HILLGROVE RESOURCES

COMPANY UPDATE AND CAPITAL RAISING

GREG HALL ||||| CEO & MANAGING DIRECTOR
RUSSELL MIDDLETON ||||| CHIEF FINANCIAL OFFICER
23 SEPTEMBER 2013

INTRODUCTION

INTRODUCTION
KEY ACHIEVEMENTS IN 2013

- FY14* Half Year net profit after tax of $4.0M and EBITDA of $18.6M
- Installation of a new primary crusher to improve reliability and increase throughput from 2.4Mt p.a. to 2.8Mt p.a.:
  - Completed on time and on budget in April 2013; and
  - The new primary crusher has continued to perform as planned with mill throughput above nameplate at 2.8Mt p.a. since crusher commissioning
- A new Kanmantoo Resource of 31.3Mt @ 0.78% Cu, including 4.1Mt added from 2012 drilling
- A mutual termination of the Mining Services contract with the previous mining contractor was executed in late July 2013, with the support and approval of Hillgrove's finance partners
- Successful transition to combination of owner operated and specialised contractors:
  - Long term contracts have been signed with Andy's Earthmovers (Asia Pacific) Pty Ltd for the supply and maintenance of mining equipment, and Roc-Drill Pty Ltd for blasthole drilling
  - Two production excavators, one back up excavator and a fleet of 14 trucks are now on site and operating, along with various support equipment; and
  - Four blasthole drill rigs are on site, with two additional permanent drill rigs being mobilised
- Successful and rapid establishment of new mining team, using existing experienced Hillgrove employees as well as the recruitment of experienced new staff

* Note: Hillgrove Financial Year refers to the period 1 Feb to 31 Jan

INTRODUCTION
POSITIONED FOR PERFORMANCE

- Kanmantoo Copper Mine:
  - Production: poised for significant increase in copper production (from guidance of 16,500 – 18,000 metric tonnes in FY14* to in excess of 20,000 metric tonnes in FY15*);
  - Cash flow: infrastructure in place for generation of enhanced free cash flows after debt service, with a new crusher circuit and new mining configuration in place; and
  - Initiatives to further improve operations and economics: including programs which will reduce production unit costs and improve copper recovery rates, together with potential for further mine-life extensions

- Robust hedge book position:
  - Approximately 38,000 tonnes of copper swaps
  - 65-70% of forecast copper production hedged until March 2016 at an average price ~AUD7,950/tonne

- Once Kanmantoo operations up to nameplate, evaluation of further growth opportunities

* Note: Hillgrove Financial Year refers to the period 1 Feb to 31 Jan

HILLGROVE RESOURCES

INTRODUCTION
KANMANTOO VALUE DRIVERS

- Optimise operations, with management initiatives including:
  - Improvement in mining productivity through increased material movements (ramping up from 400k BCM to 600k BCM by February 2014);
  - Reduction in the mining cost per tonne of material moved through:
    - Improvements to drilling accuracy;
    - Increased blasting efficiency;
    - Larger reliable excavators;
    - Multiple working areas; and
    - Improvements to the pit wall design
  - Reduction in processing cost per tonne through:
    - Refined engineering design and pump capability; and
    - Use of bulk delivery for concentrated lime
    - Installation of an instream analyser system
  - Engineering design of plant modifications to deliver controlled potential sulphidisation (metallurgy testing to feasibility standard is complete) to allow profitable processing of 1Mt of oxide stockpile

INTRODUCTION
KANMANTOO VALUE DRIVERS (CONTINUED)

- Operational focus:
  - Management focus: increasing production in order to grow positive cash flow at Kanmantoo; and
  - Reduction in non-essential, discretionary expenditure: Indonesian exploration assets under care and maintenance and reduction in Corporate expenditure

- High optionality through:
  - Near mine exploration; and
  - Kanmantoo mine life extension through exploration for potential satellite deposits

INTRODUCTION
FINANCIAL OVERVIEW

- Strong copper prices realised, expected to continue as a result of:
  - Depreciation of the AUD/USD exchange rate; and
  - Hillgrove's robust hedge book

- Guaranteed sales outlet through a life of mine off-take contract with Freepoint Commodities

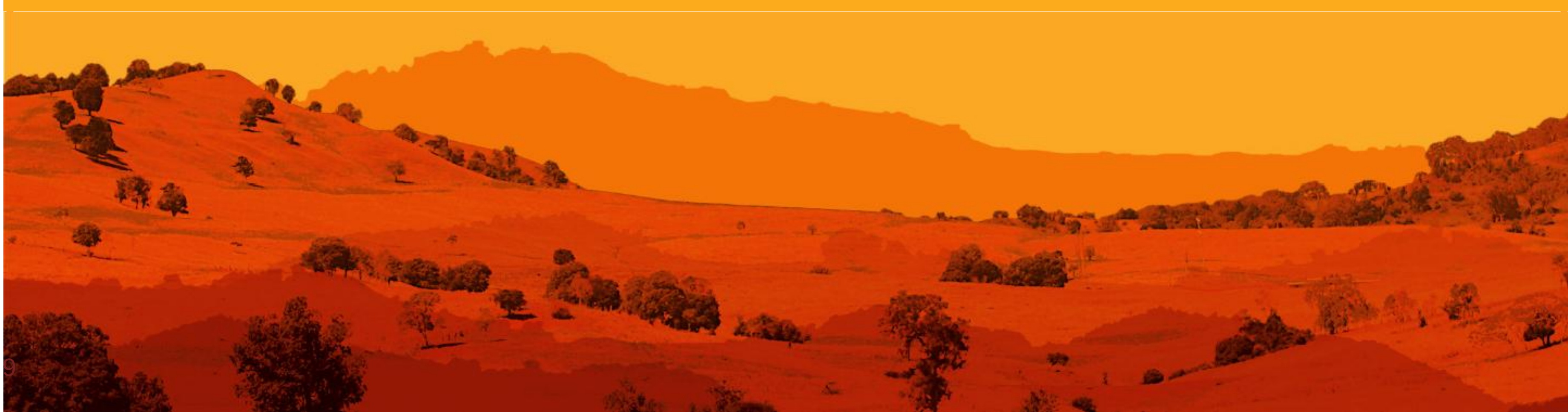
- Half year FY14 profit:
  - Net profit after tax of $4.0M; and
  - EBITDA of $18.6M

- Cash and cash equivalents of $17.1M (31 July 2013)

INTRODUCTION
FINANCIAL OVERVIEW (CONTINUED)

- Debt facilities of $48.1M (31 July 2013):
  - Project finance of $30.0M (Kanmantoo);
  - Gold loan of $8.1M (Kanmantoo); and
  - Mezzanine facility of $10.0M (Corporate)
- The significant free cash flows generated will enable the Project Loan Facility, Gold Loan, and Mezzanine Facility to be paid down before the end of calendar year 2015 at scheduled payments
- Settlement with previous mining contractor:
  - Payment of $5.0M (exc GST) has been made (restricted cash was reduced to $4.5M, with this amount to be restored back to $10.0M by 31 January 2014); and
  - Payment of $4.0M (exc GST) payable as part of capital raising

CAPITAL RAISING OVERVIEW



HILLGROVE CAPITAL RAISING
INVESTMENT HIGHLIGHTS

- Strength of new owner-managed operation:
  - Previous mining contractor settlement finalised;
  - Focus on input costs, dilution, and mine to mill efficiency; and
  - Ramp up of new mining operations successfully completed
- Prudent capital flexibility:
  - The capital raising augments the positive cash flow from operations by providing additional capital flexibility; and
  - Augmenting capital flexibility at this time is prudent given (i) the new mining operations, (ii) the transition period (now completed) having temporarily been lower than full production, (iii) adding back to cash at the Project level following settlement payments, and (iv) continued maintenance of an appropriate buffer given Hillgrove's debt arrangements and restricted cash
- Step-up program for mining, with ramp up in mining rate by 50%
- Raising structure - placement has added to the level of institutional support on Hillgrove's share register

