HILLGROVE RESOURCES

ASX RELEASE

Thursday, 25 May 2017

KANMANTOO UNDERGROUND COPPER MINE GROWTH OPPORTUNITY

The Board is pleased to announce Hillgrove has identified an opportunity for near-mine growth in the down dip continuation of the copper orebodies currently being mined in the open pit (**Exploration Target**[1]).

Highlights

- Hillgrove has approximated an Exploration Target at the Kanmantoo Copper Mine of between five and ten million tonnes with a target grade of between 1.7% and 2.2% Cu and 0.4g/t to 1.0g/t Au
- The Exploration Target suggests the potential for very significant underground resource opportunity at Kanmantoo beneath and in the wall of the existing final pit
- The Exploration Target suggests that a significant increase in mine life may be possible at Kanmantoo
- The Exploration Target is based on utilising the existing processing plant and utilising the final in-pit haul road that will extend from surface down to 350m depth
- The Exploration Target is based on several higher grade copper-gold ore zones that have already been mined in the open pit, and projecting these to depth
- The Exploration Target zones all commence within 250m of the existing in-pit haul road and therefore if these zones are confirmed by drilling, will require minimal capital to develop
- The Exploration Target will benefit from the existing copper-gold processing plant at Kanmantoo that operates at a very efficient $7.30/tonne milled[2].

Hillgrove Resources Ltd ("HGO") has identified several organic growth opportunities it intends to assess later in 2017 with funding from the expected cash flows which will be generated following the completion of the Giant Pit cutback in mid-2017.

One of these opportunities for near-mine growth is the assessment of the down dip continuation of the copper orebodies currently being mined in the open pit.

Hillgrove has approximated an Exploration Target at the Kanmantoo Copper Mine (Table 1 and Figure 1) of between five and ten million tonnes with a target grade of between 1.7% and 2.2% Cu and 0.4g/t to 1.0g/t Au, containing approximately 80,000 tonnes to 160,000 tonnes of copper metal and 60,000 ozs to 120,000 ozs gold.

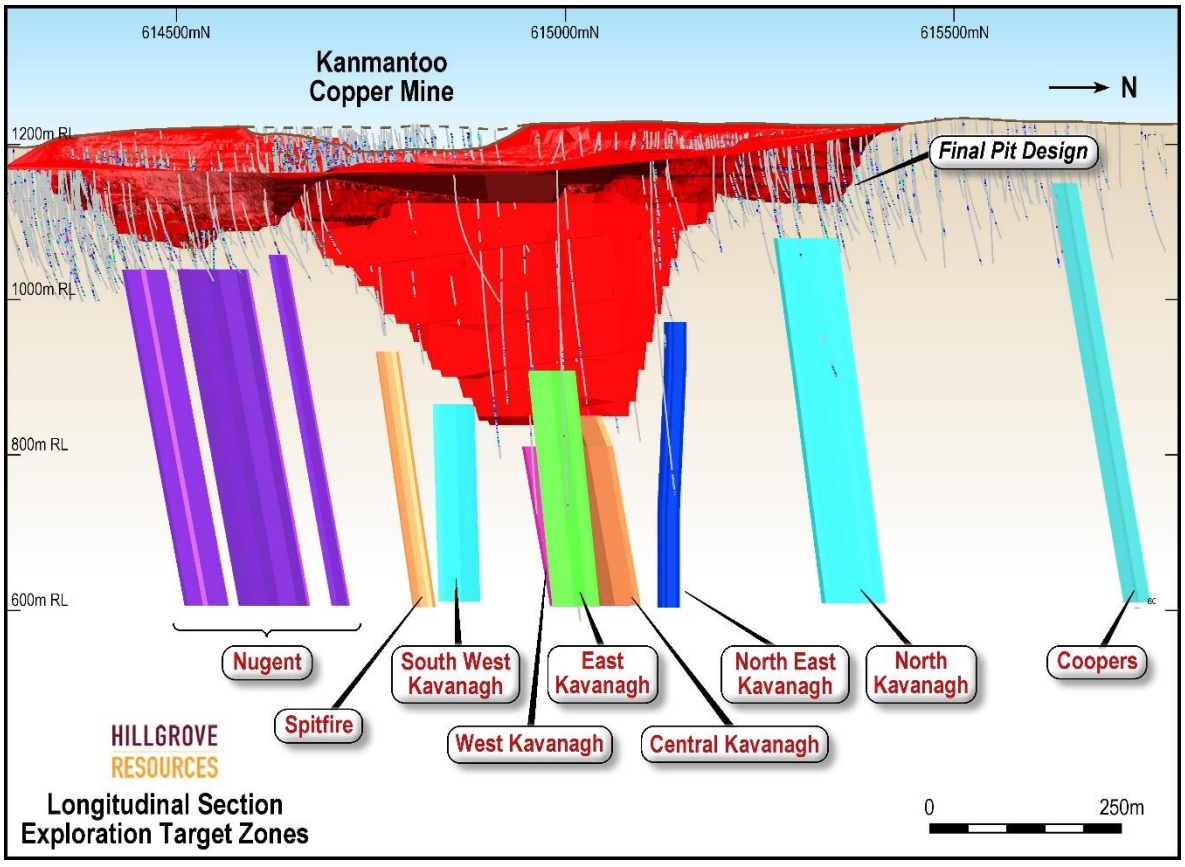
[1] The Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource under the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code" (JORC 2012). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve

