HILLGROVE RESOURCES

AUSTRALIA'S NEXT COPPER MINE

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Lachlan Wallace
CEO & Managing Director

20 May 2022

IMPORTANT NOTICE

CAUTIONARY STATEMENT

The Economic Assessment discussed herein has been undertaken to explore the technical and economic feasibility of developing an underground mine to economically and sustainably exploit the Kanmantoo Copper Gold Deposit, located in South Australia. The Kanmantoo Copper Gold Project (Kanmantoo or Project) is 100% owned by Hillgrove Resources Limited. The Production Target and financial forecasts presented in the Economic Assessment are shown on a 100% Project basis. The Production Target underpinning the Base Case financial forecasts included in the Economic Assessment comprises 72% Indicated Resources and 28% Inferred Resources. The Production Target included in the Economic Assessment relating to the project payback period of 7 months post the completion of pre-production works comprises 82% Indicated Resources and 18% Inferred Resources. The Mineral Resource Estimate underpinning the Base Case Production Target has been prepared by a Competent Person in accordance with the requirements in the JORC Code 2012. There is a lower level of geological and grade continuity confidence associated with Inferred Resources and there is no certainty that further exploration work will result in the conversion of Inferred Resource estimates to Indicated Resource estimates or return the same grade and tonnage distribution.

The economic outcomes associated with the Economic Assessment are based on certain assumptions made for commodity prices, concentrate treatment and recovery charges, exchange rates and other economic variables, which are not within the Company's control and subject to change from time to time. Changes in such assumptions may have a material impact on economic outcomes. To achieve the range of outcomes indicated in the Economic Assessment, additional funding will likely be required. Investors should note that there is no certainty that Hillgrove Resources will be able to raise that amount of funding when needed. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Hillgrove's existing shares. This announcement contains forward-looking statements. Hillgrove has concluded it has a reasonable basis for providing the forward-looking statements included in this announcement and believes it has a reasonable basis to expect it will be able to fund the development of the project. However, several factors could cause actual results, or future expectations to differ materially from the results expressed or implied in the forward-looking statements. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Economic Assessment.

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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 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 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 ($) unless otherwise indicated (e.g. US$).

COMPETENT PERSONS 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 a Competent Person at the time.

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 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.

AUTHORISATION

This announcement is authorised for market release by Hillgrove Resources' Managing Director and CEO, Lachlan Wallace.

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Highlights

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SINCE LAST AGM IN 2021

- Drilling continued in Nugent and Kavanagh – mineralisation continuing at depth at 500m below pit
- Mineral Resource Estimate increased from 2.2Mt to 6.4Mt (34kt to 69kt Cu metal)
- Economic Assessment – strong cash flows, low capital, near term
- Portals established for main decline and ventilation drive
- Underground stope definition drilling commenced
- Funding terms sheets agreed – documentation underway

Deposit	JORC 2012 Classification	Tonnage (kt)	Cu (%)	Au (g/t)	Cu Metal (t)
Kavanagh (0.6% Cu COG)	Measured	780	1.28	0.10	9,900
	Indicated	3,640	1.03	0.06	38,000
	Inferred	1,300	1.0	0.1	10,000
	Total	5,750	1.10	0.10	61,000
Nugent (0.8% Cu COG)	Indicated	202	1.4	0.47	2,800
	Inferred	457	1.3	0.7	6,000
	Sub-Total	659	**1.32**	**0.61**	8,700
Totals	**Measured**	**780**	**1.28**	**0.10**	**9,900**
	Indicated	**3,840**	**1.05**	**0.09**	**40,400**
	Inferred	**1,800**	**1.1**	**0.2**	**19,000**
	Total	**6,405**	**1.09**	**0.12**	**69,600**

NEXT 12 MONTHS

- Finalise funding and major contracts
- Pending FID, commence underground mining and processing
- Expand mining inventory with further drilling

On track to commence mining in 2022

Hillgrove Resources: Corporate Snapshot

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Company Overview

- ASX listed ('HGO') Australian resources company that owns and operates the Kanmantoo Copper Gold Mine in South Australia
- 15+ years of strong operating experience and award-winning positive stakeholder engagement
- After completion of open pit operations in 2020, underground mine now being developed with aim to resume production in 2022

Investment Highlights

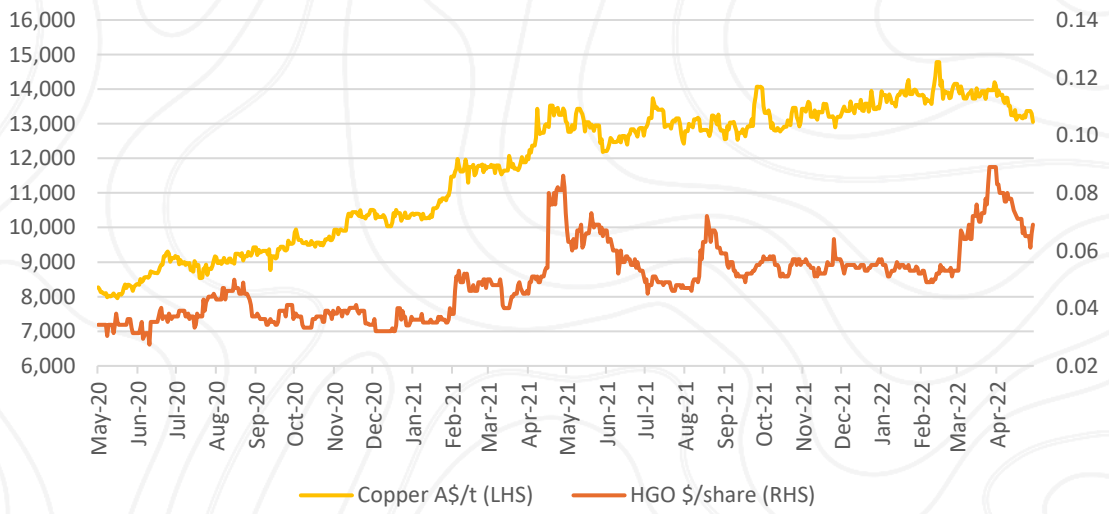
- ✓ Advanced, fully permitted project with key infrastructure in place for a <$30M capex restart
- ✓ One of the only near term new copper producers on the ASX
- ✓ Multiple opportunities to increase resource base, annual production and mine life through lower cost underground drilling
- ✓ Highly leveraged to current and forecast copper price strength

Market Statistics

Share Price(1)	A$	0.069
Shares on Issue	M	1,174
Market Capitalisation	A$M	81
Enterprise Value(2)	A$M	70
Liquidity - 12 Months	M shares	334 (29%)
Carried forward income tax losses	A$M	222
Franking credits	A$M	17.6

Note (1): Share price at close 18 May 2022
Note (2): Net cash as at 31 December 2021

Share Price – 2 years



Kanmantoo – A unique opportunity in copper

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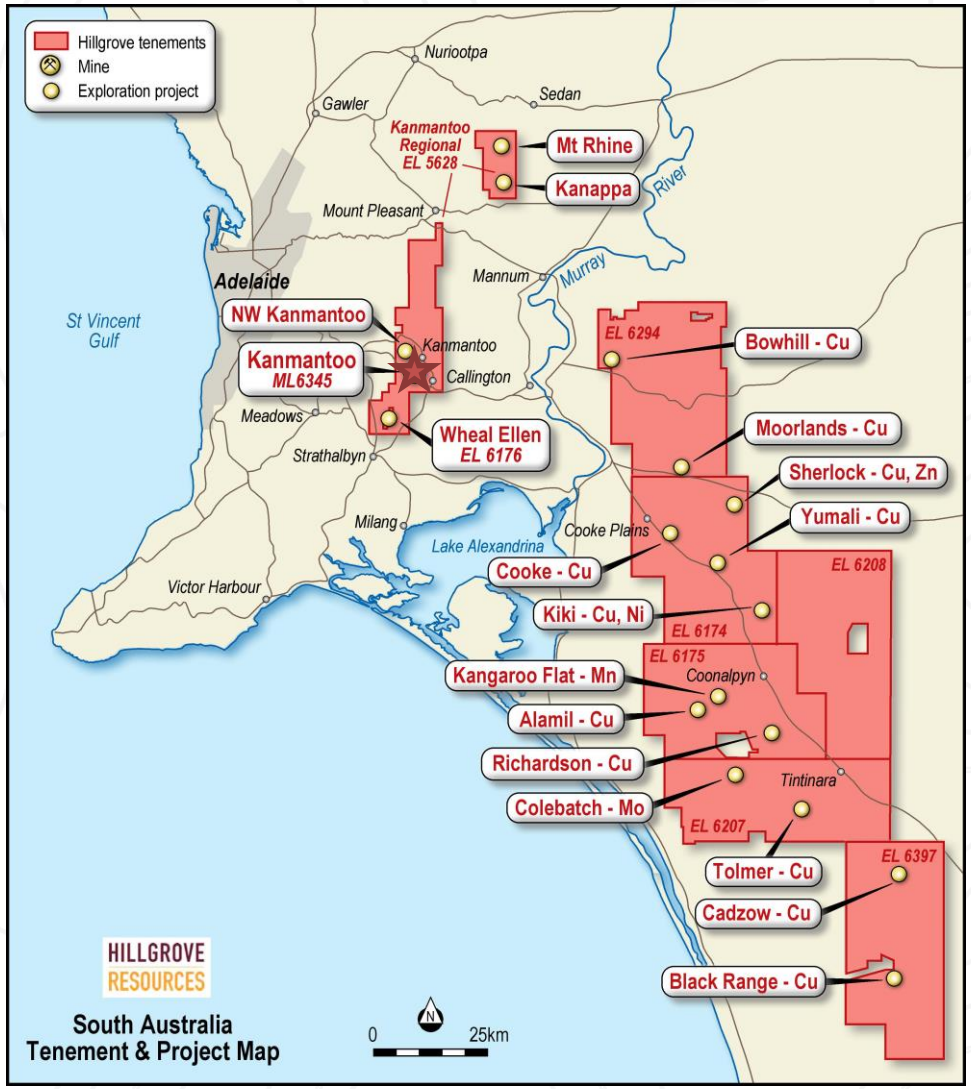
Ability for a fast, low capex restart