HILLGROVE CAPITAL RAISING
PLACEMENT

Placement

- Hillgrove has raised A$10.8 million via an institutional placement issuing approximately 153.7 million shares, within the company's 15% placement capacity under ASX Listing Rule 7.1

Placement price

- Placement price of A$0.07 per share represents:
  - 12.5% discount to last close of A$0.08 (as at 18 Sept 2013); and
  - 12.0% discount to 5 day VWAP

Lead manager

- Wilson HTM was lead manager of the Placement

Selling Restrictions (Placement)

- Australia – to professional and sophisticated investors
- New Zealand – to habitual investors and "eligible persons"
- Rest of World – Regulation S to institutional investors outside the US, that are not "US Persons" (as defined in Regulation S under the Securities Act) and are not acting for the account or benefit of "US persons"[1]

[1] Refer to slide 36 (Foreign Selling Restrictions) for other jurisdictions

HILLGROVE CAPITAL RAISING
SOURCES & USES TABLE

Purpose of Capital Raising

Sources (A$M)			Uses (A$M)	
Cash Balance (end July)	$17.1		Initial Settlement Payment	$5.0
Less: Restricted Cash (required by end FY14)	($10.0)	$7.1	Finalisation of settlement	$4.0
Placement		$10.8	Working Capital and transaction costs	$8.9
Total Sources of Funds		**$17.9**	**Total Uses of Funds**	**$17.9**

Use of Proceeds - The funds raised under the Offer will be used to:

- Provide funds for the finalisation of the tail payment to the previous mining contractor and allow a prudent and clean finalisation of this Settlement; and
- Restore working capital levels, which the Board and Executive believe to be prudent at the current time

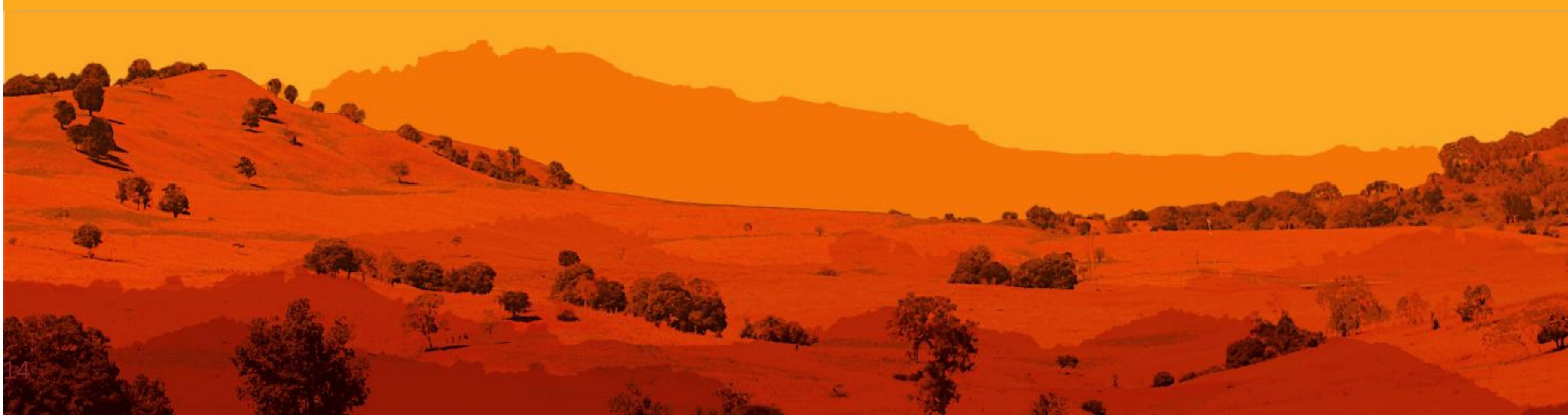
HILLGROVE CAPITAL RAISING

TIMETABLE

EVENT	DATE
PLACEMENT:	
Announcement of the Offer	Pre-open Monday, 23 Sept 2013
Settlement of Placement	Thurs, 26 Sept 2013
Allotment of new shares issued under the Placement and commencement of trading on ASX	Friday, 27 Sept 2013

Note: This timetable is subject to change. Subject to its obligations under the placement agreement, Hillgrove reserves the right to vary the timetable without notice. The commencement of trading of new shares is subject to confirmation from the ASX.

COMPANY UPDATE



COMPANY UPDATE
PRODUCTION AND EXPLORATION ASSETS

- Production and cash flow in Australia

  Kanmantoo Copper Mine
  (100% owned), South Australia

- Rim-of-Fire exploration in Indonesia

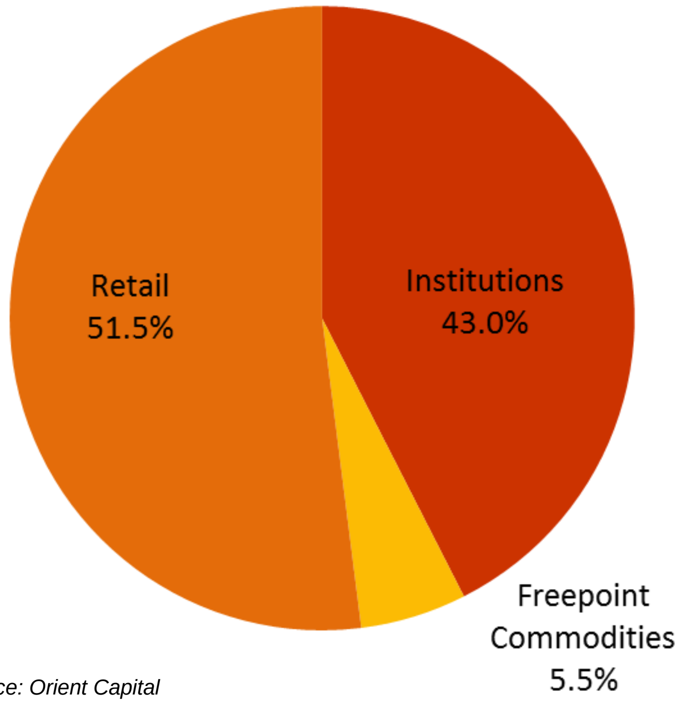
  Sumba gold project (80% owned)

  Bird's Head copper/gold project
  (80% owned)

COMPANY UPDATE
CORPORATE SNAPSHOT

- ASX listed: HGO
- Shares on issue: 1,024.8 million*
- Share price: AUD0.080*
- Market capitalisation: AUD 82 million*
- Cash and cash equivalents: AUD17.1 million @ 31 July
- Debt AUD48.1 million
- 48.5% Institutional shareholders*
- Top 20 shareholders own ~49%*

