

A Progress Report From Hillgrove Resources Limited

Kanmantoo/Callington Community Consultative Committee

The Kanmantoo/Callington Community Consultative Committee (CCC) held a public meeting in the Callington Memorial Hall on 19 April, chaired by Bob Goreing. Draft Notes of the meeting are attached.

The next meeting of the CCC is scheduled for Thursday 3 May at 7.30pm in the Callington Memorial Hall, and will focus on traffic and indigenous heritage. It will be advertised in The Mount Barker Courier. As always, all interested parties are invited to attend.

From Hillgrove's Managing Director

Hillgrove recently released its fourth quarter report to the Australian Securities Exchange (ASX). Some of the highlights included:

The fourth quarter has proved an exciting period for Hillgrove with the commencement of the Definitive Feasibility Study of the Kanmantoo Copper Gold Mine, and robust growth in the company's finances with continuing increases in the value of our investments matched with capital raisings well supported by our shareholders and the wider investment community.

The Definitive Feasibility Study of the Kanmantoo Copper Gold Mine redevelopment started with Lycopodium Engineering Pty Limited commissioned to lead manage the study.

New high grade copper zones highlighted significant new mineralisation not incorporated in the PFS economic model, with better results including:

O'Neil Zone:

- 24m at 3.14% Copper and 0.91g/t Gold including 10m at 3.88% Copper and 1.66g/t Gold in KTRC 386;
- 36m at 1.43% Copper and 0.37% Gold including 16m at 1.93% Copper and 0.31g/t Gold in KTRC 388.

South East Zone:

- 9m at 2.15% Copper and 0.58g/t Gold, 7m at 1.58% Copper and 0.73g/t Gold in KTDD 094;

- 18.7m at 1.46% Copper and 0.67g/t Gold including 11.7m at 2.12% Copper and 0.63g/t Gold in KTDD 095.

New high grade Mt Rhine gold zones were also identified 50kms north of Kanmantoo, with better results including: 6m at 15.9g/t Gold in MRCS003; 6m at 15.4g/t Gold in MRCS001.

The exploration and development drilling program at Kanmantoo is continuing with further significant zones of mineralisation intersected, confirming the prospectivity of the area and the potential for a mineralised system of considerable size. The drilling has continued to increase both the resource tonnage, the confidence level and, with substantial gaps and possible strike extensions targeted for drilling, there is excellent potential for further significant copper resource growth in and around the old open cut.

Exploration and resource definition drilling is ongoing but particularly concentrated during the Definitive Feasibility Study throughout this quarter.

I'm looking forward to attending the CCC meeting on the 3rd of May.

David Archer, Managing Director



David Archer

CCC Fauna Presentation

Dr Greg Kerr, senior ecologist with Ecological Associates Pty Ltd, presented the findings of a fauna survey he conducted at the Kanmantoo mine property at the CCC meeting on April 19. The survey found that species abundance was low, most probably due to the time of year when the survey was conducted. However, no threatened species of national significance were recorded.

The survey covered mammals, birds and reptiles and the CCC brief can be found on the Hillgrove website at www.hillgroveresources.com.au. Full details will be available in the CCC library being established at the offices of The Adelaide Hills Regional Development Board in Mt Barker. Please contact Stephen Marlow (details below).

The survey cautioned that the mining proposal could impact on habitats and this could be mitigated by:

- Avoiding remnant vegetation for pit, spoil, plant, traffic where possible
- Controlling noise, dust, runoff
- Rehabilitating / revegetating remnants on site
- Rehabilitating remnants off-site.

CCC European Heritage Presentation

Sean Freeman from Australian Heritage Services Pty Ltd gave a fascinating insight into the European heritage of the Kanmantoo site and an assessment of the remaining buildings and ruins. A search of all the relevant federal, state and local non-indigenous heritage Registers has been conducted and none of the remaining heritage items located within the project area are included in any of these Registers. All works currently anticipated within the Kanmantoo Copper Project area will avoid direct impact on areas containing items of non-indigenous heritage, including the Paringa Smelter complex.



Paringa Smelter

Options for minimising and mitigating development impacts are to:

- Control impact risks arising from site operations (e.g. erosion, nearby excavations and blasting etc.).
- Thorough recording and documentation of non-indigenous heritage structures, in consultation with Heritage SA, as a baseline measure to assess the current status of these structures.

The CCC brief for Sean's presentation is also on the Hillgrove website (www.hillgroveresources.com.au) and the full presentation will be available in the CCC library.

Hillgrove increases its community sponsorships

Hillgrove has added the Callington and District Little Athletics Centre to its list of local sponsorships. Landholder Liaison Officer, John Popow says sponsoring the Centre for its current season fits with existing support to the Callington Eagles Netball Club, Callington Eagles Football Club, the Callington Primary School Environmental Complex, the Callington Kindergarten, and the Bremer-Nairne Cricket Club.

District Council of Mt Barker visits site

Mayor Ann Ferguson and elected members of the District Council of Mount Barker recently visited the Kanmantoo operation – for many their first visit to a mineral exploration site.

Guided by General Manager - Exploration & Operations, Dale Ferguson, and Project Manager, Marty Adams, the Councillors were given an extended tour that included a drive down into the pit and viewing the proposed site for the copper processing plant.

Judging by the number of questions and the positive comments at the end of the tour, the visit was a huge success and will be followed up as project milestones occur.

Hillgrove will continue to keep the Council and other community groups fully informed and engaged in the project, and reminds local residents that all meetings of the Kanmantoo-Callington Community Consultative Committee are widely advertised and are always open to all members of the public.



Current Work Programme

April Work Program

Work during April again focused on the DFS, with work continuing on the various specialist studies being co-ordinated by Lycopodium and Enesar (environmental consultants). Exploration and sterilisation drilling was also completed in and around the old Kanmantoo pit with the primary objective of locating the proposed mine infrastructure.

Drill results returned during the month have identified further copper mineralisation with the widest (84m) intersection recorded at the Kanmantoo project to date.

May Work Program

During May it will be business as usual with Hillgrove and the independent consultants continuing work on the DFS. Whilst this work is under way drill rigs will be visible from time to time from both Mine Road and Back Callington Road.

Limited regional exploration including soil sampling and rock chip sampling will be conducted in the vicinity of the old Wheal Ellen workings.

How to Contact Us

There are many ways to stay informed about the progress of the program, or seek additional information. Key contacts are:

Landholder Liaison Officer	John Popow	0427 131 018	johnp@hillgroveresources.com.au
Project Manager	Marty Adams	0439 670 045	martya@hillgroveresources.com.au
General Manager, Exploration & Operations	Dale Ferguson	08 9322 6377	dalef@hillgroveresources.com.au
Community Consultative Committee Secretariat	Stephen Marlow	08 8431 5907	marcomms@bigpond.net.au

We have added a community section to our website which provides an outline of our activities in the area. A landholder information section is continually being developed and will be regularly added to over time: www.hillgroveresources.com.au.

Contacts for Primary Industry and Resources South Australia (PIRSA), the government body who regulate mining and exploration in South Australia, are:

PIRSA	Sam Walker	08 8463 3088	walker.sam@saugov.sa.gov.au
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PIRSA's website is www.pir.sa.gov.au and provides a wealth of useful information including the *Mining Act 1971*, prescribed forms, mines regulation and other detail.

If you would prefer to have an emailed copy of the newsletter please go to the website and fill in your details under Project News which is part of the Kanmantoo Community sections. The direct link is www.hillgroveresources.com.au/Kanmantoo/KanmantooProjectNews

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