[2] Weighted average cost for last 24 months

Table 1 Summary of the Exploration Target by zone

Exploration Target	DH Width Range (m)	Tonnage Range (Mt)	Grade Range Cu%	Grade Range Au g/t	Grade Range CuEq%
Coopers	6 - 10	0.1 - 0.3	1.5 - 2.0	0.4 - 0.8	1.8 - 2.5
North Kavanagh	6 - 10	0.1 - 0.7	1.5 - 2.0	0.4 - 0.8	1.8 - 2.5
North East Zone	12 - 33	0.4 - 0.7	2.0 - 2.5	0.4 - 0.8	2.2 - 3
East Kavanagh	10 - 24	0.4 - 0.8	2.0 - 2.5	0.05 - 0.2	2.0 - 2.6
Central Kavanagh	13 - 30	1.2 - 2.2	1.5 - 2.0	0.1 - 0.4	1.6 - 2.2
West Kavanagh	11 - 28	0.8 - 1.6	2.0 - 2.5	0.01 - 0.05	2.0 - 2.5
South West Kavanagh	7 - 22	0.8 - 1.0	1.8 - 2.2	0.1 - 0.4	1.8 - 2.4
Spitfire	16 - 37	0.4 - 0.7	1.5 - 2.0	1.5 - 3.0	2.5 - 4.0
Nugent	8 - 15	0.8 - 2.0	1.5 - 2.0	1.5 - 2.5	2.5 - 3.5
Totals	**6 - 37**	**5 - 10**	**1.7 - 2.2**	**0.4 - 1.0**	**2.0 - 2.8**

Figure 1 Longitudinal section of all exploration drill holes, final pit design and Exploration Target by zone



Method of Assessment

Over the region of the Kanmantoo Copper Mine that falls outside of the current final pit design, nine potential higher-grade target zones have been identified which will be the focus for future exploration efforts. The identification and location of the target zones is predominantly based upon depth and strike extensions of copper-gold zones that have been mined within the open pit.

An analysis of the large drillhole database of the Company, in conjunction with the open pit production data and geologic knowledge gained from mining of over 200 vertical metres of the main orebodies at Kanmantoo, shows that a number of higher-grade copper-gold zones do extend to depth beneath or along strike from the Giant open pit. The analysis of the drill hole data base also shows the lack of drilling below the open pit to assess these higher grade zones (Figure 1).