SHAREHOLDER DISTRIBUTION

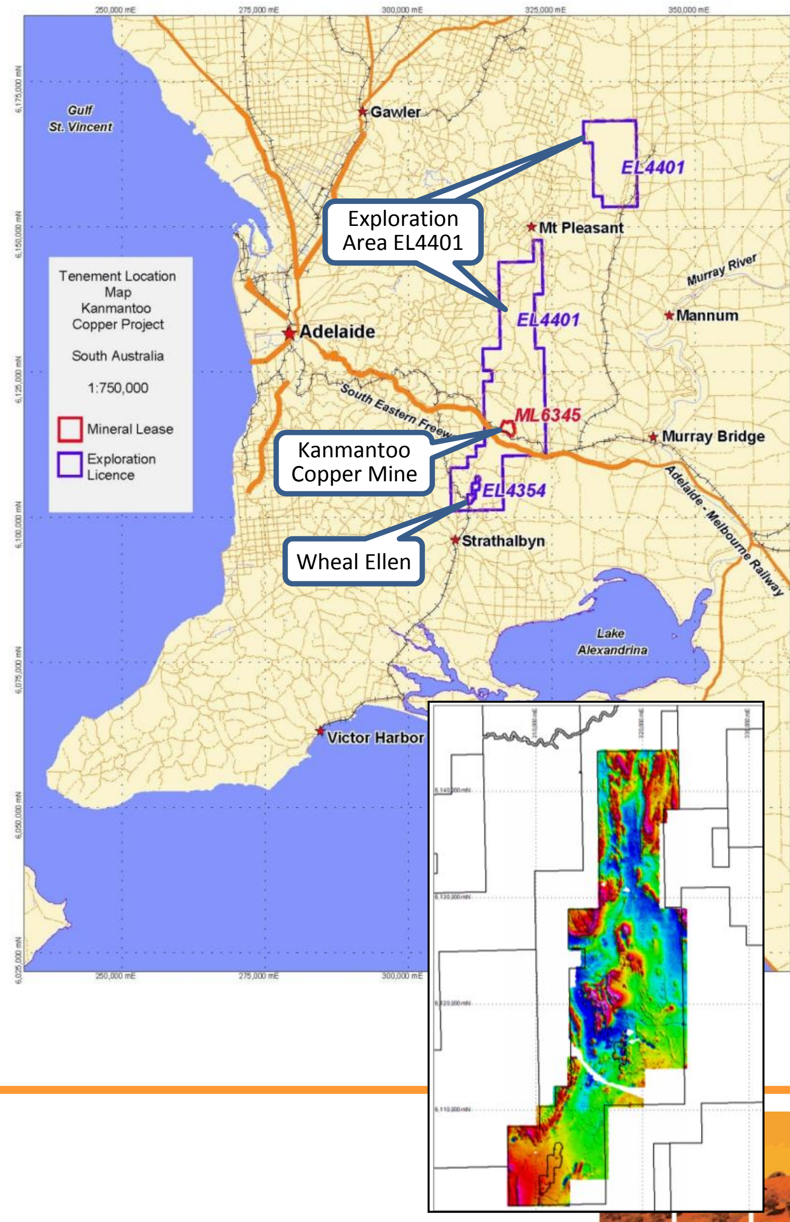


Source: Orient Capital

* As at 18 September 2013 and pre capital raising

COMPANY UPDATE
KANMANTOO COPPER MINE AND EXPLORATION AREA

- 100% owned by Hillgrove
- 55km from Adelaide, South Australia
- Mining Lease is within 500km^2 Exploration License, and relatively unexplored
- 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 compared to remote fly-in/fly-out mine operations
- Quality of life attracts mature, experienced workforce



COMPANY UPDATE
MINING OPERATIONS AND PRODUCTION

- Large cutback of Kavanagh Pit now completed, with reduction in stripping ratios and increased copper grades:
  - Mining in Kavanagh will focus on minimising dilution and optimising mill feed;
  - With lowered strip ratios, pre-stripping of Nugent has recommenced; and
  - With the delivery of the larger excavators, Emily Star will be mined and three work areas will enable increase to 600k BCM per month
- The new primary crusher circuit throughput has exceeded the 2.8Mt per annum target
- Kanmantoo produced 7,040 tonnes of copper in concentrate in the first half of the financial year, with FY14* guidance of 16,500 to 18,000t of copper

* Note: Hillgrove Financial Year refers to the period 1 Feb to 31 Jan

COMPANY UPDATE
MINING SERVICES

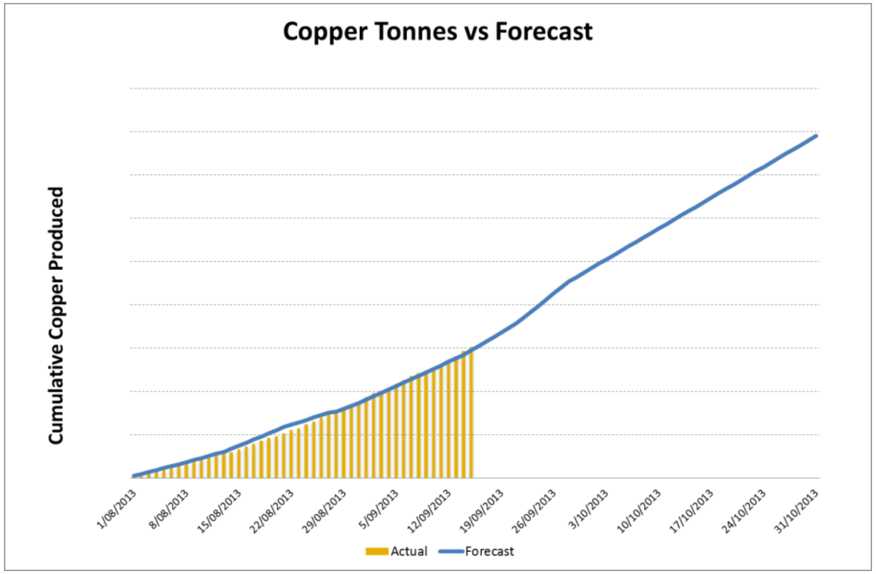
- A mutual termination of the Mining Services contract with the previous mining contractor executed end July 2013

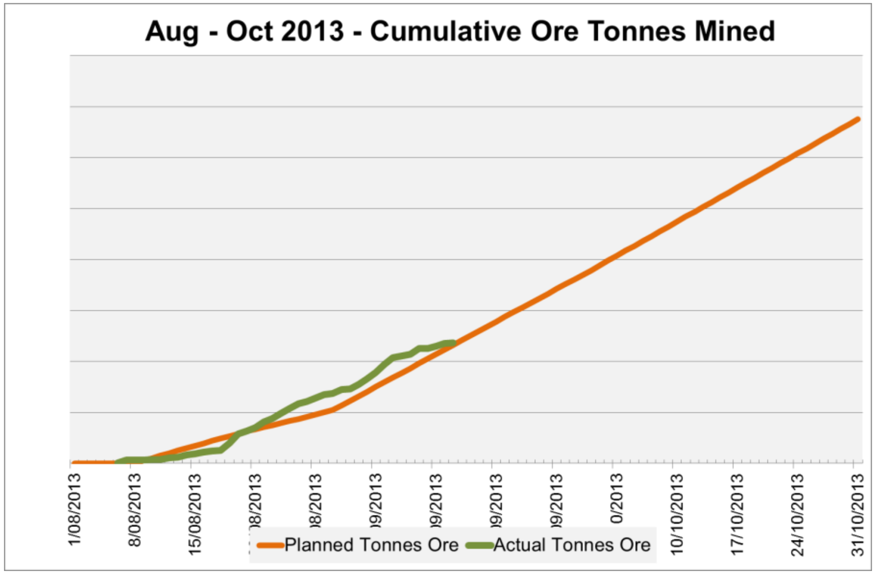
- Temporary contract services continued crusher feed from ROM and LG stockpiles

- Hillgrove management of operations and Hillgrove operators, with specialist contractors used for equipment supply and maintenance, drilling and explosive supply

- Establishment, training, and competency assessment of mining team is complete, further recruitment underway as required

COMPANY UPDATE
AUGUST AND SEPTEMBER PRODUCTION





- Copper tonnes produced and ore tonnes mined during the transition period has been in line with guidance for FY14* production
- Combination of owner operated and specialised contractors provides mining quality control and productivity enhancements