- ✓ Fully permitted
- ✓ 3.6Mtpa plant maintained on C&M
- ✓ Fully operational TSF with additional capacity
- ✓ Local workforce with key hires already recruited
- ✓ Same geology, geotech and metallurgy as open pit which produced 137kt Cu in concentrate
- ✓ Tier 1 jurisdiction(1)

With substantial further upside

- Mine plan only includes 2 of 9 known deposits on permitted lease
- Latent mill capacity enables project to incorporate additional lodes for no further processing capital or permitting
- 3 advanced exploration projects within 10km of processing plant which have a far lower hurdle due to existing infrastructure



Note (1): South Australia ranked 7th best jurisdiction for global investment attractiveness by Fraser Institute Annual Survey of Mining Companies 2020

Excellent Economic Metrics

LOW CAPITAL - Australia's lowest capital intensity
LOW RISK - permitted, infrastructure built
NEAR TERM - commencing 2022

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Stage 1 Kanmantoo UG

RESOURCE

- ✓ Resource: 6.4Mt @ 1.09% Cu, 0.12 g/t Au, 69.6kt

STAGE 1 PLAN

Copper Production	kt Cu	36
Gold Production	koz Au	10
Post-tax free cash flow	A$M	196
NPV8	A$M	166
IRR	%	389
Pre-production Capital	A$M	26
Payback Period	months	7
AISC	A$/t	6,991

On track to reach FID mid-2022

- ✓ Stope definition drilling from underground platform
- ✓ Pre-production capital expected to be secured predominantly through debt; definitive documentation stage with funding partners
- ✓ Contract mining tender process underway

3.6MTPA PROCESSING PLANT

PERMITTED TAILINGS STORAGE FACILITY

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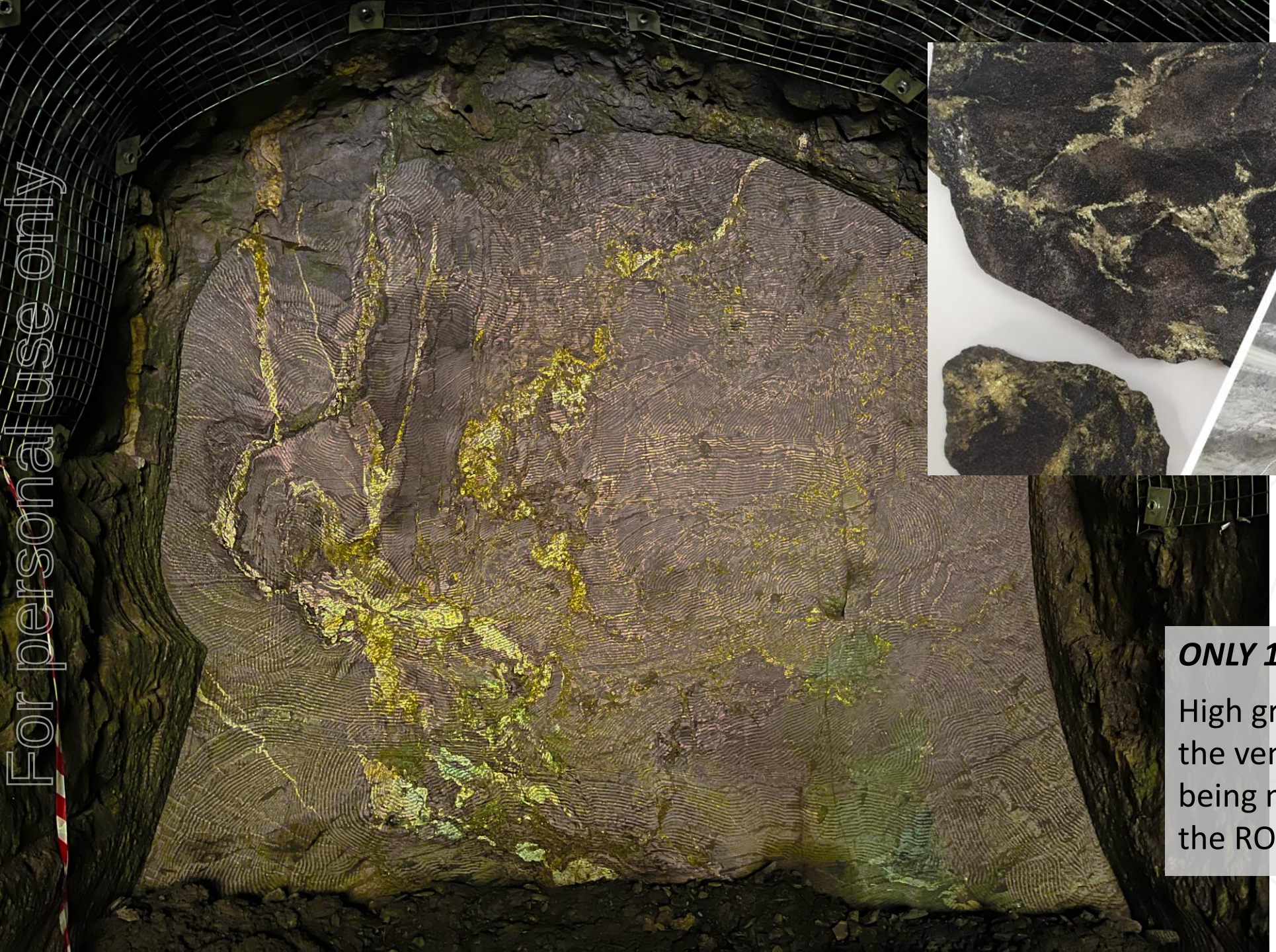

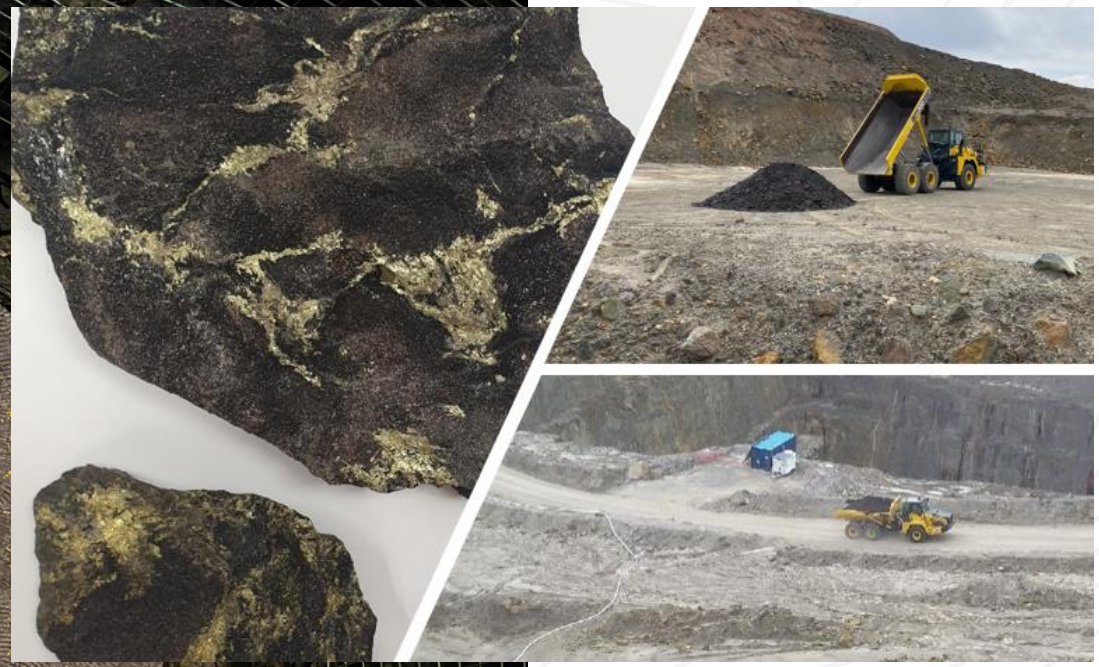

ONLY 13m IN!

High grade mineralisation in the ventilation drive already being mined and taken to the ROM stockpile

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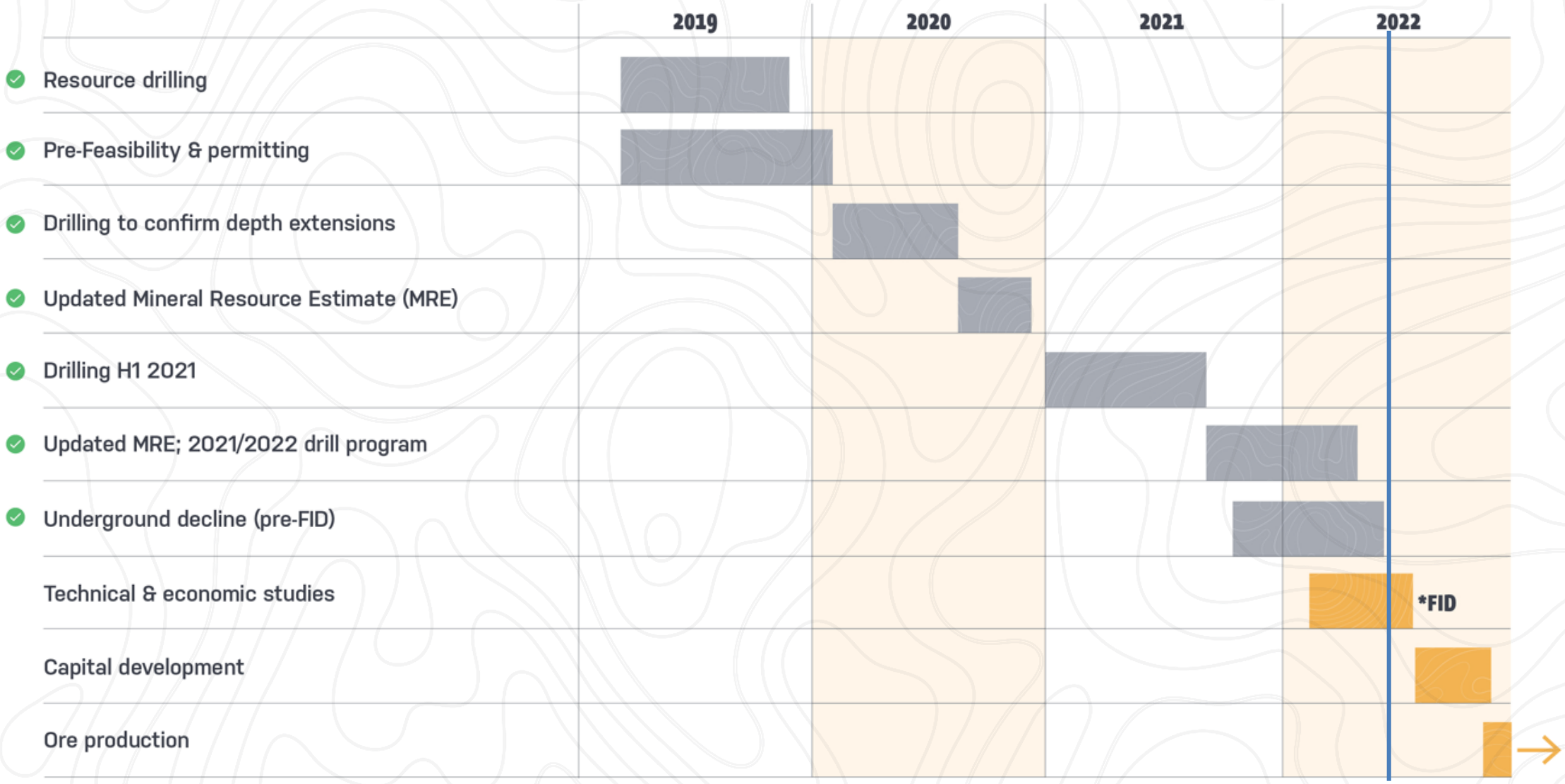
Pathway to being Australia's next Cu producer