The areal extent of most of the target zones is based on a 1% Cu contour of the grade control copper grades in plan view. The depth extent of the Exploration Target is approximately 250 metres below the deepest depth of the final open pit (the pit design extends to approx. 350m below surface), and commencing >30 metres from a pit wall.

The 1% Cu contour has been assessed to be a reasonable underground ore cutoff grade. A minimum horizontal width of the >1% Cu material of 5 metres has been applied to the grade control and/or exploration drill hole data sets. A minimum vertical continuity of 100 metres of the >1% Cu material demonstrated from blast hole or drill hole data.

The copper and gold grade profiles for the Exploration Target have been defined based upon average grades of exploration diamond drilling within the target copper-gold zones.

Table 2 lists the diamond drillholes that are beneath the open pit or immediately along strike from the open pit at Kanmantoo[3] that intersect known higher grade copper zones. Seven of these copper zones have been mined within the Kanmantoo open pit and have shown mining continuity within the open pit from 100 to 200 metres vertically. The drilling shows these seven zones to extend beyond the final pit design to depth.

Two zones, Coopers and North Kavanagh, have not previously been mined and have been assessed based on exploration drill hole intercepts to have a higher grade copper and gold core of mineralisation that comprises an Exploration Target for further exploration activity. Both zones are within 250 metres of the existing in-pit haul road.

Invested Infrastructure

The importance of the existing infrastructure at the Kanmantoo Copper Mine cannot be over-emphasised in assessing the economic materiality of this Exploration Target. In particular:

- The existing copper-gold processing plant at Kanmantoo that operates at a very efficient $7.30/tonne milled
- The risks associated with understanding copper and gold recovery and processing costs have been largely mitigated through the past 6 years of operation on the same ore types,
- The in-pit haul road that extends from surface to over 350 metres below surface enables

[3] This information was prepared and first disclosed under the JORC Code 2004. The information is extracted from the ASX reports dated 6/07/2006, 14/02/2007, 28/03/2007, 23/04/2007, and 25/06/2007. The reporting of the drill hole information has been updated in compliance with JORC Code 2012 in Appendix One of this release. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

access to all the Exploration Target zones without the need for extensive capital and time invested in underground decline advance and ventilation costs,

- The extensive geotechnical database resulting from open pit mining for the past 6 years,
- The existing fully constructed and permitted Tailings Storage Facility, and
- The existing granted Mining Lease and Environmental Permits

Table 2 Summary of the Exploration drill holes by Target zone

Zone	HoleId	Length	Downhole Intercept	Cu Equivalent
North East Zone	KTDD029	280-313m	33m @ 1.99% Cu. 0.24g/t Au	2.2%
	KTDD071	479-491m	12m @ 2.82% Cu, 0.70g/t Au	3.4%
Spitfire	KTDD044	142-179m	37m @ 1.07% Cu, 1.85g/t Au	2.3%
	KTDD133	158-173m	16m @ 2.44% Cu, 3.49g/t Au	4.7%
	KTDD156	175-184m	9m @ 1.58% Cu, 4.38g/t Au	5.5%
Nugent	KTDD141	64-76m	12m @ 2.22% Cu, 7.93g/t Au	7.4%
	KTRCD284	183-195m	12m @ 1.84% Cu, 0.29g/t Au	2.1%
	KTRC557	102-115m	13m @ 1.0% Cu, 1.6g/t Au	2.1%
East Kavanagh	KTDD148	280-290m	10m @ 2.31% Cu, 0.14g/t Au	2.4%
	KTDD149	282-306m	24m @ 2.24% Cu, 0.13g/t Au	2.4%
Central Kavanagh	KTDD027	344-365m	21m @ 2.03% Cu, 0.11g/t Au	2.2%
		401-408m	7m @ 2.68% Cu, 0.57g/t Au	3.1%
	KTDD150	240-253m	13m @ 1.58% Cu, 0.52g/t Au	2.0%
West Kavanagh	KTDD150	349-360m	11m @ 1.54% Cu, 0.04g/t Au	1.6%
	KTDD119	301-329m	28m @ 1.4% Cu, 0.06g/t Au	1.5%
South West Kavanagh	KTRCD399	137-160m	22m @ 2.07% Cu, 0.3g/t Au	2.3%
North Kavanagh	KTRC945	104-113m	9m @ 2.06% Cu, 0.66g/t Au	2.7%
	KTRC966	131-138m	7m @ 1.46% Cu, 0.46g/t Au	1.8%
	KTRC995	344-351m	7m @ 1.15% Cu, 0.23g/t Au	1.3%
Coopers Find	KTRC174	86-96m	10m @ 1.64% Cu, 0.59g/t Au	2.1%