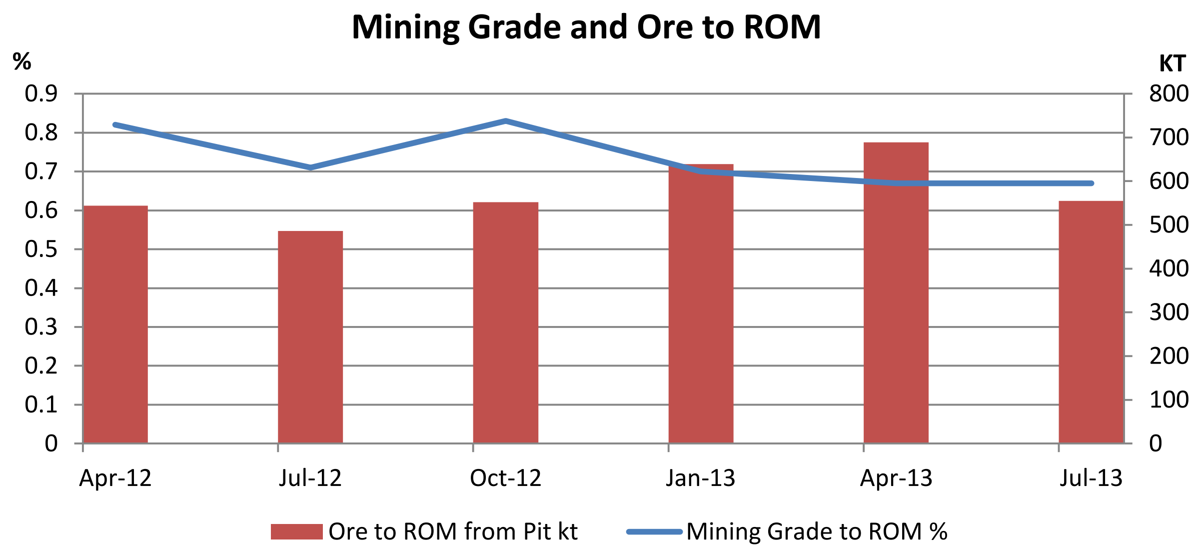
* Note: Hillgrove Financial Year refers to the period 1 Feb to 31 Jan

COMPANY UPDATE
H1 FY14 REVENUE AND COSTS

- Revenue for the half was AUD58.6 million at an average realised price for copper of AUD3.50/lb
- C1 costs for the quarter were USD2.40 per pound
- A revision of C1 costs for the 12 months to 31 July 2013 was undertaken, resulting from an adjustment as a result of the settlement with the previous mining contractor

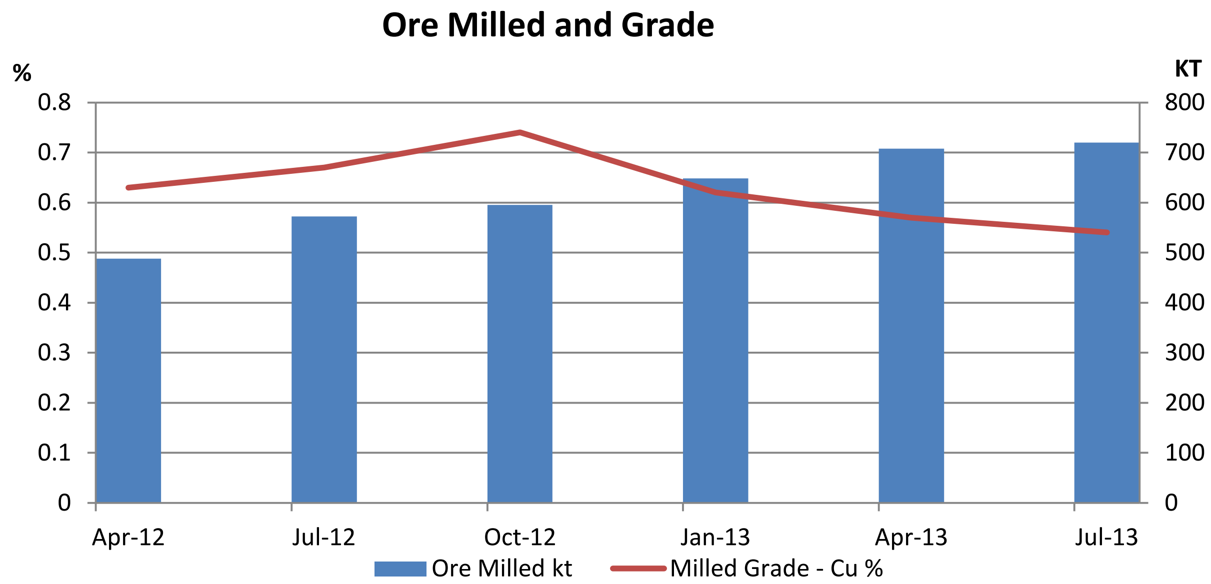
View of Kavanagh Pit showing base of old Kanmantoo Mine pit and the original Kanmantoo Pit wall .

COMPANY UPDATE
MINE GRADE AND ORE TO ROM



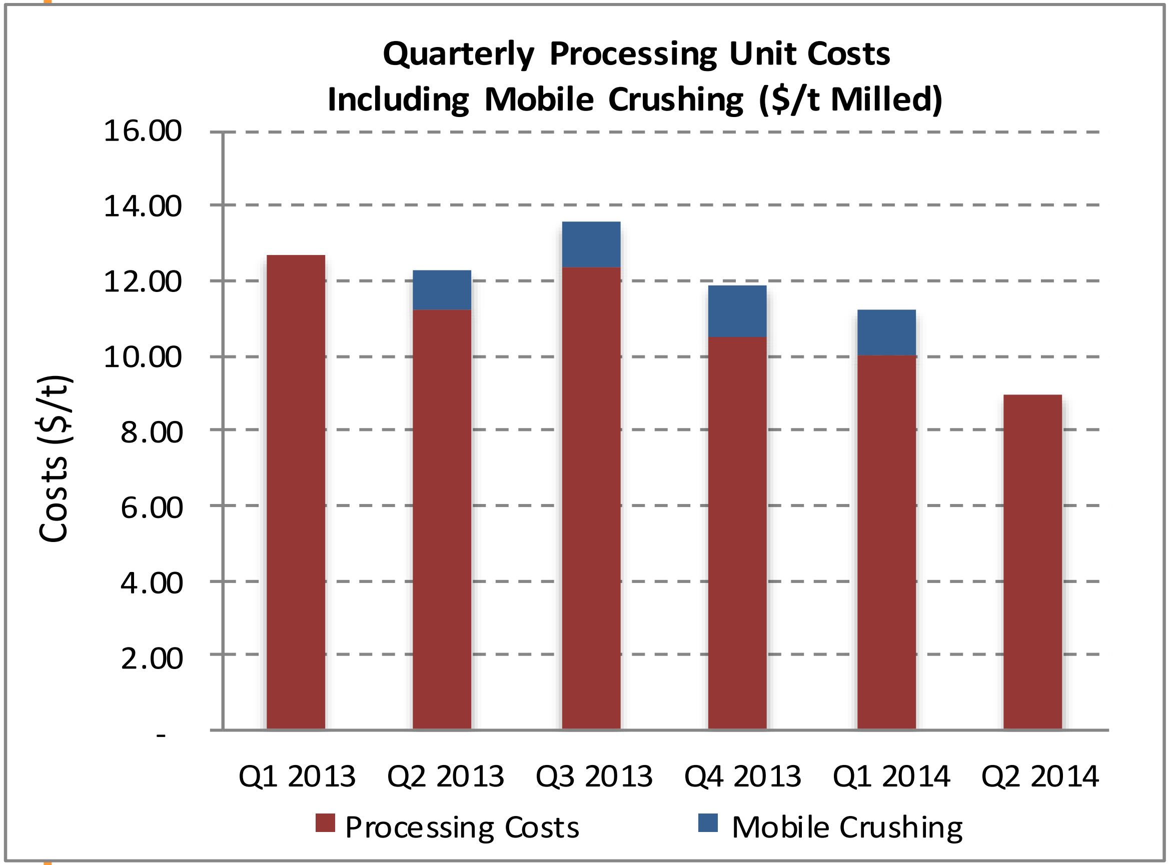
- ROM mill feed in the most recent quarter was impacted by weather and the mining services changeover, resulting in a copper grade of 0.67%
- New mining fleet ramp up commenced on 7 August 2013