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Increasing Mine Life and Annual Throughput

Initial mine plan includes only 2 of 9 deposits on the lease to ~250m depth and only utilises 40% of processing and tailings capacity

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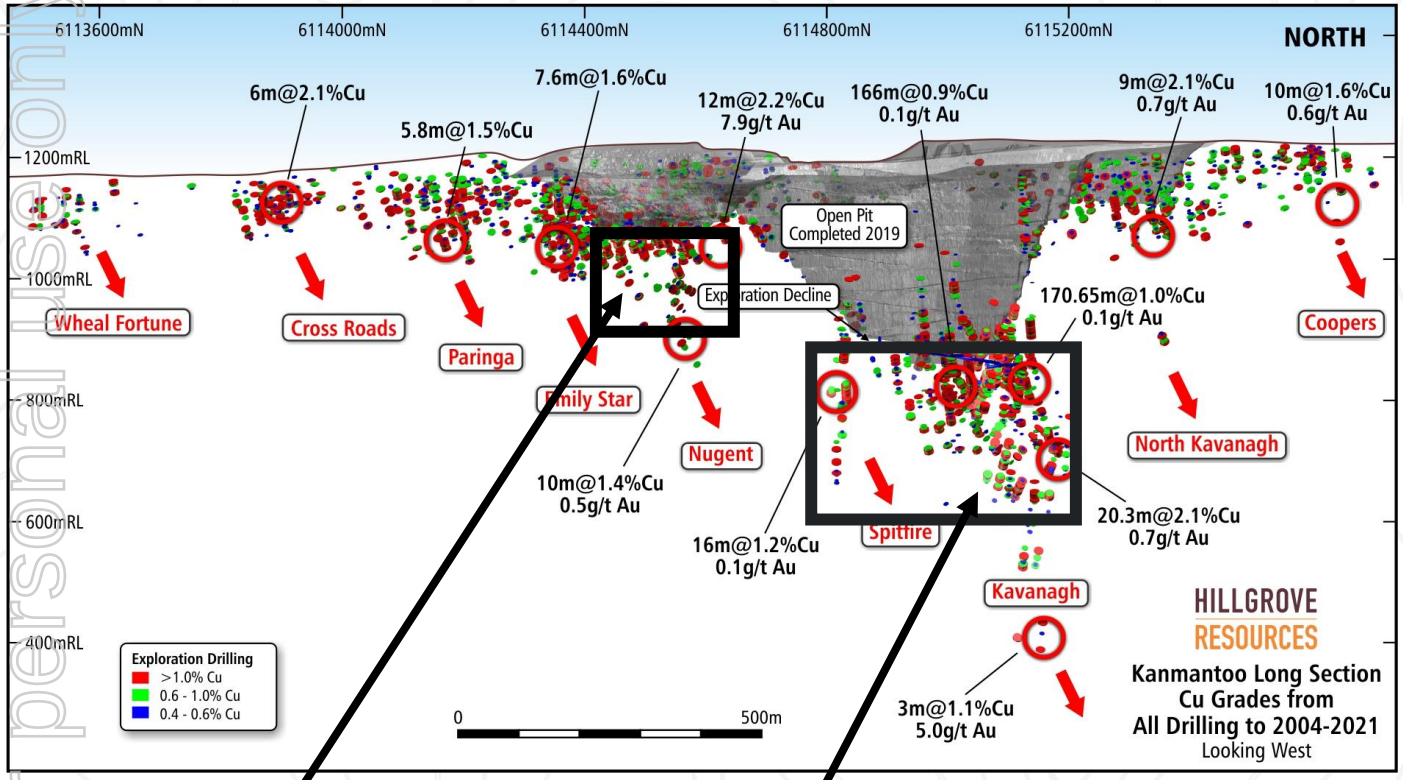
Follow up targets to further expand resource



Stage 1 is limited to 250m in depth

Stage 1 Nugent UG Mine Area

Stage 1 Kavanagh UG Mine Area

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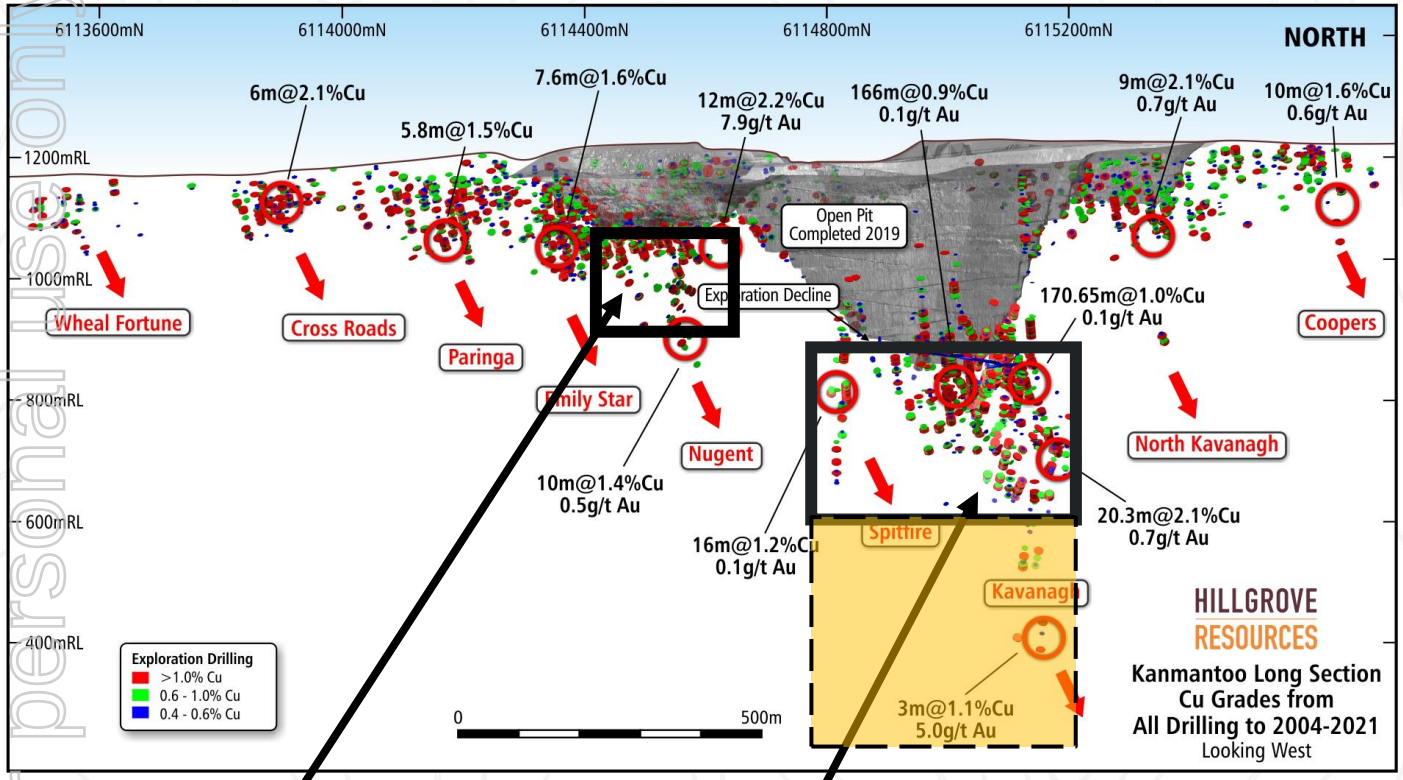
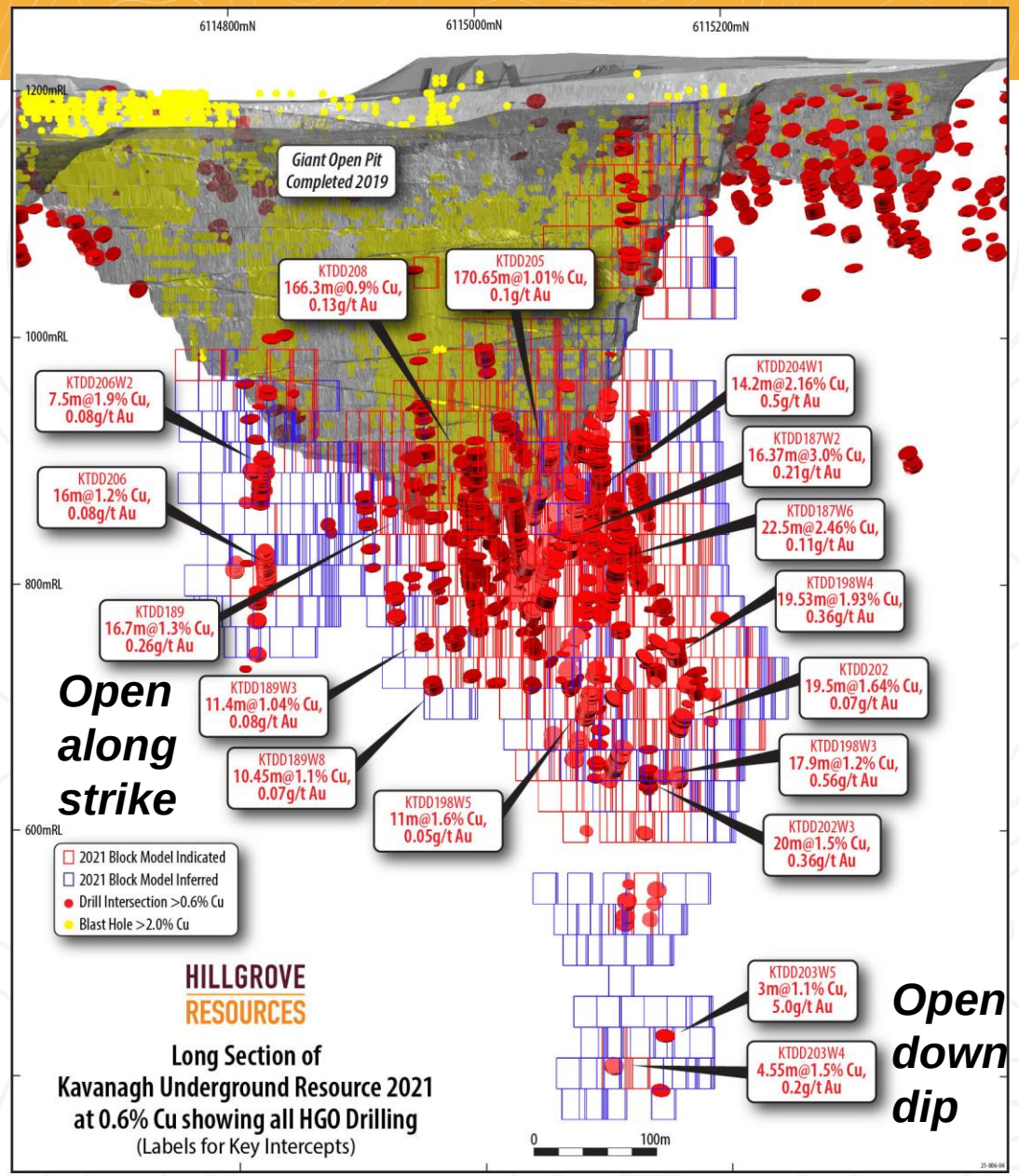
Kavanagh