Copper equivalent is reported as % Cu – based on copper price of A$7900/t, silver A$22/oz and gold A$1650/oz

Exploration Activities

Hillgrove estimate that drill testing of the Exploration Target will be able to commence in the last quarter of 2017, depending on the required funding being available. The initial objective of the drilling will be to confirm the depth continuity of the Central, East and West Kavanagh zones, representing nearly 50% of the Exploration Target value.

ABOUT HILLGROVE

Hillgrove is an Australian mining company listed on the Australian Securities Exchange (ASX: HGO) focused on operating its flagship Kanmantoo Copper Mine and associated regional exploration targets, located less than 55km from Adelaide in South Australia.

The Company has approximately 245 site based employees and contractors at Kanmantoo and at its small Adelaide corporate office.

Presently the Company is mining at the rate of up to 20 million tonnes per annum and has produced up to 20,000 tonnes of copper per annum.

Annual export earnings are in the range of $110 to $170 million per annum.

With over $60 million invested in the cutback of the Giant Pit, the Company will complete the final stripping by mid-2017 and expects to generate significant free cash-flows at very low stripping ratios.

The Company's growth will come from the Kanmantoo Copper Mine operation in South Australia and exploration discoveries from its highly prospective near mine and greenfield exploration projects.

Kanmantoo Mineral Resource Estimate at 30 September 2016

	JORC 2012 Classification	Tonnage (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Cu Metal (kt)
Kanmantoo Copper Mine, All Deposits	Measured	10.3	0.6	0.1	1.2	66
	Indicated	10.8	0.6	0.1	1.4	70
	Inferred	13.4	0.6	0.1	1	75
	TOTAL	**34.5**	**0.6**	**0.1**	**1.2**	**211**

Note: Resource ≥0.20% Cu

Ore Reserve Estimate at 30 September 2016

	JORC 2012 Classification	Tonnage (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Cu Metal (kt)
Kanmantoo Copper Mine, All Deposits	Proved	7.1	0.6	0.08	1.1	44
	Probable	2.3	0.5	0.05	0.8	12
	TOTAL	**9.5**	**0.6**	**0.07**	**1.0**	**57**

Competent Person's Statement

The information in this report that relates to Exploration Target and Exploration Results is based on and fairly represents information and supporting documentation compiled by Peter Rolley, a Competent Person, a full time employee of Hillgrove Resources Limited, and a member of the Australian Institute of Geoscientists. Mr Rolley has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Mr Rolley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Ore Reserve and Mineral Resources Estimates were prepared by Competent Persons in accordance with the JORC Code 2012.

Further information on the Kanmantoo Mineral Resources and Ore Reserves is available in the Hillgrove Updated Mineral Resource and Ore Reserve Estimate released to the ASX on 18 October 2016, which is also available on the Hillgrove Resources website at www.hillgroveresources.com.au

Hillgrove Resources confirms that it is not aware of any new information or data that materially affects the information included in that market announcement and, in the case of estimates of Mineral Resources and Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Hillgrove Resources confirms that the form and context in which the findings of the Competent Persons (Peter Rolley and Michaela Wright in relation to the Mineral Resource Estimates and Lachlan Wallace in relation to the Ore Reserve Estimates) are presented, have not been materially modified from the original market announcement.

