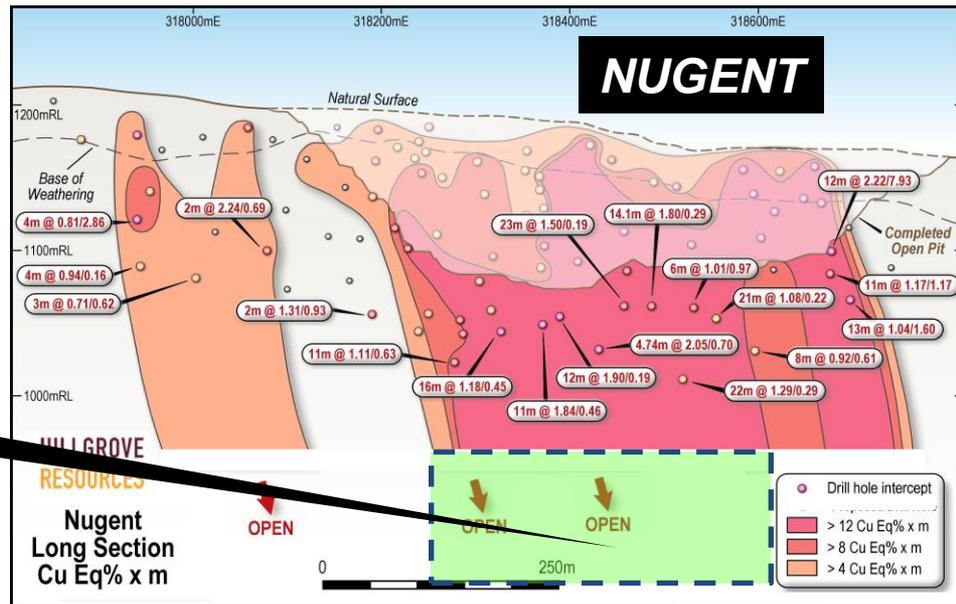
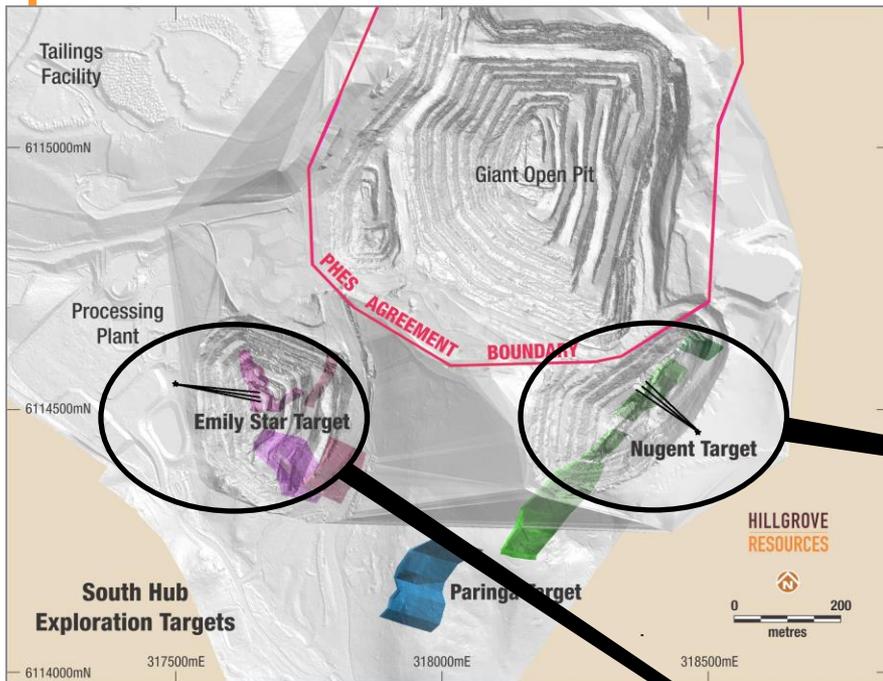
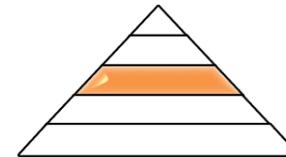