Open down dip and along strike to south



Stage 1 Nugent UG Mine Area

Stage 1 Kavanagh UG Mine Area



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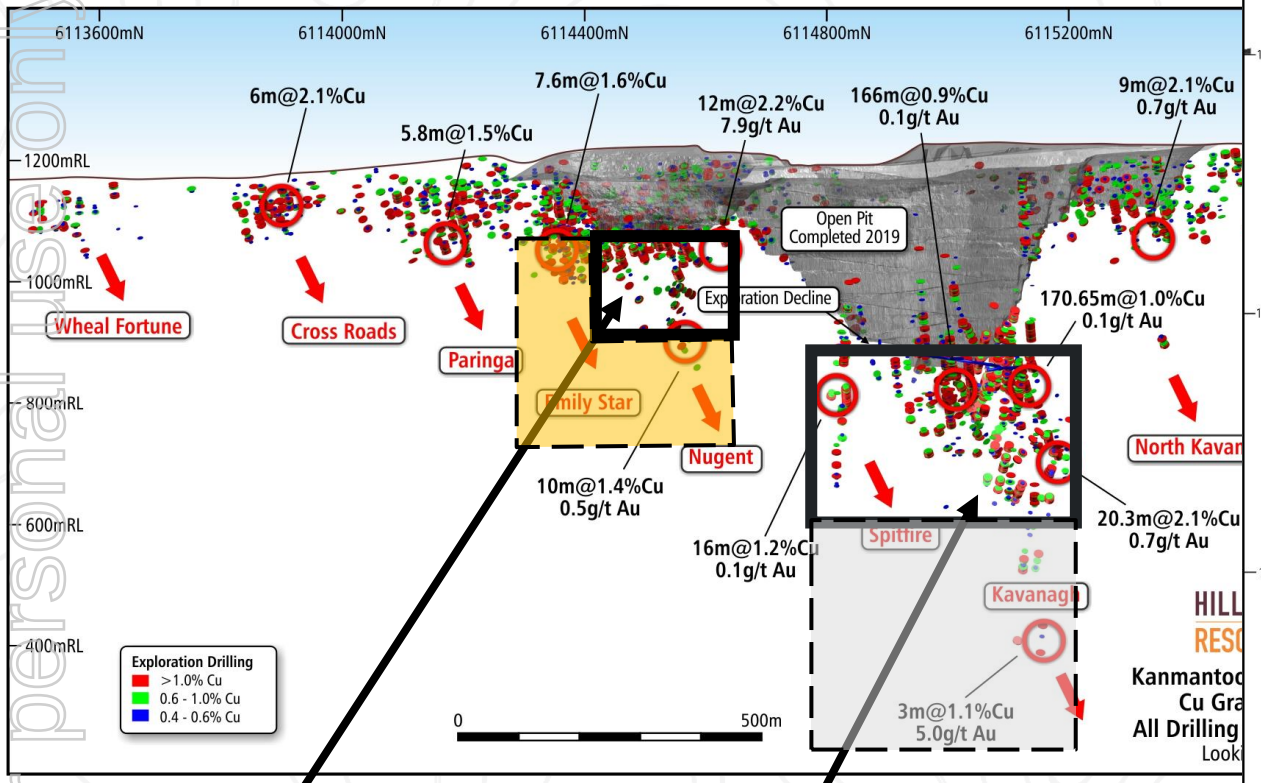
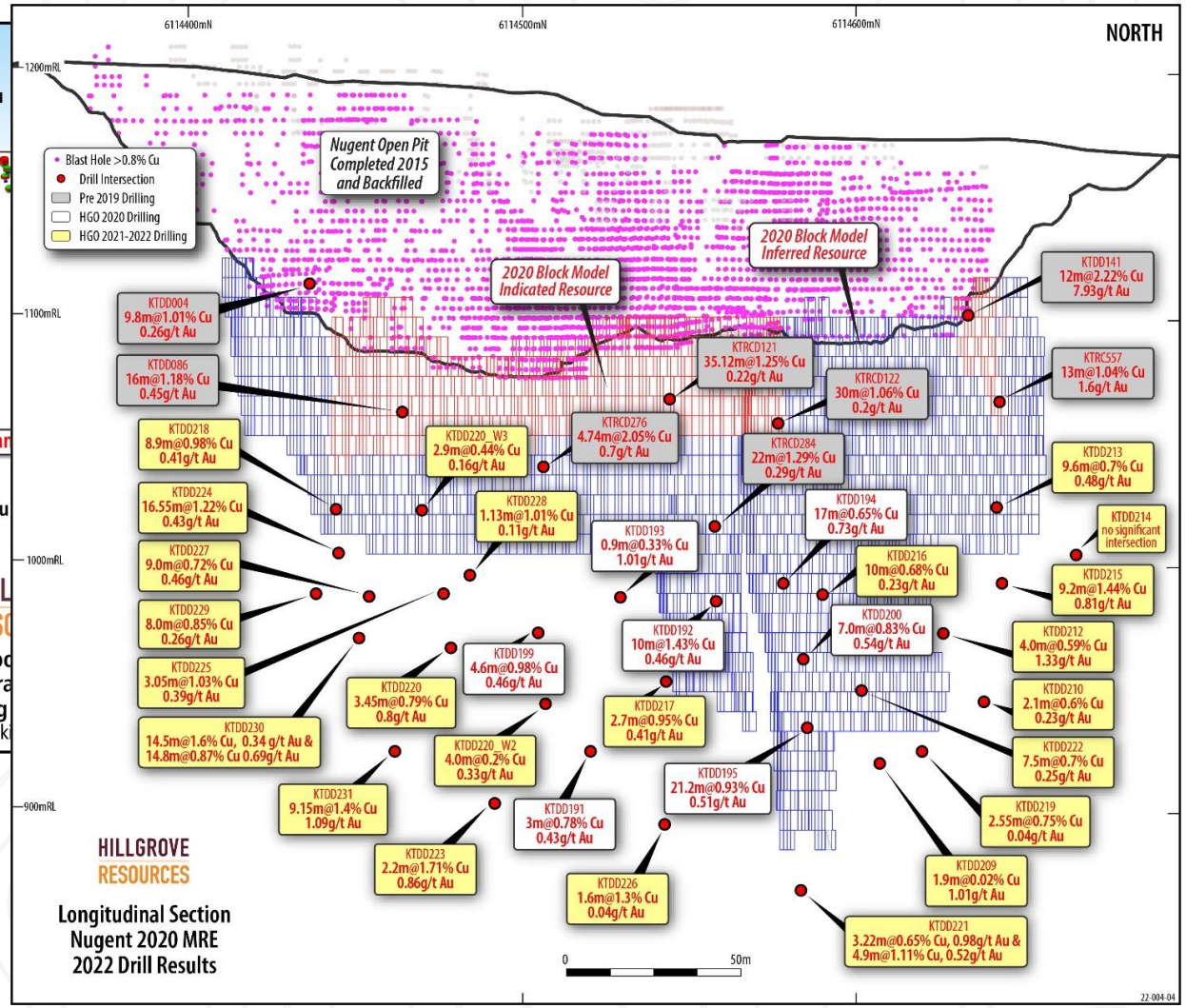
Nugent

