



## **KANMANTOO PROJECT UPDATE – MARCH 2005**

### **Exploration Around The Old Kanmantoo Mine**

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Hillgrove Resources Limited (“Hillgrove”) is an Australian listed resources and energy company with projects in the Adelaide Hills (Kanmantoo), on the Yorke Peninsula (Alford) of South Australia and near Tamworth (Gunnedah Basin coal bed methane) in New South Wales.

Hillgrove has been conducting exploration activities around the old Kanmantoo Mine since March 2004. This leaflet summarises exploration work which has been conducted and outlines work Hillgrove has planned in the future and the time frames which are involved.

### **No Decision to Open Mine**

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At the outset we would like to state that no decision has been made to re-open the mine. Any decision is still some time off and very dependent on positive results from the exploration work currently underway and the results of a number of economic studies which need to be conducted before such a decision can be made.



Exploration activities around the mine have included geological mapping, soil and rock sampling, surveying and drilling (RC and Diamond). This work is ongoing, but to date sufficient resources have not been revealed to warrant the mine re-opening. At this stage Hillgrove believes that at least a further 6-12 months of exploration drilling will be required to determine whether sufficient resources are present within the area to warrant the re-opening of the mine. If enough resources can be defined, then a series of studies (Pre-Feasibility and Bankable Feasibility) must be conducted to determine whether mining will be viable. The likely timetable at the moment is:

1. 6-12 months of exploration activities, if results are positive then step 2 would be completed.
2. 3-6 months preliminary study (Pre-Feasibility study) of the economics of re-opening the mine, if results are positive then step 3 would be completed.
3. 6-12 months detailed study (Bankable Feasibility Study) of the economics of re-opening the mine, if results are positive then a mine development would be considered.

These time frames are approximate guides as the scope and size of the project may change as exploration activities continue.

### **Company Environmental Policy**

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Hillgrove is committed to exploring in an environmentally sensitive manner and has implemented a strict environmental policy which has been developed in consultation with the Department of Environment and Heritage (DEH) and Department of Water, Land and Biodiversity Council (DWLBC). To ensure that any work conducted by us in the vicinity of the old mine has a minimal impact on the native vegetation in the area; a botanical study to identify any sensitive areas has been completed. Hillgrove has now implemented additional management procedures to minimize any damage to the native vegetation identified.



RC Drilling at the old Kanmantoo mine

### **Consulting With Relevant Parties**

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Hillgrove is mindful of landowner and other stakeholder concerns, and every effort is being made to consult and liaise with all relevant parties before any work programs commence. We provide landholders who are directly affected by our operations with monthly updates on exploration to ensure they are always informed about our activities. We currently employ a landowner liaison officer, who is always available for discussions about any concerns relating to the exploration work.

To help address any concerns you may have in a better way, we are proposing to establish a committee comprising representative's from the company, PIRSA, local and state government, and the local community. This committee will help to ensure all local people and any other interested parties have factual information in a timely way.

The committee will also be a forum for people to raise any concerns and have a direct link to the company.

All our exploration activities will be conducted in accordance with PIRSA guidelines and we will make every effort to ensure the small areas where we do work are rehabilitated very rapidly.

### **Hillgrove's Open House Policy**

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In the interests of transparency Hillgrove has an open house policy and to date has conducted tours of the exploration site for:

- The Department of Environment and Heritage.
- The Department of Water, Land and Biodiversity Council.
- The Kanmantoo-Callington Landcare Group.
- The Kanmantoo Environment Society.
- Mt Barker Council Environment Officer.
- Primary Industry and Resources (PIRSA) representatives.
- South Australian Chamber of Mines and Energy (SACOME).
- Member for Kavel, Mr Mark Goldsworthy.
- University of South Australia and Adelaide University.
- Callington Primary School.

Hillgrove will continue to run tours through the site for interested parties.

### **Employment Opportunities Expected To Increase**

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Hillgrove has been assisting the local economy for some time through the employment of four local field staff. We are utilising Hahndorf-based John Nitschke Drilling Pty Ltd for its exploration drilling and we currently employ a total of seven people from the local community. We anticipate that further staff will be required over the coming months, and local people will be given priority for these positions.

### **SAMR Mining's Copper Oxide Project**

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A small privately owned group (SAMR Mining) currently holds the rights to the copper oxide pile, the green pile of rocks behind Neutrog on Mines Road. SAMR Mining currently has approval from the relevant government authorities (PIRSA) to remove, process and rehabilitate the copper oxide pile. Most of the earth works which are visible from Mines Road have been conducted by SAMR Mining and are not part of Hillgrove's exploration program.

### **How To Contact Us**

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If you have any queries, or if you would like further information on our work program, please call Dale Ferguson on (08) 9322 6377, or by email at: [dalef@hillgroveresources.com.au](mailto:dalef@hillgroveresources.com.au)

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