Zone	Hole ID	DH Length	Down hole intercept
<b>Nugent</b>	KTDD141	64 - 76m	12m @ 2.22% Cu, 7.93g/t Au
	KTRCD284	183 - 195m	12m @ 1.84% Cu, 0.29g/t Au
	KTRC557	102 - 115m	13m @ 1.0% Cu, 1.6g/t Au
<b>Paringa</b>	KTRC954	144 - 161m	17m @ 3.6% Cu, 0.6g/t Au
	KTRC866	123 - 137m	14m @ 2.8% Cu, 0.3g/t Au
<b>Emily Star</b>	KTRC833	82 - 93m	11m @ 2.0% Cu, 0.2 g/t Au
	KTDD127	144 - 150m	6m @ 1.9% Cu, 0.4 g/t Au

***Drilling indicates widths and grade suitable for underground mining***

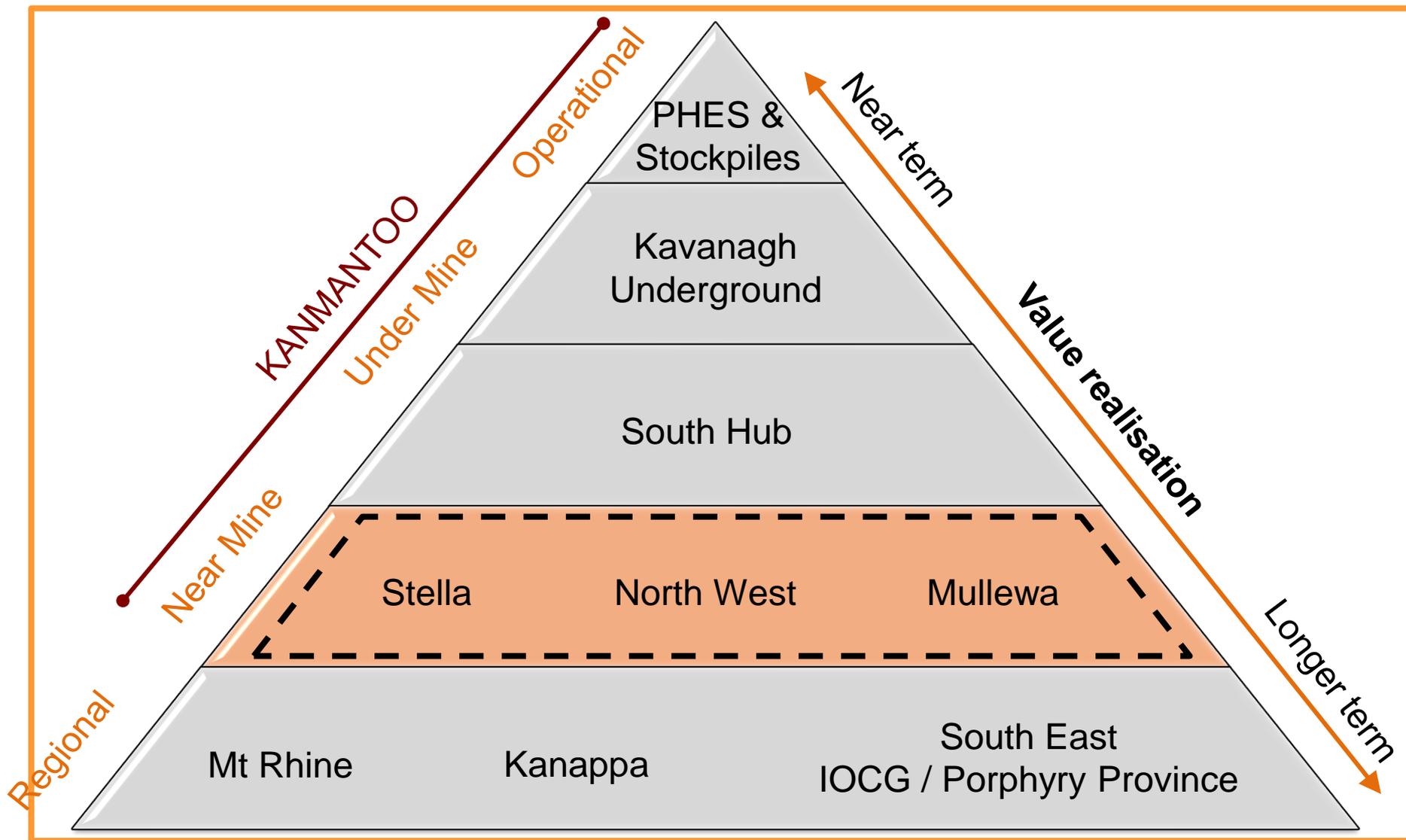