Recent drilling will increase Resource



Stage 1 Nugent UG Mine Area

Stage 1 Kavanagh UG Mine Area



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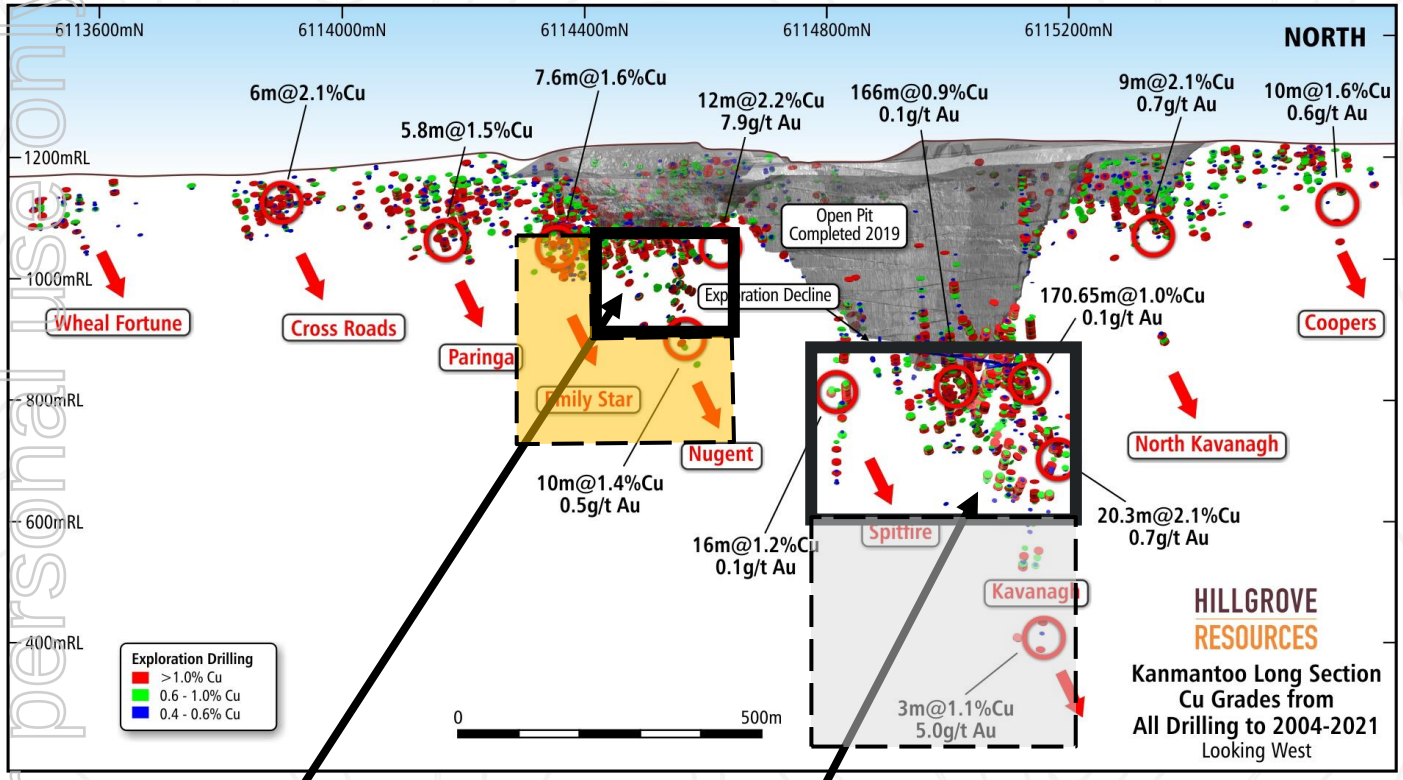
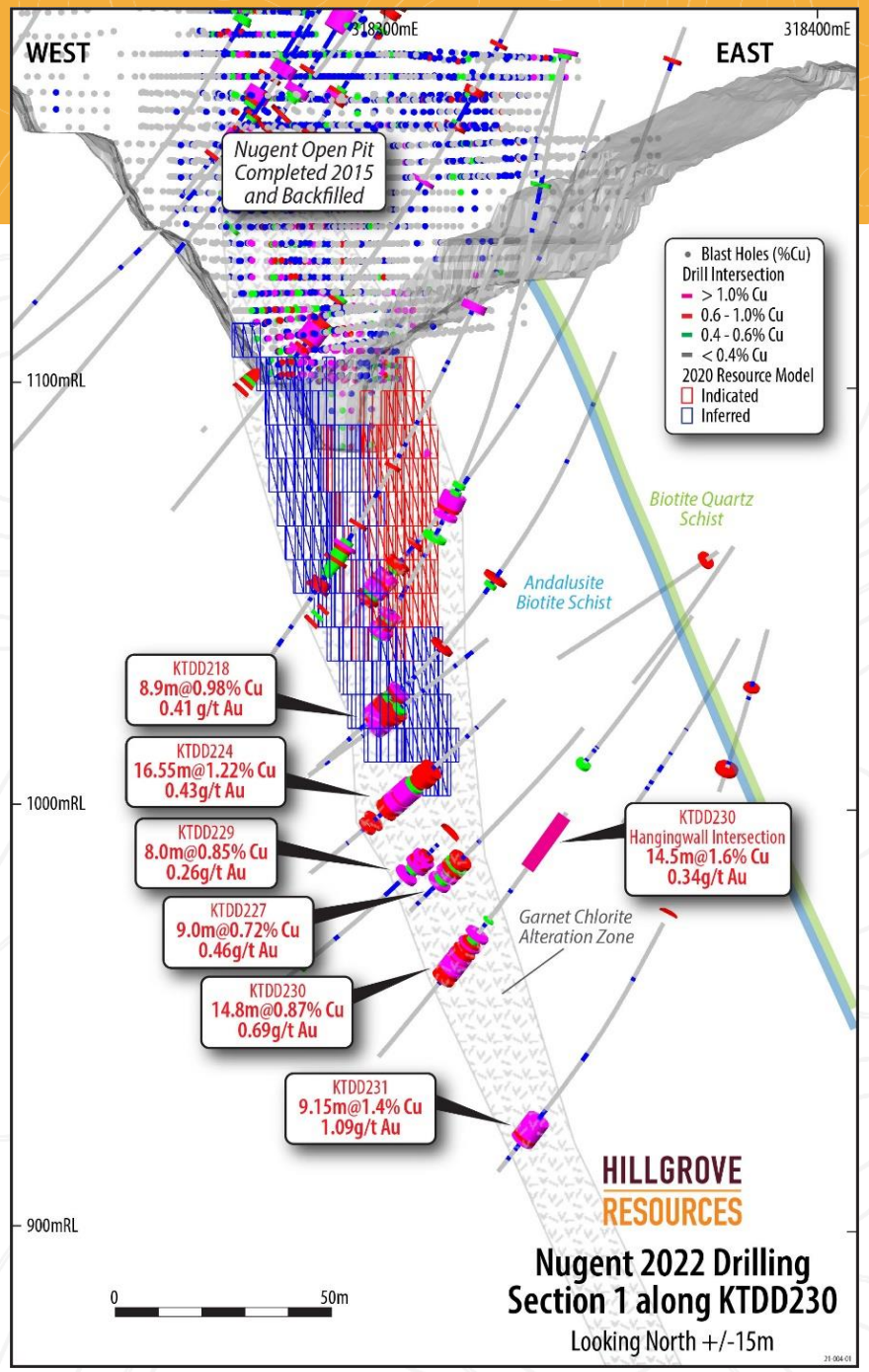
Nugent

