



KANMANTOO PROJECT UPDATE – AUGUST 2005

Focus Group

The next meeting of the Focus Group will be held on the 1st of September at the Callington Community Hall at 7:15pm. The focus group has been put together from a broad base of different interest groups so that most questions can be answered on the night. Any people with queries or issues are encouraged to attend this meeting.

The agenda for the meeting is outlined below:

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| Item 1.0 | Apologies | |
| | Welcome members | |
| Item 2.0 | Notes of previous meeting | |
| 2.1 | Action List | Communication
Newsletter
Environment Survey
Landowners Directly Affected
Wider Community
Heritage and History
Local/State Government |
| Item 3.0 | New business | |
| Item 4.0 | Next meeting | 3rd November 2005 |



No Decision to Mine

Hillgrove would like to clarify that at present “no decision” has been made to re-open the mine as this decision is dependent on results from the exploration work currently underway. If enough resources can be defined then a series of studies (Pre-Feasibility and Bankable Feasibility) will be conducted to determine whether mining will be viable.

Although the scope and size of the project has changed and may do so again it is currently hoped that these studies will be conducted in 2006 and if positive we would move towards re-opening the mine, with construction beginning sometime in 2007. We must stress though that this decision is dependant on further encouraging results from the exploration program currently underway and then positive reports from both the pre-feasibility and feasibility studies.

Current Exploration Focus

The data review of all the drill results from the past 3 to 4 months is now nearing completion. This review has identified some areas to the north and south of the old Kanmantoo pit which require further drilling. Hillgrove is currently planning these programs and will then consult with the various landholders and other interest groups before any work commences. This work is expected to get underway in mid- September, weather permitting.

The interpretation of the I.P. geophysical study over the mine area, which works very much like using a large metal detector, has been completed. Results from the survey have identified some areas of interest up to 2km to the south of the old pit. A work program to determine the exact nature of the anomalies identified is now being designed. This is expected to include ground based geological mapping, geophysics, rockchip sampling and first pass drilling.

Limited reconnaissance exploration work, including geological mapping, ground magnetic surveys and rock sampling, is continuing around the north and south of the old Kanmantoo pit, North Callington and north around Cambrai. Once all the results have been obtained from this work, Hillgrove will then determine whether any further work will be required in each of these areas.

September Work Programme

Work programs in September will initially mainly comprise rehabilitation activities around the old Kanmantoo mine site and some limited rock chip sampling and geological mapping may be conducted when the weather permits. If conditions fine up enough further drilling to the north and south of the old Kanmantoo pit has been scheduled. If this work commences a drill rig will be visible from Mines Road from time to time.



Further office based review of the past 3 to 4 months work and recent IP survey will continue to determine what further exploration work may be required. It is currently planned for additional drilling, geophysics and surface sampling to be completed around the old pit area and due south of the pit towards the freeway commencing in mid-September depending on crops and weather conditions.

Consulting With Relevant Parties

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.

As part of Hillgrove's ongoing exploration program we are constantly negotiating access with landowners to conduct work programs on their properties and these negotiations will be ongoing whilst our exploration activities continue. We currently have not purchased any properties and if we were to do so the purchase would be conditional upon the mine re-opening.

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



Fresh (sulphide) Copper Mineralisation



Weathered (oxide) copper mineralisation



Garnet Mineralisation which is used in the sand blasting industry



Garnet crystals removed from the rock

Local Community

Hillgrove would like to congratulate the Callington Eagles on their efforts throughout the year and look forward to a continued association in 2006.

Hillgrove has been assisting the local economy for some time through the employment of four local field staff. We utilise Hahndorf-based John Nitschke Drilling Pty Ltd for all our exploration drilling. We anticipate that further staff will be required over the coming months, and local people will be given priority for these positions.

How To Contact Us

If you have any queries or would like further information on our work program please call Dale Ferguson on (08) 9322 6377 or email to: dalef@hillgroveresources.com.au.

We are currently developing a community and landholder section on our website which will provide details on activities and landholders information. The new pages are being developed and scheduled to be added during September at: www.hillgroveresources.com.au

If you wish to contact Primary Industry and Resources South Australia (PIRSA), who are the government body who regulate mining and exploration in South Australia, please call Ian Hopton on (08) 8463 3182 or by email at Hopton.Ian@saugov.sa.gov.au or if you have any queries on regulation issues try Rob Shaw on (08) 8463 3129 or by email at Shaw.Rob@saugov.sa.gov.au