***Nugent and Emily pits mined > 100m depth***

***Proof of concept drill program to validate width and grade at depth is suitable for UG***



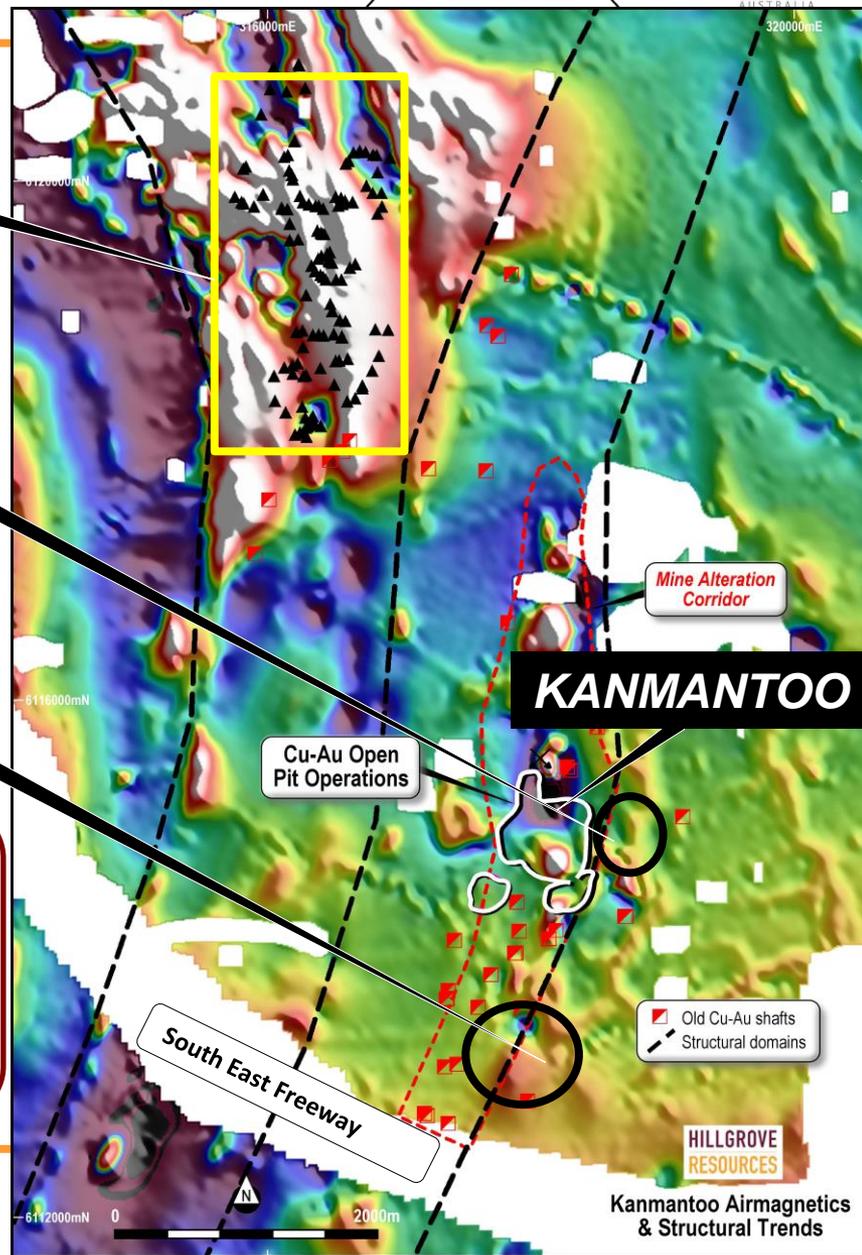


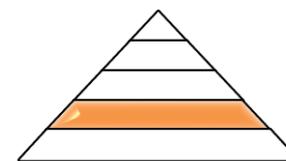
North West; Copper soil anomaly is 2.3kms long. Rock chips have identified zones with high gold and copper.

Mullewa; Lower priority large alteration area and MT zone with Cu - Au

Stella; MT survey suggests a significant conductive zone with Cu & Au, which if mineralised presents a new large target for exploration.