Open down dip and along strike to south



Stage 1 Nugent UG Mine Area

Stage 1 Kavanagh UG Mine Area



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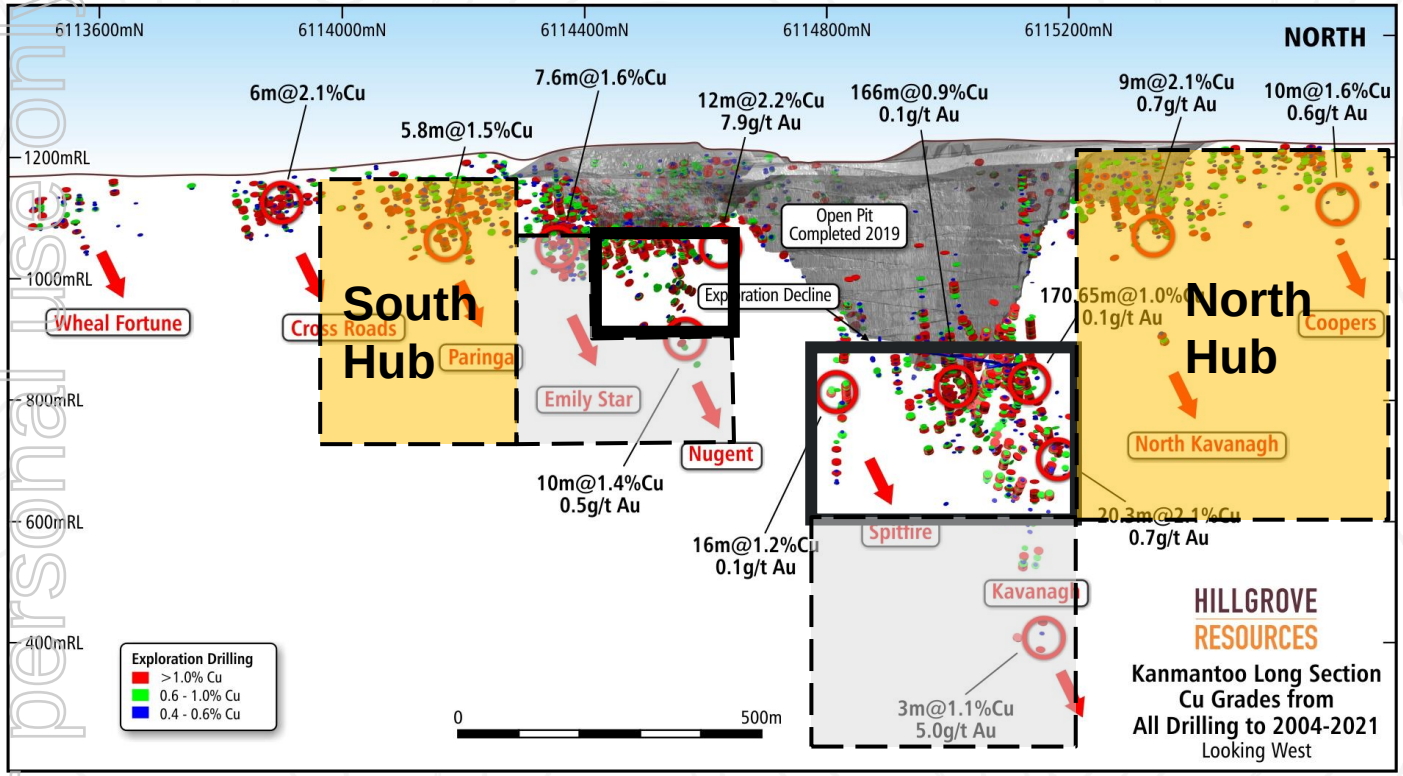
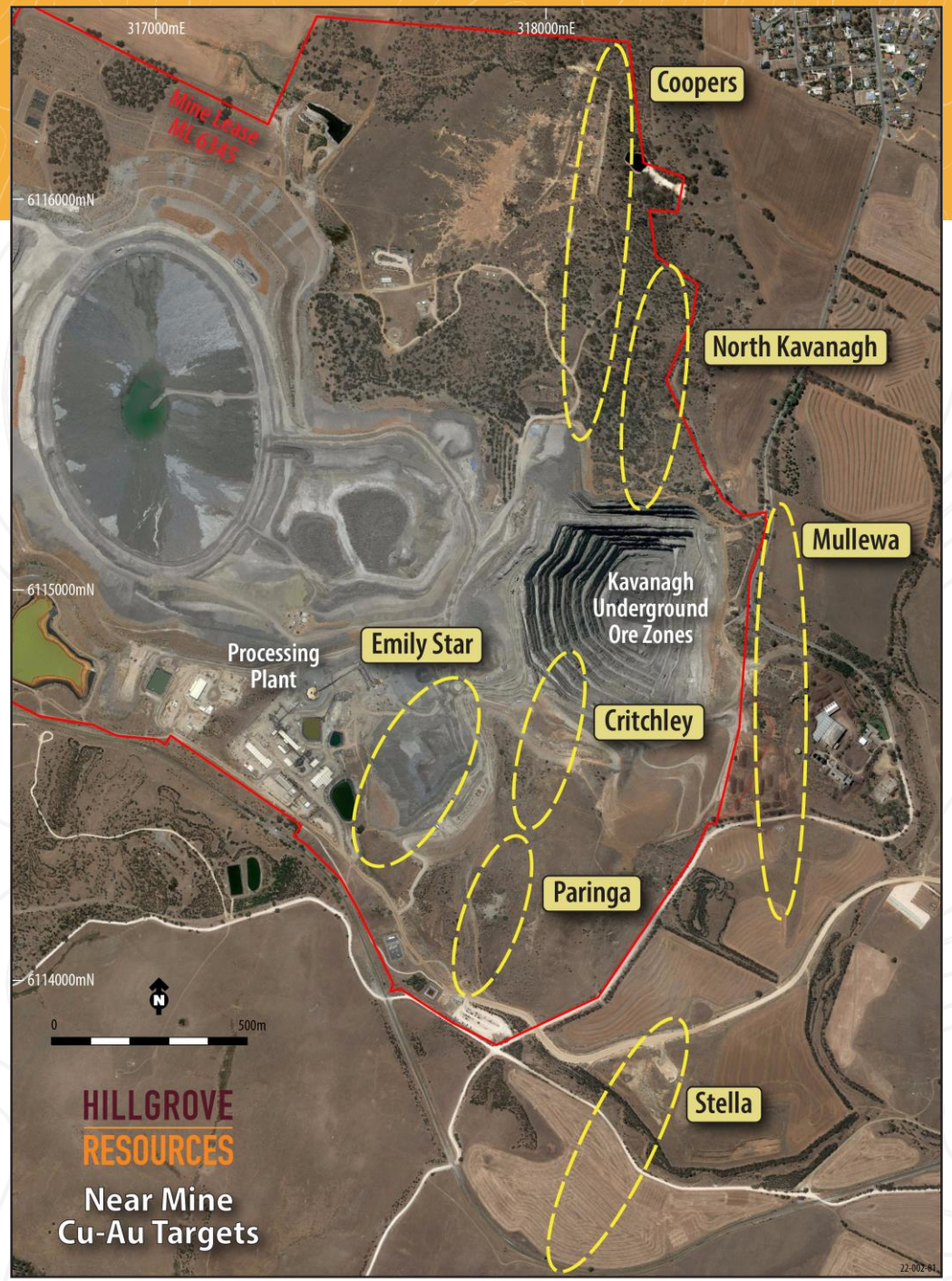
South Hub & North Hub





South Hub: Critchley, Paringa & Emily Star

17m @ 3.6% Cu 0.6 g/t Au

14m @ 2.8% Cu 0.3 g/t Au

North Hub: North Kav & Coopers

9m @ 2.1% Cu 0.7 g/t Au

10m @ 1.6% Cu 0.6 g/t Au

Stella: 0.6m @ 10.1% Cu 16.8 g/t Au

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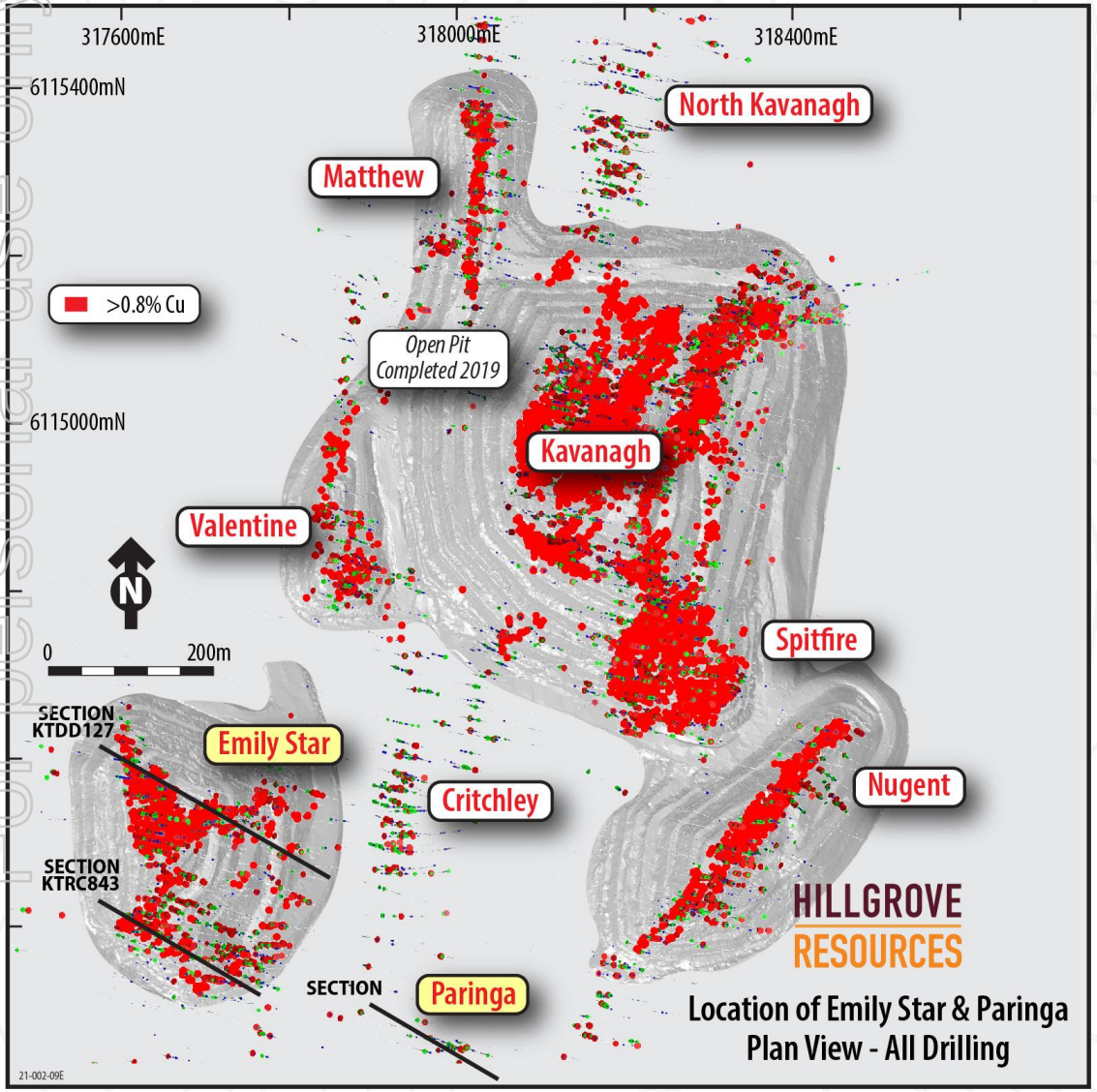
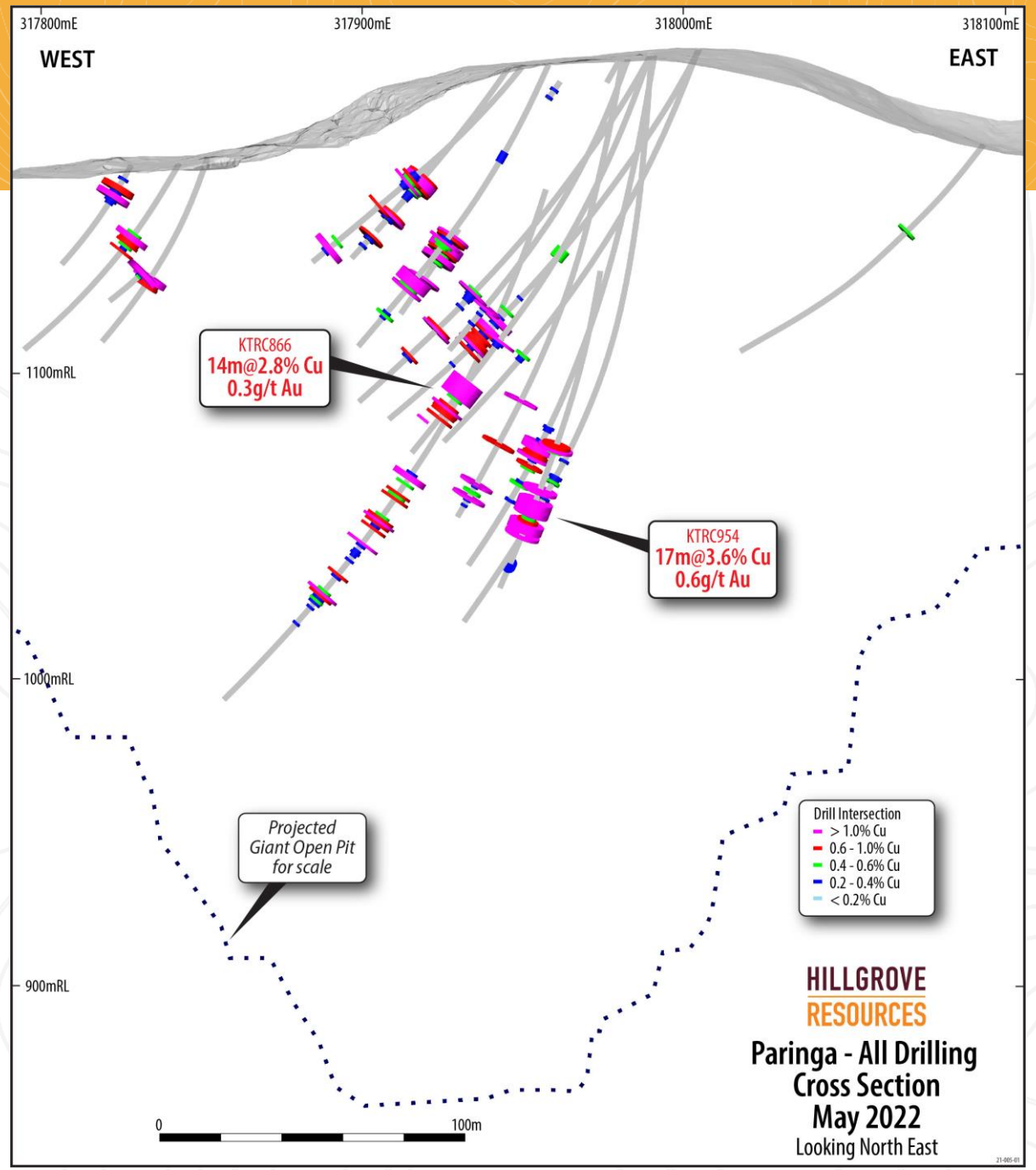
South Hub