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APPENDIX A – JORC Table 1

Section 1 Sampling Techniques and Data

Criteria	Commentary

Sampling techniques	• Reverse circulation (RC) and diamond drill hole (DD) samples collected by Hillgrove Resources personnel have been used for the geological interpretation and estimation.
	• Drill hole sampling was conducted as per the Hillgrove Resources procedures and QAQC protocols.
	
	RC Drilling:
	• 2004 to 2007 drilling:
	  • A rig mounted 75/25 splitter was used to collect a bulk sample and smaller split sample (3-4kg) directly off the drill rig at 1m intervals. The split sample was then split down manually if required using a cone or riffle splitter to generate a sample of ~3kg.
	  • 1m intervals were assayed with samples being prepared by Genalysis Laboratories in Adelaide. Each sample was pulverised to ~95% passing -75µm and the remaining pulp shipped to Genalysis Perth for analysis.
	• 2011 – 2012 drilling:
	  • 1m bulk samples were collected during drilling with smaller split samples (3-4kg) for assay being collected primarily using a cone or riffle splitter directly off the rig.
	  • Specific target intervals and/or samples exhibiting visible mineralisation were assayed at 1m intervals. All other sample intervals were composited (using spear sampling) to 4m intervals for assaying. On return of assay results, the 4m composite results were examined and any 4m composites returning an economic copper grade (>0.2%) were re-assayed using the original 1m samples (collected from original bulk sample using spear sampling to produce a representative 1.5kg to 3kg sample).
	  • Samples were prepared by ALS Adelaide with each sample being riffle split to a maximum size of 3kg then pulverised split to 85% passing 75µm or better and then shipped to ALS Perth for assay.
	
	Diamond core:
	  • Core samples were sawn in half using a diamond core saw. A small percentage of core samples were sawn in quarters. Sampling was undertaken at 1m intervals or to geological boundaries as determined by the supervising geologist. Half or quarter core samples were sent for assay and the remaining core kept in core trays for future reference.
	  • Samples were prepared by Genalysis Laboratories in Adelaide using a jaw crusher to ~2mm. Each sample was then pulverised to ~95% passing -75 µm and the remaining pulp shipped to Genalysis Perth for assaying.

<table>
<tr><th>Criteria</th><th>Commentary</th></tr>
<tr><td>Drilling techniques</td><td>
<table>
<tr><th>Drillhole Type</th><th>Drill Date</th><th>Bit Size</th><th>% Orientated</th><th>Orientation Method</th></tr>
<tr><td>Diamond</td><td>All</td><td>HQ from surface to fresh then NQ2 to end of hole</td><td>97%</td><td>Spear</td></tr>
<tr><td rowspan="2">RC</td><td>2004 & 2007</td><td>$5\frac{3}{4}$ "</td><td>NA</td><td>NA</td></tr>
<tr><td>2011 & 2012</td><td>4.5"</td><td>NA</td><td>NA</td></tr>
</table>
</td></tr>
<tr><td>Drill sample recovery</td><td>RC Drilling:
Sample recovery or the occurrence of wet samples is not recorded in the drill hole database although communications with Exploration Personnel and field observations indicate that sample recovery or wet samples were rarely a problem.
Diamond Core:
Diamond core recovery is recorded by Hillgrove Field Technicians during metre marking and orientation of all holes. Results demonstrate good recoveries with an average recovery rate of 97%. Core loss generally occurs in the upper sections of holes throughout the oxidised and transitional material. Core loss at depth is generally associated with a low Rock Quality Designation (RQD) value, suggesting the interval represents a shear or fault zone.</td></tr>
<tr><td>Logging</td><td>All RC chips and diamond core were logged for lithology, alteration, weathering and mineralisation by Hillgrove Geologists in accordance with Hillgrove's Core Logging Procedure. Colour and any additional qualitative comments were also recorded.
99% of all diamond holes have been geotechnically logged and the majority also have magnetic susceptibility readings at 1m intervals.
All diamond core trays were photographed before sampling and these photographs are stored on the Hillgrove server.
Both drill core and RC chip trays are stored on site in a core yard facility.
All geological logging and magnetic susceptibility readings are recorded in the field manually using a paper-based system and then manually entered into Excel spread sheet templates and visually validated before being imported into the Hillgrove drill hole database. Additional validation is conducted automatically on import.</td></tr>
<tr><td>Sub-sampling techniques and sample preparation</td><td>RC holes
Sub-sampling as described in the "Sampling Techniques" section above.
Diamond holes
Sub-sampling as described in the "Sampling Techniques" section above.
Field Duplicates were collected via manual splitting of the bulk sample with a riffle or cone splitter if available or by spear sampling. All field duplicates for drilling from 2011 onwards were collected using spear sampling. Analysis of the field duplicate results indicates that this method of duplicate sample collection is satisfactory.
Hillgrove have detailed sampling and QAQC procedures in place to ensure sample collection is carried out to maximise representivity of the samples</td></tr>
</table>