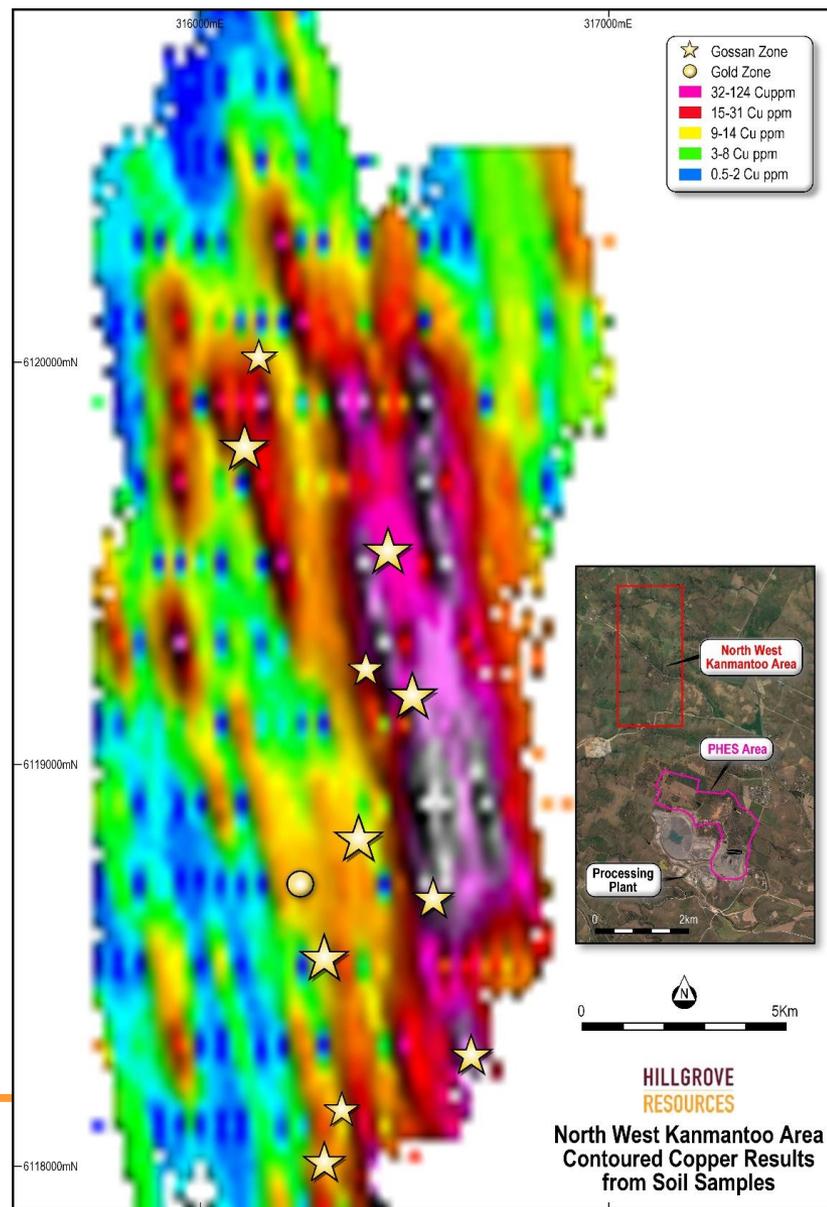
***All targets sit adjacent to main structural corridors with coincident magnetic anomalies***

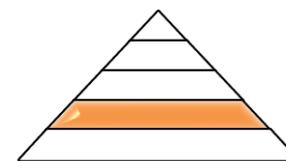




- Copper soil anomaly is 2.3kms long and coincident with large air-magnetic anomaly.
- Rock chips have identified zones with high gold and copper.
- Strong magmatic association with elevated Mo, Bi, Co, Sn, U, La in rock chips.
- <5km from Kanmantoo process plant.