COMPANY UPDATE
ORE MILLED AND GRADE



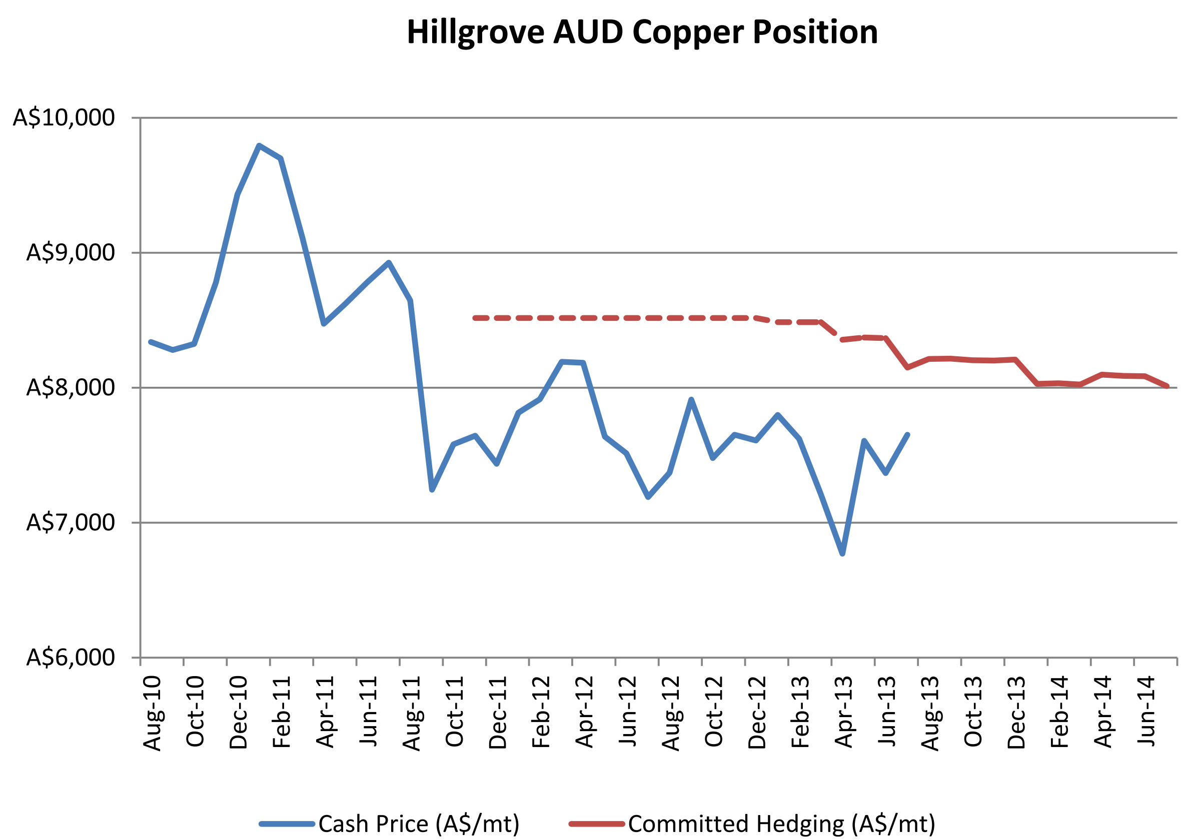
- Mill and wet plant continued to perform well during the last quarter, with a mill reline completed
- Blended feed to the mill (direct from pit and lower grade stockpiles) continued to be used to ensure continuity in the last quarter, resulting in a milled copper grade of 0.54%
- Alternate contract arrangements put in place to continue ore feed and maintain production at ~60% of capacity during the mining services changeover in late July

COMPANY UPDATE
PROCESSING COSTS REDUCED



- C1 cash costs of production were down to USD2.40/lb (using an average AUD/USD exchange rate of 0.9513)
- Due to removal of additional equipment from ROM for much of the quarter and a reduction in operating costs, in particular processing
- Average exchange rate has continued to influence C1 costs positively on a USD basis with the C1 cost in AUD terms of $2.53/lb

COMPANY UPDATE
STRONG HEDGE BOOK



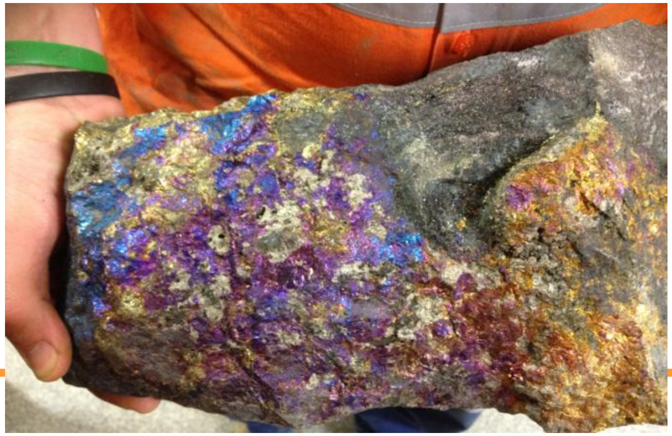
- Strong hedge book provides certainty for cashflows and revenue in future periods
- Approximately 38,000 tonnes of copper swaps
- 65-70% of forecast copper production hedged until March 2016 at an average price ~AUD7,950/tonne