Criteria	Commentary
	and minimise contamination.

Quality of assay data and laboratory tests	• Pre 2011, all samples were submitted to Genalysis for analysis. Gold was determined by fire assay by flame AAS (FA50) and copper analysed via a mixed acid digest (method AT) with determination by Optical Emission Spectrometry (OES). If the copper result was greater than 1%, the analysis was repeated using a slightly modified mixed acid digestion technique (method AX).
	• Post 2011 samples were submitted to ALS Perth for assaying by four acid digest with Atomic Absorption Spectroscopy (AAS) and gold was analysed via fire assay and Atomic Absorption Spectroscopy (AAS).
	• Approximately 20% of the total samples used for this estimation were assayed using a double acid aqua regia digest with an ICPOES finish (a method which does not guarantee complete dissolution of sample). A re-assay program was undertaken in 2011 which detected no bias between the results of the double acid aqua regia digest and the mixed acid digestion results.
	• The QAQC of sample preparation and analysis processes were via the following samples:
	  • Certified reference materials (CRMS) inserted into the sample sequence at a frequency of one in 20.
	  • Field duplicates inserted at a rate of one in every 20 samples.
	  • Blanks inserted at a rate of one in every 20 samples.
	  • Laboratory QAQC samples were inserted with a minimum of two standards and one blank for every batch of 40 samples.
	• Hillgrove's Quality policy is that at a minimum of 5% of all samples are CRM's, 5% of samples submitted are blanks and 5% of samples submitted are field duplicates thus ensuring that as a minimum, 15% of all samples submitted for analysis are QAQC samples.
	• Results from all returned QAQC samples provide reasonable confidence as to the accuracy of the assay results used in the estimation. Field duplicates show a good correlation with original sample results and in general most CRM results fall within the expected ranges.

Verification of sampling and assaying	• Umpire laboratory checks were undertaken during 2008 and 2011 with no significant issues identified. • There have been no twinned holes drilled for the Kanmantoo Copper Mineral Resource. • Primary sample data is captured in the field onto paper templates and then entered electronically into Excel templates and stored on the Hillgrove server. The Excel templates were then imported into the SQL database using data entry procedures and database import tools. Data was visually checked by the Geologist prior to import and additional validation was carried out by the database upon import. • Copper results were reported in ppm units from the laboratories and then converted to a % value within the database.
Location of data points	• The map projection of Map Grid of Australia 1994 - Zone 54, (MGA94-54) was used all work undertaken for this Mineral Resource. • Hillgrove drilling was planned and set-out using the local Kanmantoo Mine Grid and then transformed to MGA94-54 for the Resource estimation. The Kanmantoo local grid is oriented at +10º to MGA94_Zone 54 – (i.e. local grid North equates to 010º MGA94_Zone 54). • Within the database the relative level (RL) has been calculated as RL+1000m to ensure no negative RL values within the dataset. • The topographic surfaces used in the estimation have accuracy in the z direction of approximately +/-1m for the majority of the block model area due to the use of lower resolution contours outside the direct mine areas. The source of the contours used outside of the Mining area was sourced from a mix of 2008 flyover data and other Surveys performed prior to Nov 2008. The Kanmantoo Mine area and immediate surrounds have +/-20mm accuracy as this area is updated by the Hillgrove Surveyors regularly using a DGPS (Trimble R8 GNSS Model 3 using kinematic option). • Pre-2011, all drill hole collars were surveyed by Engineering Surveys Pty Ltd (Adelaide) using DGPS. All pick-ups were reported in MGA94-54