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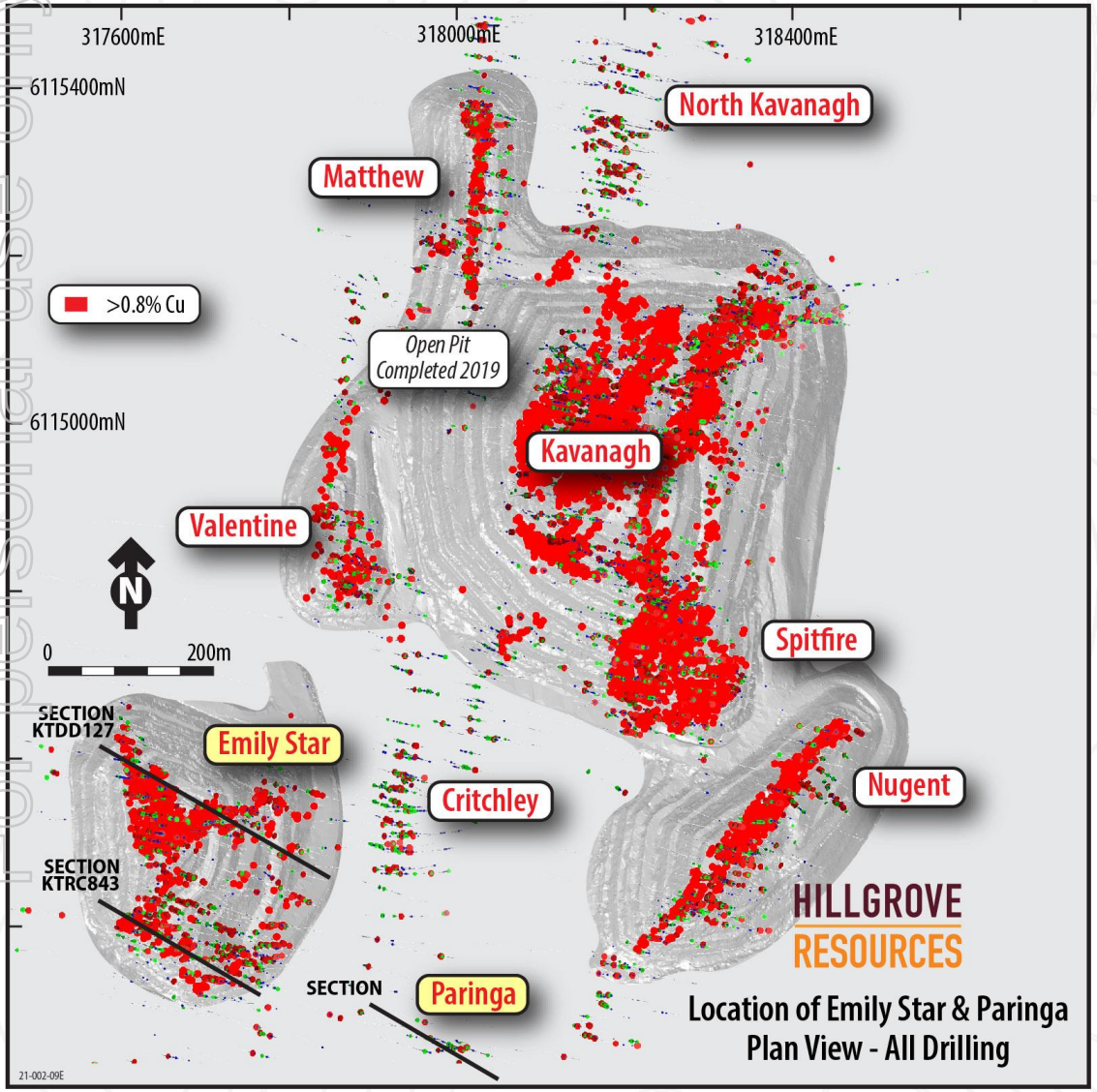
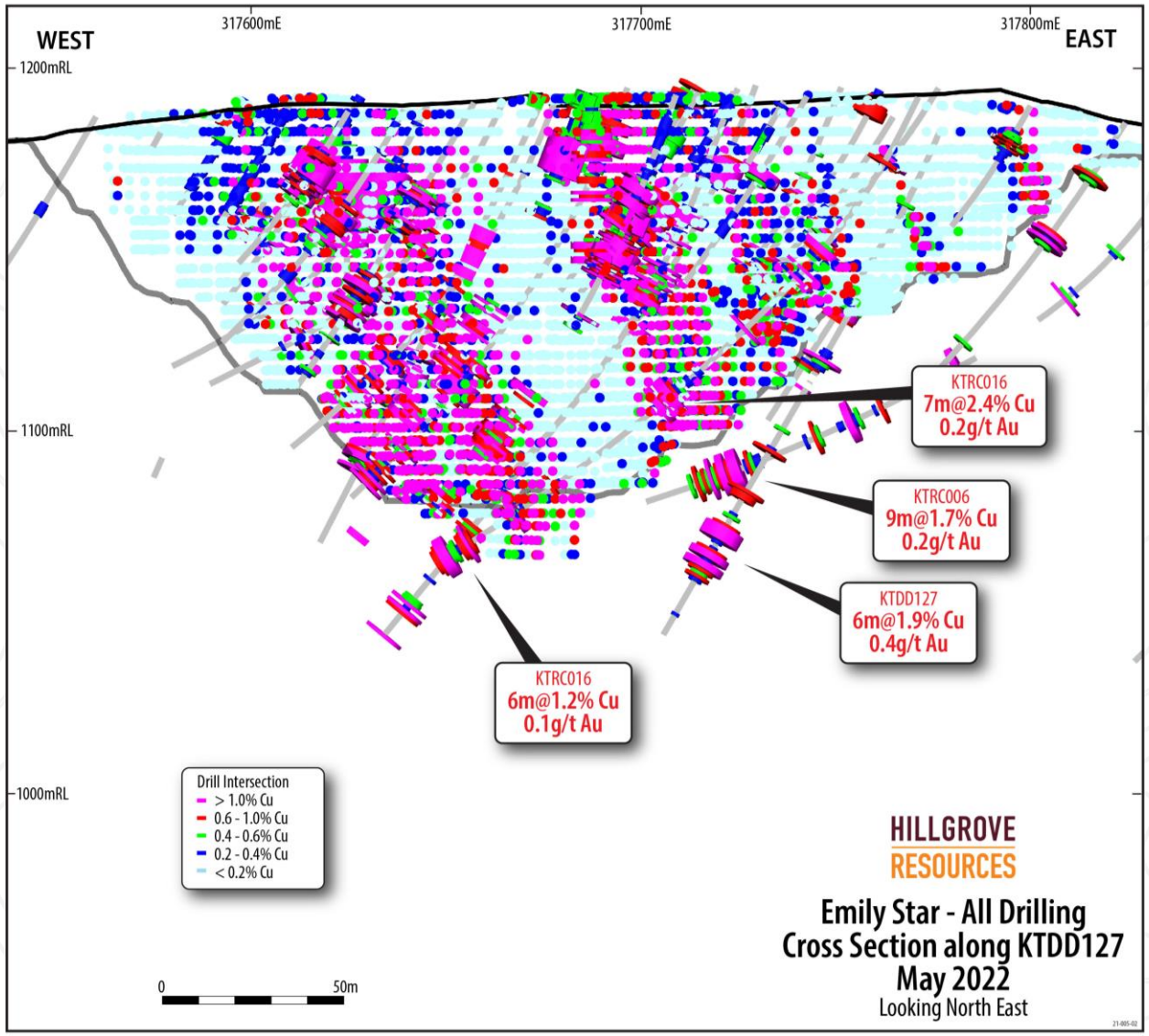
South Hub