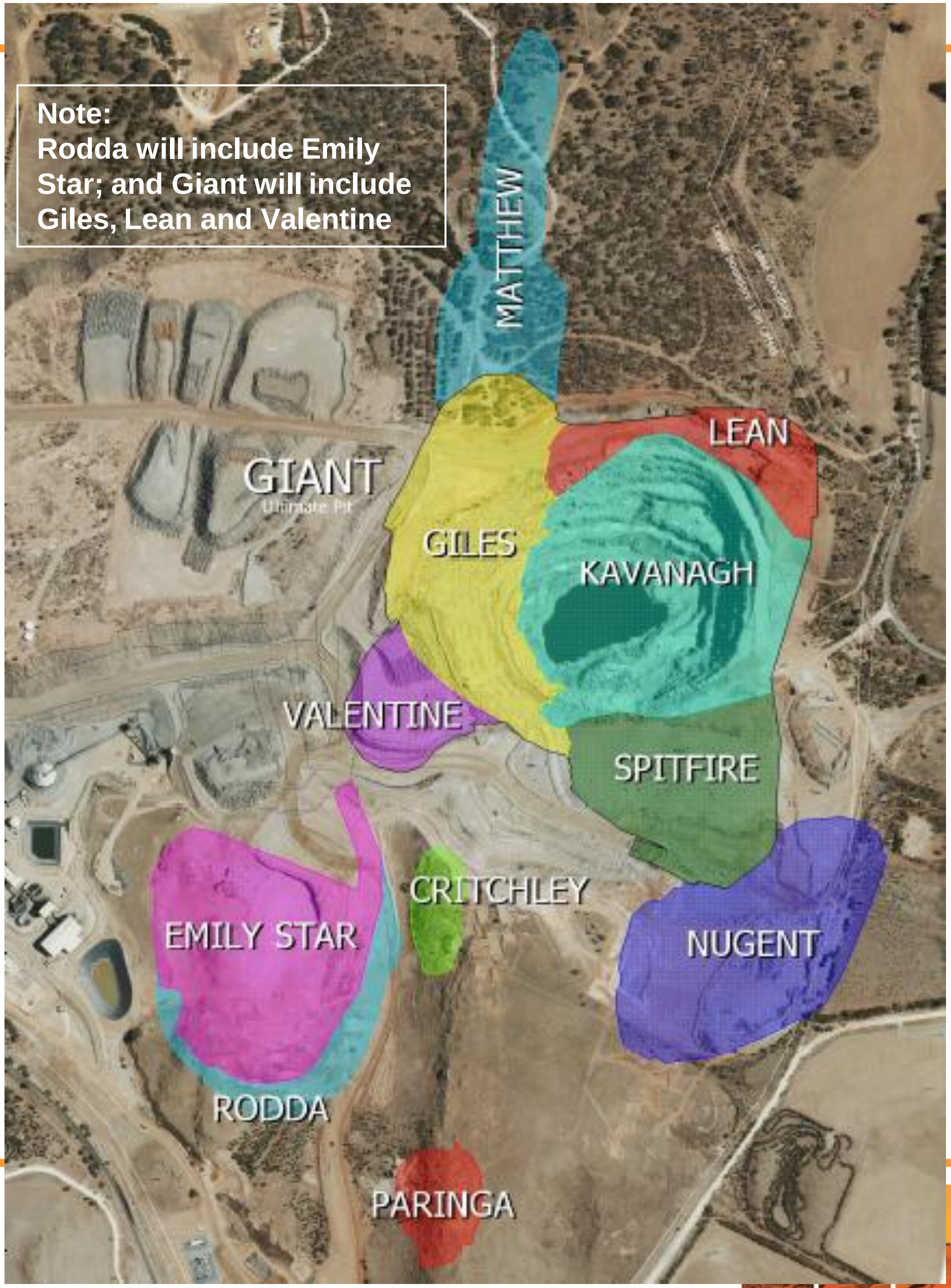
NEW CONTRACT ARRANGEMENTS

- A Supply, Maintenance and Repair Contract (SMARC) for the provision of major and minor mobile mining equipment has been executed with established operator Andy's Earthmovers (Asia Pacific) Pty Ltd
- Mobilised an initial mining fleet and maintenance support in last week of July to site. All equipment is of a high standard, being either new or low hours have been used
- First fleet operational and mining within projected two week changeover period
- Second fleet now operational
  - 2 x 1900 Hitachi Excavator
  - 14 x Cat 777 and Komatsu Trucks
- RocDrill providing drilling services
- 4 rigs on site with final rigs being mobilised

COMPANY UPDATE
LIFE OF MINE

- LOM plan to encompass immediate resource areas – targeting 10 year life of operations
- Mining performance currently focussed on Kavanagh pit, with the pit now positioned at the top of the higher grade zone
- Nugent under pre-strip operations, to be followed by Emily Star





COMPANY UPDATE
KANMANTOO MINERAL RESOURCE

	JORC 2012 Classification	Tonnage (Mt)	Cu (%)	Au (g/t)	Ag (g/t)
In Situ Resource	Measured	2.63	0.88	0.10	1.95
	Indicated	21.77	0.82	0.23	2.21
	Inferred	5.0	0.67	0.13	1.79
		29.46	**0.80**	**0.20**	**2.11**
Long Term Stockpiles	Measured	1.39	0.46	N/A	N/A
	Indicated	0.50	0.18	N/A	N/A
		1.89	**0.39**	**-**	**-**
	Total	**31.30**	**0.78**	**0.20**	**2.11**

- The 2013 Mineral Resource Estimate is similar in tonnes to the 2012 Mineral Resource Estimate, and slightly lower in grade, due to the following key factors:
  - An additional 4.1Mt largely as a result of new data from 141 drillholes drilled in 2012;
  - 1.89Mt of stockpile;
  - Depletion due to mining of 2.1Mt;
  - Reduction of 3.7Mt due to a more thorough and conservative application of the economic constraints being applied to the Resource model; and
  - Slightly lower overall grade due mainly to lower operating costs allowing a reduced economic cut off and the grade of additional Resource tonnes added

SENSITIVITIES AND GUIDANCE

Sensitivity (Annual)

AUD/USD	+/- 5%	AUD 2.1 million
Copper Price	+/- 10%	AUD 4.0 million
Gold Price	+/- 10%	AUD 0.9 million

Production (Copper)

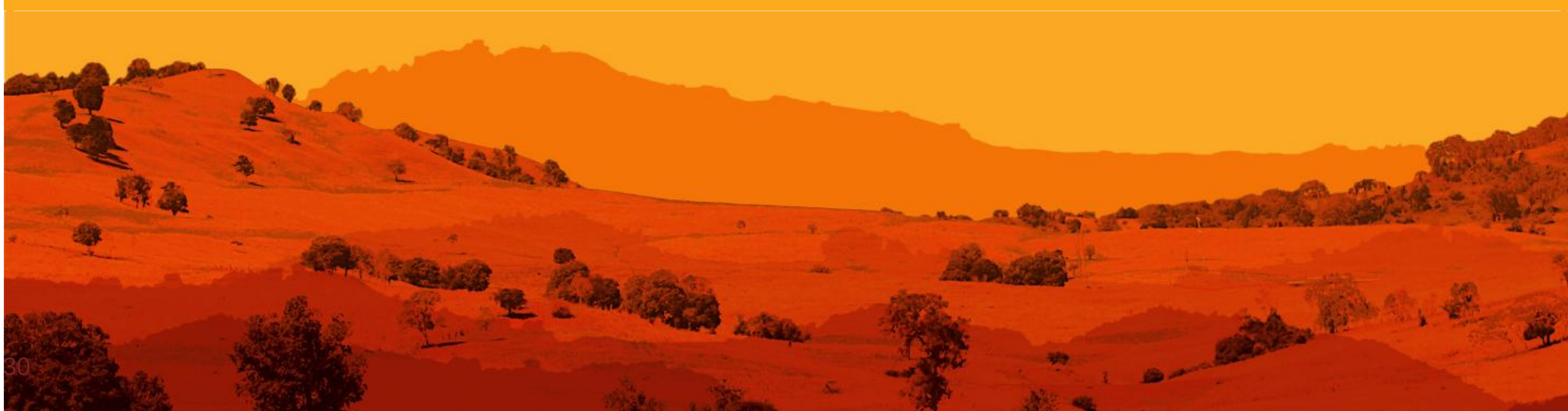
FY14	16,500 – 18,000 tonnes
FY15	20,000+ tonnes

Costs

C1 Costs	USD 2.25 – 2.50 per pound (at AUD/USD of 1.00)

HILLGROVE RESOURCES

IMPORTANT NOTICES



HILLGROVE CAPITAL RAISING
RISK FACTORS

The business activities of Hillgrove are subject to risks, which include those which apply generally to investments in equity markets, and those which apply specifically to Hillgrove's business and the present stage of Hillgrove's operations. Some of the specific risks may be mitigated through the use of safeguards and contingency plans. However many risks are outside the control of Hillgrove and its Directors and cannot be fully mitigated.

The future performance of Hillgrove and the future investment performance of its shares may be influenced by a range of factors, many of which are outside the control of Hillgrove or of any manager of any of its assets.

The following matters and summary of material risk factors set out below should be carefully considered in evaluating the prospects of Hillgrove. The summary of risks that follows is not exhaustive and this document does not take into account the personal circumstances, financial position or investment requirements of any particular person. Additional risks and uncertainties of which Hillgrove is unaware or that Hillgrove currently considers to be immaterial may also become important factors that adversely affect future performance. It is important therefore for investors, before investing in Hillgrove shares, to consider these (and any other) risks and uncertainties carefully. Investors should have regard to their own investment objectives and financial circumstances and should seek advice from their professional adviser(s) before deciding whether or not to invest.