Criteria	Commentary
	coordinate system and converted to local grid. • Post-2011, all drill hole collars surveyed using DGPS (Trimble R8 GNSS Model 3 - kinematic option) by onsite Hillgrove Surveyors. The accuracy of this instrument is 10mm in the horizontal plane and 20mm in the vertical. All pick-ups were reported in MGA94-54 coordinate system and converted to local grid. • Downhole surveys were determined using a variety of methods including Gyro tool, Camteq, Digital downhole cameras, Eastman single shot camera and Compass Clinometers. For all holes initial surveys were completed with either a conventional Eastman single shot camera or digital down hole survey tools and then the majority of drill holes were re-surveyed using a Gyro tool. • All downhole survey methods have a priority assigned to them in the drill hole database and therefore holes with data from multiple methods have had their survey values allocated according to this priority.
Data spacing and distribution	• Drilling was completed throughout the deposit on a variable section spacing of between 15 m to 40m and an on-section collar spacing of between 10 m and 50m. • The variable drill spacing both along strike and on-section was considered during resource classification; mineralisation estimated on broader spaced drilling was given a lower confidence classification than mineralisation estimated using tighter spaced drilling. • All samples were composited to 2m lengths prior to geostatistical analysis and Mineral Resource estimation.
Orientation of data in relation to geological structure	• The majority of holes are angled drill holes (dipping between -55º and -75º) drilled from (Kanmantoo local grid) east to west. The Kanmantoo local grid is oriented at +10º to MGA94_Zone 54 – (i.e. local grid North equates to 010º MGA94_Zone 54). The rotation of the local grid reflects the average 010º strike of the main mineralised lenses and local dominant mineralisation controls. Predominantly the main mineralised lenses dip steeply to local grid east, therefore east-west (local grid) orientated drill holes and section provide as close to practicable “true width”, representative intersections of lithology and mineralisation. • Whilst some mineralised lenses, most notably the Nugent Zone are somewhat oblique to the general 010º strike of the mineralised zones, these lenses still generally exhibit a steep easterly dip and their orientation is not considered to have introduced any sampling bias material to the Resource estimation.
Sample security	• RC samples – A Hillgrove employee is present for the collection of samples off the rig and is also responsible for collecting and organising the samples ready for assay. Hillgrove has a detailed sample collection/submission procedure in place to ensure sample security. • Assay samples are collected from the rig at the end of each day by Hillgrove Field Technicians, sealed in large plastic bags and placed at the Exploration office ready for pick up by courier. Check sheets detailing all samples for a specific batch are generated prior to the samples leaving site. • DD samples – A Hillgrove employee is responsible for picking up the completed core from the rig at the end of each day and moving it to the core yard ready for processing. Hillgrove Field Technicians and geologists are then responsible for all core movements through to sampling and preparing for transport to the preparation facility. Sample transport is by dedicated road transport to the sample preparation facility. All samples are transported in sealed plastic bags and are accompanied by (either paper form or by email) a detailed sample submission form generated by the Field Technician. • On receiving a batch of samples, the receiving laboratory checks received samples against a sample dispatch sheet supplied by Hillgrove personnel. On completion of this check a sample reconciliation report is provided for each batch received.

Criteria	Commentary
Audits or reviews	• Core logging and sampling methods were reviewed by Runge in 2008 and were considered to be of a very high standard (report: Mineral Resource Estimate Kanmantoo Copper Deposit South Australia, Feb 2008).