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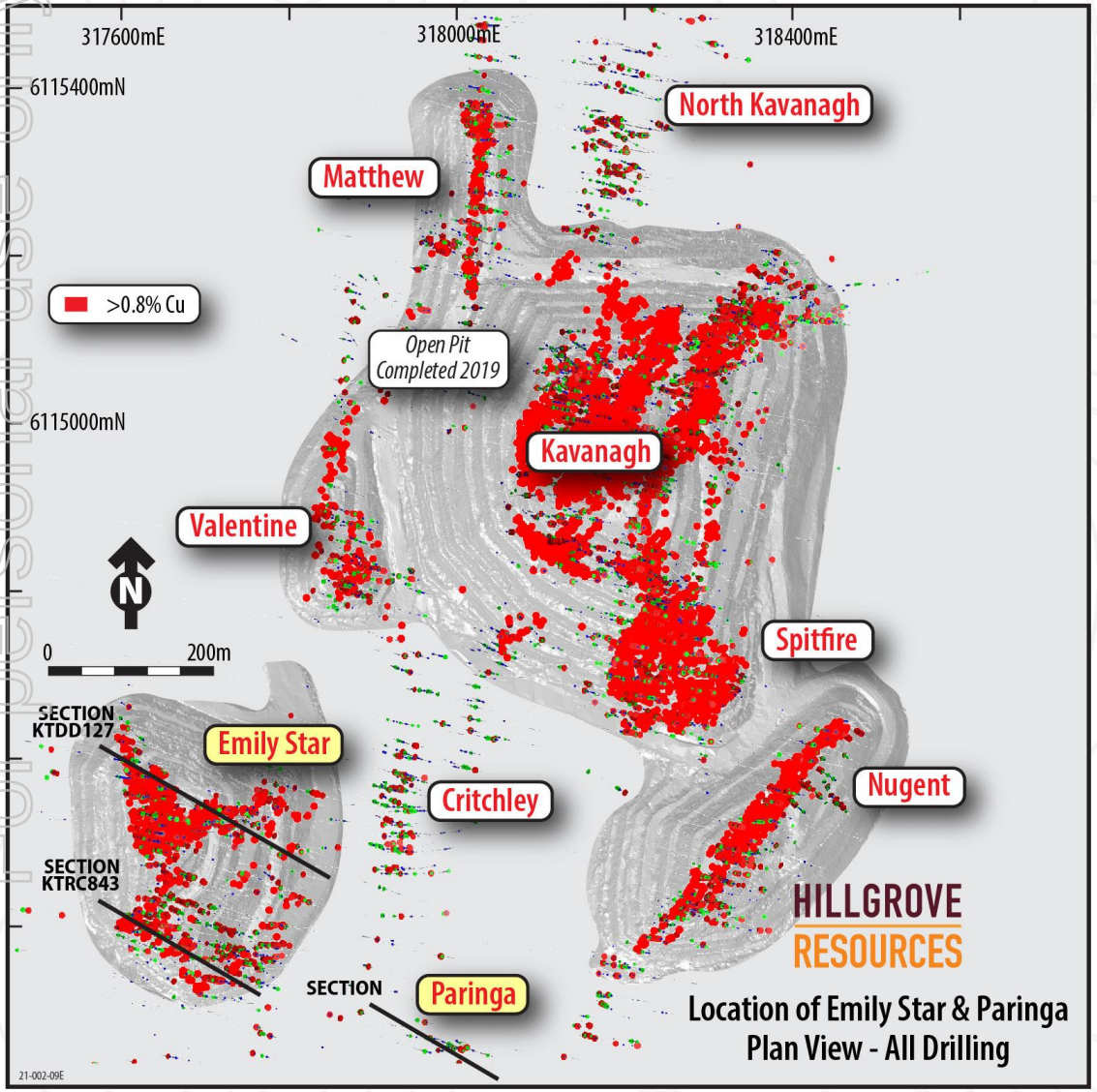
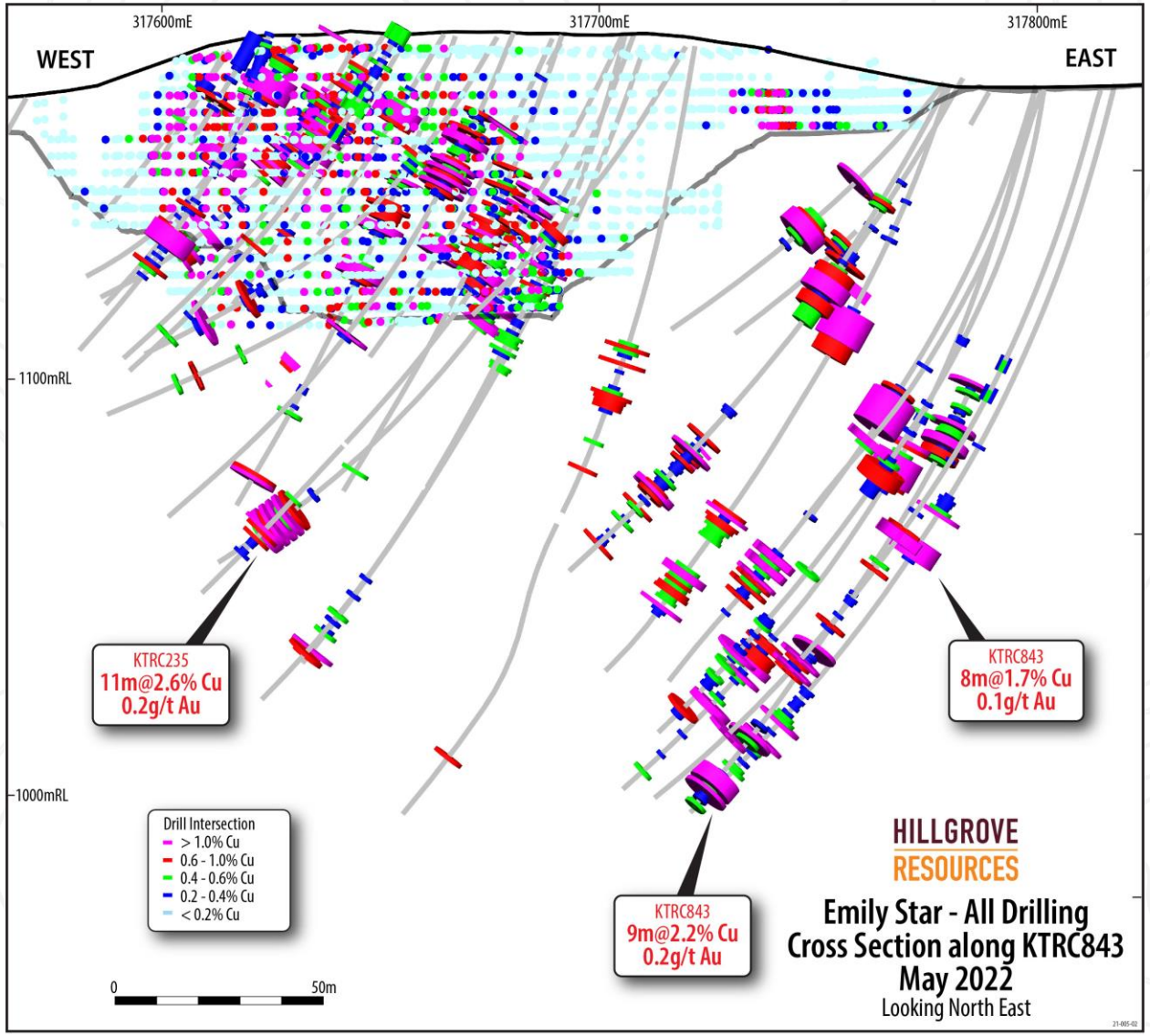
South Hub





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HGO: Investment highlights

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- PERMITTED, LOW COST, LOW RISK, NEAR TERM COPPER-GOLD PRODUCTION
- STAGE 1 HAS STRONG FINANCIALS WITH SHORT PAYBACK PERIOD
- PLANNED ORE PRODUCTION IN 2022
- DEMONSTRATED RESOURCE WITH MULTIPLE OPTIONS TO INCREASE
- OPTIONALITY TO RAMP UP COPPER PRODUCTION WITH LITTLE ADDITIONAL CAPITAL

Well positioned to be Australia's next copper mine

Appendix

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IMPORTANT NOTICE

References

All exploration drill results, exploration information and Mineral Resource Estimates have previously been reported to the ASX by Competent Person at the time. The results reported herein are reported in the form and context of the original ASX releases.

Refer http://www.hillgroveresources.com.au/announcements

- 20 Jun 2019 Drilling of Kanmantoo Cu-Au Deeps to Commence
- 10 Oct 2019 Excellent Drill Results from Kanmantoo Cu-Au Deposit
- 31 Oct 2019 Maiden Kavanagh Underground Mineral Resource Estimate
- 5 Nov 2019 Additional Information to Maiden Kavanagh Underground
- 2 Jun 2020 Underground Drilling Program Recommences
- 11 Aug 2020 Excellent Gold Recoveries from Kanmantoo
- 3 Sep 2020 Drilling Expands Cu-Au Footprint at Kanmantoo Underground
- 7 Dec 2020 Updated Kanmantoo Underground Mineral Resource Estimates
- 23 Feb 2021 Kanmantoo Underground Exploration target Update
- 3 May 2021 Drilling Confirms Down-Dip Cu-Au Mineralisation at Kanmantoo
- 6 May 2021 Hillgrove Hits 170m of Copper Mineralisation at Kanmantoo
- 24 May 2021 Hillgrove Awarded Two Exploration Grants by SA Government
- 24 Jun 2021 Drilling Results Update at Kanmantoo
- 29 Jul 2021 Activity Report for Quarter End 30 June 2021
- 26 Aug 2021 New Gold Discovery Confirmed at Stella
- 27 Aug 2021 Results for Half Year Ended 30 June 2021
- 31 Aug 2021 Hillgrove Awarded $2m Grant to Commence UG Decline
- 1 Sep 2021 Hillgrove Hits 166m of Copper Mineralisation at Kanmantoo
- 22 Sep 2021 Capital Raising Presentation
- 22 Sep 2021 $12m Raising for Drilling and Development Kanmantoo Copper
- 27 Oct 2021 Next Major Drilling Program Underway at Kanmantoo
- 28 Oct 2021 Hillgrove receives Overwhelming Support for SPP
- 1 Nov 2021 Portal Cut for Kanmantoo Decline Commences
- 14 Dec 2021 Updated Kavanagh Mineral Resource Estimate
- 14 Dec 2021 Kanmantoo Economic Assessment Confirms Outstanding Potential
- 21 Mar 2022 Multiple High-Grade Intersections within a Broader +100 metre Zone of Copper Mineralisation
- 30 Mar 2022 Kanmantoo Underground Decline Progress
- 13 Apr 2022 First Copper from Kanmantoo Underground
- 28 Apr 2022 First Underground Drilling Platform Established
- 3 May 2022 Nugent drilling results
- 11 May 2022 Updated Kavanagh Underground Mineral Resource Estimate

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