Specific development risks of the Kanmantoo Project

A significant amount of Hillgrove's resources are directly focused on the development of the Kanmantoo Project. Certain specific risks could affect the viability and success of the project, including that:

- Resource estimates at Kanmantoo may not be robust;
- The resource classification basis may not be appropriate;
- The conversion ratio of resources to reserves may be inaccurate or inappropriate;
- Mining methods proposed may be unable to deliver on required production forecasts and recovery and dilution parameters;
- Metallurgical test work may not be sufficient to provide adequate inputs to the metallurgical process design;
- Proposed process and equipment specifications may be inappropriate for the application/duty required;
- Strategies for environmental protection and monitoring and pollution controls may be inappropriate;
- Project implementation timing may not be achieved;
- If the project fails to meet operating performance and financial tests incorporated into the project financing arrangements, the financiers have the ability to restrict cash flow being directed from the Kanmantoo project back to the parent company;
- Hedging undertaken for the project may not achieve its objectives;
- Ore reserves may be lower than currently expected;
- Mineralisation yields may be lower than currently expected;
- There may be limited or no availability of skilled labour or necessary contractor services;
- Significant cash flows may not materialise from the project within the expected timeframe;
- There may be a significant operational failure requiring unplanned capital expenditure or a level of required capital expenditure which is higher or is needed sooner than anticipated;
- The production plant may fail to perform as expected;

HILLGROVE CAPITAL RAISING
RISK FACTORS (CONTINUED)

- Operational risks such as mechanical difficulties, human error, incorrect technical assumptions, unanticipated conditions, equipment failures, weather conditions, civil unrest, wars and natural disasters, blowouts, cratering, explosions, pollution, seepage or leaks, fire and earthquake, unexpected shortages, delays or increases in costs of fuel or other consumables, spare parts or plant and equipment, and other accidents which may result in injury or loss of human life and consequential employee compensation claims; and
- There may be an unexpected increase in operating or production costs, the majority of which are not fixed.

Any materially adverse development in relation to the Kanmantoo Project, such as any of those referred to above, would be likely to have a materially adverse effect on the success of Hillgrove

Copper and other metals prices

Hillgrove's potential revenue will primarily be derived from the sale of copper and other metals. The price for copper and other metals fluctuate and are affected by many factors beyond Hillgrove's control. Relevant factors include supply and demand fluctuations, technical advancements, forward selling activities and other macro-economic factors. Hillgrove has a hedging strategy to partially mitigate this risk.

Foreign exchange

Hillgrove is subject to the risk of unfavourable movements in exchange rates. To the extent that Hillgrove has exposure to foreign currency denominated earnings that are not hedged, fluctuations in the Australian Dollar relative to the US Dollar may materially affect the cash flow and earnings which Hillgrove will realise from its operations in Australian Dollar terms.

Dependence on key employees

Hillgrove's success and growth strategy depends heavily upon its managing director and a relatively small number of other senior executive employees. The loss of the services of any of them could have a material and adverse effect on Hillgrove's business, operating results and financial condition.

Risks in securing refinancing or additional financing

Further exploration and development of mineral properties by Hillgrove may require Hillgrove to obtain further future financing through operational cash flow, joint venture, debt financing or refinancing, equity financing or other means. There is no assurance that Hillgrove would be successful in obtaining further financing if and when needed. Volatile markets for mineral commodities may make it difficult for Hillgrove to obtain debt financing or equity financing on favourable terms, or at all. Failure to obtain additional financing on a timely basis may cause Hillgrove to postpone development plans or forfeit rights in some or all of its properties. Furthermore, any material and adverse change in the capital markets could have a material and adverse impact on the ability of Hillgrove to raise further capital.

Joint venture and reliance on third parties

Hillgrove does not own 100% of all projects in which it is involved. Through Hillgrove's participation in joint ventures and its use of contractors and other third parties for development, exploration, mining and other services, it is reliant on a number of third parties for the success of its current operations and for the development of its exploration projects. Problems caused by third parties may arise which have the potential to impact on the performance and operations of Hillgrove. Any failure by counterparties to perform their obligations may have a material adverse effect on Hillgrove and there can be no assurance that Hillgrove would be successful in attempting to enforce any of its contractual rights through legal action.
development.

HILLGROVE CAPITAL RAISING
RISK FACTORS (CONTINUED)

Government

Government approvals and permits are currently required and may in the future be required in connection with the operations of Hillgrove. To the extent such approvals are required and not obtained, Hillgrove may be curtailed or prohibited from continuing its operations or from proceeding with planned exploration or development of mineral properties.

Government policies are subject to review and change from time to time and Hillgrove relies upon government agencies promptly and favourably dealing with applications and consents. Such matters are likely to be beyond the control of Hillgrove. Changes in community attitudes on matters such as taxation, environment and landholder issues may bring about reviews and possible changes in government policies and regulations. Any such government action or inaction may limit or prohibit operations or require increased capital or operating expenditure and could adversely impact Hillgrove’s financial position and performance.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on Hillgrove and cause increases in exploration expenses, capital expenditures or production costs, or reduction in levels of production, or delays in development.

Licences and Permits

Interests in permits are governed by the granting of licences or leases by the appropriate government authorities. The conduct of operations and the steps involved in acquiring all licences and permits involve compliance with numerous procedures and formalities. It is not always possible to correctly interpret, or comply with, or obtain waivers from, all such requirements and it is not always clear whether requirements have been properly completed, or that it is possible or practical to obtain evidence of compliance. In some cases, failure to follow such requirements or obtain relevant evidence may call into question the validity of the titles.

Failure to obtain any necessary licences or permits, any material non-compliance with such licences or permits or the revocation or non-renewal of such licences or permits could adversely impact Hillgrove’s financial position and performance.

Taxation

Hillgrove is subject to various forms of taxation in Australia and other jurisdictions. There is an ongoing risk that changes to taxation legislation or the interpretation or enforcement of taxation laws or regulations could adversely impact Hillgrove’s financial position and performance.

International operations

In Indonesia, in which Hillgrove has assets and operations, such assets and operations are subject to various political, economic and other uncertainties, including, among other things:

- The risks of expropriation, nationalisation, renegotiation or nullification of existing concessions, licences, permits, approvals and contracts;
- Taxation policies, foreign exchange and repatriation restrictions;
- Changing political conditions;
- International monetary fluctuations;
- Currency controls;
- Community relations and Hillgrove’s relationship with local employees; and
- Foreign governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

In addition, in the event of a dispute arising from foreign operations, Hillgrove may be subject to the exclusive jurisdiction of foreign courts, and may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for Hillgrove to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on Hillgrove's operations.

RISK FACTORS (CONTINUED)

Environmental risks

Hillgrove's operations are subject to extensive Federal, State and local environmental laws and regulations. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for violation of such standards. Significant liability could be imposed on Hillgrove for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage or non compliance with environmental laws or regulations. Compliance or non-compliance with environmental laws or regulations may require Hillgrove to incur significant costs and may have a significant material impact on Hillgrove's financial performance.

Insurance

Insurance of risks associated with mining operations is sometimes unavailable and sometimes attracts large premiums. If Hillgrove incurs uninsured losses or liabilities, its assets, profit and prospects will be adversely affected.

Contractual risks

Hillgrove is a party to various contracts (including the Freepoint off-take agreement, discussed below). Hillgrove's ability to achieve its objectives will depend on the counterparties to those contracts performing their obligations. All contracts entered into by Hillgrove are subject to interpretation. There is no guarantee that Hillgrove will be able to enforce all of its presumed rights under its contracts. Any default or dispute under those contracts may adversely affect Hillgrove's financial position or performance.

Dividends

There are restrictions on Hillgrove's ability to pay dividends to its shareholders under the Kanmantoo Project Finance Facility. Any future determination as to the payout of dividends will be at the discretion of directors and will depend on the availability of distributable earnings, operating results and the financial position of Hillgrove, its future capital requirements and other relevant factors. No assurance in relation to the payment or franking of dividends can be given by Hillgrove.

Reserve and resource estimates

Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and drilling plans which may, in turn, adversely affect Hillgrove's operations.

HILLGROVE CAPITAL RAISING
RISK FACTORS (CONTINUED)

Production estimates

Actual future production may vary materially from targets and projections of future production for a variety of reasons. There is greater risk that actual production will vary from estimates of production made for properties under exploration or not yet in production or from operations that are to be expanded.