***Ground magnetic and gravity survey underway to identify potential drill targets.***

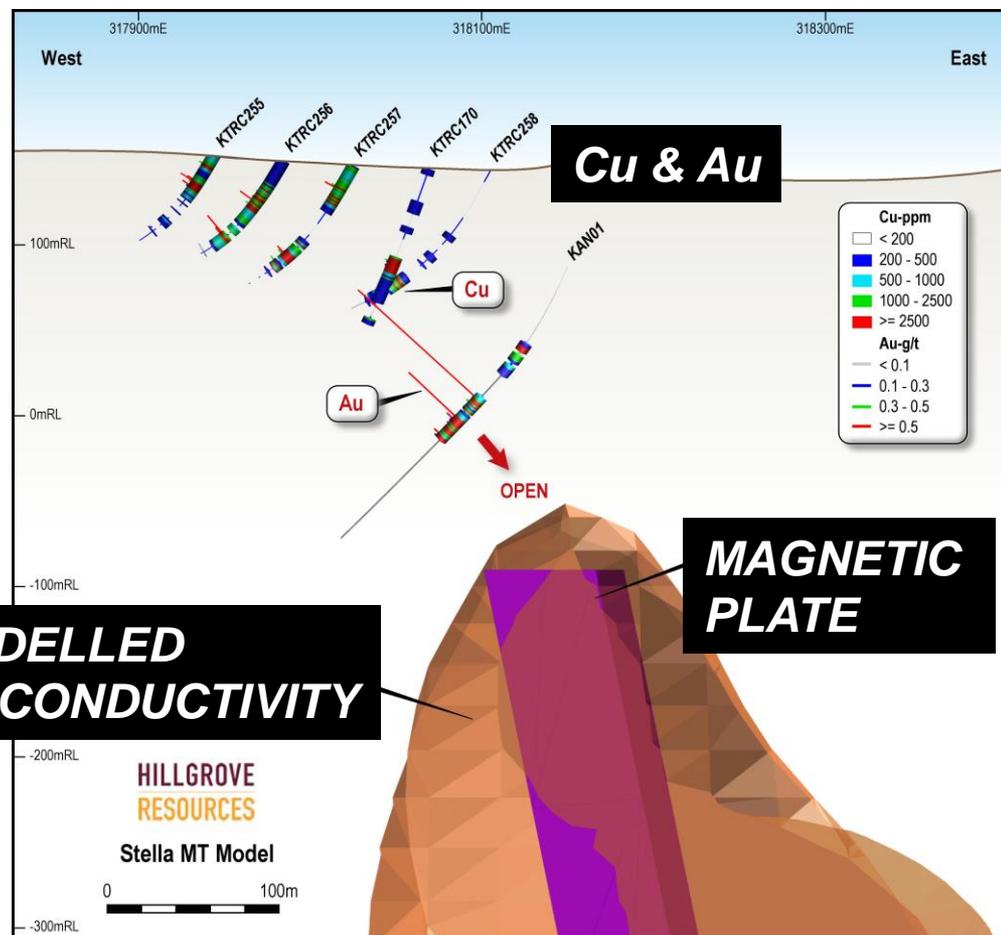




■ MT survey suggests a significant conductive zone which presents a new large target for exploration

■ Coincident

- MT Conductivity
- Magnetic RTP High
- Gravity Low
- Geochem Cu, Pb, As, Au



***Combination of magnetic high and gravity low is a classic porphyry copper signature and the presence of Cu / Au in nearby drill holes make Stella an exciting drill target***





- *Infrastructure already in place;*
  - Low cost 3.6Mtpa process facility.
  - Permitted and operational TSF.
  - Maintenance, offices, warehousing.
  - Essential services in place (2.5GLpa water, 8MW power, fuel storage).
  - Port access via Highway 1 (SE Freeway) only ~70km away
  
- *Site knowledge and great community relationship*
  - Active mining lease. Permitting for underground submitted to SA Govt.
  - Community goodwill through >10 years consultation.
  - High level of site based technical understanding (environmental, geological, geotechnical, processing, logistics, hedging).
  - Local skilled workforce in adjacent townships – no FIFO

***Infrastructure, permitting and social license to convert exploration success to production quickly and for relatively low cost***



- Cash generating phase uniquely positions Hillgrove to fund growth through modest exploration and consider returning value to shareholders through fully franked dividends
- Mining development opportunities on lease require relatively low capital intensity due to existing infrastructure at Kanmantoo and project does not materially increase environmental / closure liabilities.
- Existing infrastructure, permitting and community goodwill enable relatively quick conversion if exploration success with low capital outlay.
- Continue to explore exciting opportunities in the broader region with particular focus on IOCG / porphyry signatures within Hillgrove's exploration tenements.

***Long pipeline of growth projects position Hillgrove to remain a sustainable Cu / Au producer into the future***