Section 2 Reporting of Exploration Results

Criteria	Commentary
Mineral tenement and land tenure status	• The Kanmantoo Copper Deposit is situated 55kms south-east of Adelaide on Mining Lease (ML) 6345 and is owned 100% by Hillgrove Resources Limited (HGO). • The Mining Lease overlies freehold land also held by Hillgrove Resources. • There are no Native Title interests, nor are there any historical or environmental issues considered material to this Mineral Resource.
Exploration done by other parties	• The Kanmantoo Copper Deposit has a long history of exploration and mining dating back to the mid-19th century. • In 1962, Mines Exploration Pty Ltd discovered a number of strong geophysical anomalies which were quickly followed up by a large diamond drilling program of 15,800m. The results of this program led to a decision to begin mining in 1968. • In the mid 1990's the Kanmantoo Project area became part of a joint venture between Kelaray Pty Ltd and Pima Mining N.L. and auger drilling identified several new prospects although follow up RC work failed to identify any new significant targets. • Hillgrove Resources commenced exploration drilling in 2004 and since then have completed a number of exploration drill campaigns which have resulted in extensions and additions to the known deposit. Pre-strip and near surface mining commenced in early 2011 and the commissioning of the processing plant was completed in November of the same year.
Geology	• Mineralisation occurs as a complex system of structurally controlled veins, with mineralisation typically forming pipe-like bodies and lenses of chalcopyrite, pyrrhotite, pyrite, magnetite, chalcocite and bornite within a quartz + biotite + andalusite ± garnet ± chlorite schist host rock. Structural studies suggest the main controls on the mineralisation are north-south striking shear zones and north-north-east/north-east striking cross-shears and tension veins.
Drill hole Information	•

HoleId	Total Depth	East	North	Elev	Collar Dip	Collar Azimuth True
KTDD027	510.6	318420.3	6115001	1174.4	-69.91	282.7
KTDD029	333.52	318450	6115120	1191.12	-69.87	277.4
KTDD044	190.26	318318.2	6114737	1188.18	-60.14	278.9
KTDD071	505.3	318488.9	6115114	1186.58	-75.55	276.9
KTDD119	360.3	318262	6114971	1109.83	-80.54	282.4
KTDD133	179.88	318305.5	6114760	1189.95	-70	267
KTDD141	89.83	318484.5	6114627	1165.49	-71.51	280
KTDD148	516.6	318377.9	6114947	1171.04	-73.75	277.5
KTDD149	588.6	318384.6	6114988	1173.63	-78.83	283.9
KTDD150	405.5	318261.5	6114990	1109.91	-84.38	278.7
KTDD156	201.6	318269.5	6114767	1198.43	-75	277
KTRC174	112	318136.3	6115637	1227.12	-70	281.3
KTRC557	136	318521.7	6114614	1164.03	-70.29	279.2
KTRC945	180	318218.2	6115265	1207.49	-85	268.37
KTRC966	200	318255.3	6115292	1208.08	-80.37	270.11
KTRC995	433	318404.3	6115296	1193.22	-71.9	271.46
KTRCD284	222.3	318483.9	6114504	1166.93	-69.87	280.7
KTRCD399	192.4	318193.8	6114820	1156.01	-69.33	268.5

Criteria	Commentary
Data aggregation methods	• Sample length weighting only has been used to report the drill hole intercepts reported in this release. • Copper equivalent is reported as % Cu – based on copper price of A$7900/t, silver A$22/oz and gold A$1650/oz.
Mineralisation widths and intercept lengths	• See Table in body of report.
Diagrams	• Diagrams that are relevant to this release have been included in the body of the release.
Balanced reporting	• All drillholes intersecting the Exploration Target have been reported in the body of the report.
Other exploration data	• There is no other exploration data used in approximating the Exploration Target.
Further work	• The Company is proposing to undertaking a limited drilling program in late 2017 to commence testing the Exploration Target.