General business and market risks

There are business and market risks inherent in any listed security, which could materially affect Hillgrove's earnings and the pricing of its shares, including:

- Movements in local and international economies and share and capital markets, including general market volatility;
- Changes in interest rates and other general economic conditions;
- Changes in investor sentiment and perceptions;
- Upheaval and uncertainty due to terrorist activities, insurrection, war and general conflict;
- Changes in government fiscal, monetary and regulatory policies and statutory changes (including the impact of government actions in relation to access to lands and infrastructure, compliance with environmental obligations, taxation and royalties);
- Changes in accounting standards, or in the interpretation of accounting standards, which have an adverse impact on Hillgrove;
- The risk of claims, litigation and other liabilities directed at the Hillgrove;
- The risk of industrial action and work stoppages by employees and contractors; and
- Changes in metal prices.

There is a risk that there will be illiquidity in the market for Hillgrove shares. This may increase the volatility in the price of those shares or may impede an investor's ability to realise an investment in Hillgrove.

The largest holder in Hillgrove is currently Freepoint Commodities LLC (formerly part of the J.P. Morgan group), which entity is also party to the off-take agreement referred to in this presentation. That entity or its holding companies, as appropriate, have the ability to deal with those interests or interests in any entities that hold that stake and have not given any commitments to maintain any stake at any particular level.

General exploration and development risks

Similar to other enterprises in the natural resources sector, there are certain risks that could affect Hillgrove which are substantially outside its control. These risks include:

- Unforeseen adverse geological or mining conditions and/or changes to predicted mineral grades;
- Increases in production costs;
- The state of demand and supply for copper and gold in Australia and overseas markets and the effect on copper and gold prices;
- Changes in government regulations (including environmental regulation) and government imposts, such as royalties, rail freight charges and taxes; and
- Risks to land titles, mining titles and use thereof as a result of native title claims.

HILLGROVE CAPITAL RAISING
FOREIGN SELLING RESTRICTIONS

This document and the Placement do not constitute an offer of new ordinary shares in Hillgrove ("New Shares") in any jurisdiction in which it would be unlawful to do so. New Shares may not be offered or sold in any country outside Australia except to the extent permitted by law.

Hong Kong

The contents of this document have not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this document has not been, and will not be, registered as a "prospectus" in Hong Kong under the Companies Ordinance (Cap 32)("CO") nor has it been authorised by the Securities and Futures Commission ("SFC") in Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong (the "SFO"). Recipients are advised to exercise caution in relation to any offer of New Shares by Hillgrove Resources Limited. If Recipients are in any doubt about any of the contents of this document, they should obtain independent professional advice.

This document does not constitute an offer or invitation to the public in Hong Kong to acquire any New Shares nor an advertisement of New Shares in Hong Kong. This document must not be issued, circulated or distributed in Hong Kong other than:

- To "professional investors" within the meaning of SFO and any rules made under that ordinance ("Professional Investors"); or
- In other circumstances which do not result in this document being a "prospectus" as defined in the CO nor constituting an offer to the public which requires authorisation by the SFC under the SFO.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the New Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to New Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors.

Any offer of the New Shares will be personal to the person to whom relevant offer documents are delivered by or on behalf of Hillgrove Resources Limited, and a subscription for the New Shares will only be accepted from such person. No person who has received a copy of this document may issue, circulate or distribute this document in Hong Kong or make or give a copy of this document to any other person. No person allotted New Shares may sell, or offer to sell, such New Shares to the public in Hong Kong within six months following the date of issue of such New Shares.

United States

This document has been prepared for publication in Australia and may not be released or distributed in the United States. This document does not constitute and offer to sell, or a solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "US person" as defined in Regulation S ("US Person") under the US Securities Act of 1933 ("US Securities Act"). Any securities described in this document have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States or to any US Person, except in transactions exempt from, or not subject to, registration under the US Securities Act and other applicable US state securities laws.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no approved prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares. The New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of FSMA.

In the United Kingdom, this document is being distributed only to, and is directed at (a) persons who have professional experience in matters relating to investments who fall within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or (b) high net worth entities, and persons to whom it may otherwise lawfully be communicated (together "relevant persons"). The New Shares to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. Persons distributing this document must satisfy themselves that it is lawful to do so.

Switzerland

This document is being communicated in Switzerland to a small number of selected investors only. Each copy of this document is addressed to a specifically named recipient and may not be passed on to third parties. The shares are not being offered to the public in Switzerland, and neither this document, nor any other offering materials relating to the shares may be distributed in connection with any such public offering.

New Zealand

This document has been given to you on the basis that:

(a) your principal business is the investment of money; or

(b) in the course of and for the purpose of your business, you habitually invest money.

If this is not the case please return all documentation in relation to this offer immediately. This document does not constitute an offer of securities to the public for subscription under the Securities Act 1978 (NZ). There is no prospectus or investment statement for this Offer. Hillgrove Resources Limited reserves the right to refuse any application under this Offer where it reasonably believes that the applicant may be a member of the public for the purposes of the Securities Act 1978.

Singapore

This document and any other materials in connection with the Offer relating to Singapore have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of New Shares may not be circulated or distributed, nor may New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than as described below and/or otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). This document does not constitute an advertisement of securities in Singapore.

This document has been given to you on the basis that you fall within one of the categories of investors described below. In the event that you are not an investor falling within one the categories set out below, please return this document to the Issuer immediately. Please do not forward or circulate this document to any other person.

- Offer to Existing Shareholders. An offer is being made to existing holders of New Shares pursuant to Section 273(1)(cd) of the SFA.
- Offer to Institutional and other Relevant Investors. A separate offer is being made to institutional investors under Section 274 and relevant persons pursuant to Section 275(1) and (1A), in accordance with the conditions specified therein. It should be noted that there are on-sale restrictions (set out in Section 276 of the SFA) applicable to all investors who acquire securities pursuant to Sections 274 and 275. All such investors are advised to acquaint themselves with such provisions and comply with them accordingly or to consult their own professional advisers as to such on-sale restrictions.

The Offer is not made to you with a view to the New Shares (or any of them) being subsequently offered for sale to any other party. The contents of this document have not been reviewed by any regulatory authority in Singapore. In the event of any doubt about any of the contents of this document or as to your legal rights and obligations, please obtain appropriate professional advice.

HILLGROVE CAPITAL RAISING
IMPORTANT NOTICE

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 is being provided only to persons to whom securities may be offered without a disclosure document lodged with ASIC or to investors in jurisdictions outside of Australia in which it would not be unlawful to offer securities (please refer to slide 36 (Foreign Selling Restrictions) in this Presentation for more information). This Document includes information derived from third party sources that has not been independently verified. To the maximum extent permitted by law, Hillgrove and its officers, directors, employees, advisers, agents and affiliates exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of the information in this Document being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

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).

You are cautioned not to place undue reliance on forward-looking statements. These forward-looking statements are based on information available to us as of the date of this Document. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update these forward-looking statements.

This Document is provided for informational purposes only and is subject to change without notice. Subject to any obligations under applicable laws, regulations or securities exchange listing rules, Hillgrove disclaims any obligation or undertaking to release any updates or revisions to this Document to reflect any change in expectations or assumptions. Nothing in this Document should be interpreted to mean that future earnings per share of Hillgrove will necessarily match or exceed its historical published earnings per share, or that there has been no change in the affairs of Hillgrove since the date of this Document.

Nothing contained in this Document constitutes financial product**,** investment, legal, tax or other advice. The information in this Document does not take into account the investment objectives, financial situation or particular needs of any recipient. Before making an investment decision, each recipient of this Document should make its own assessment and take independent professional advice in relation to this Document and any action taken on the basis of this Document.

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 CAPITAL RAISING
COMPETENT PERSON STATEMENTS

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 fulltime 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.