



KANMANTOO PROJECT UPDATE – MAY 2007

A Progress Report From Hillgrove Resources Limited

Kanmantoo/Callington Community Consultative Committee

The Kanmantoo/Callington Community Consultative Committee (CCC) is meeting with increased frequency, reflecting the build-up in pace of the Kanmantoo project.

The next meetings will be held on May 31 and June 7, 14 and 21. These dates will be advertised in *The Mount Barker Courier* and as always, all interested parties are invited to attend. Agendas and topics for each meeting, and community briefs on topics to be presented, will be available approximately seven days in advance on the Hillgrove website – www.hillgroveresources.com.au

From Hillgrove's Managing Director

I am very pleased to be able to report that all the work being undertaken as part of the current Definitive Feasibility Study is proceeding to schedule and it is likely that the Study will be completed in the third quarter of this year, as previously announced.

The next major step, prior to the completion of the Study, will be the preparation of Hillgrove's mining lease application, which is a document we must lodge with Primary Industries and Resources SA (PIRSA). This document is expected to be lodged in late June or early July at this stage. Once this application has been made the document is put on public display and a six-week public consultation period begins during which any interest parties can make a submission in relation to the proposal. I am looking forward to the CCC playing an important role in this process by continuing to promote discussion and providing recommendations on key issues.

There are a number of ways in which the public can get involved in the process, with the CCC designed to be the focus for community engagement. Other response options include contacting PIRSA directly or writing to:



David Archer

- The Minister for Mineral Resources Development;
- Your local Elected Member
 - Local government;
 - State government; or
 - Federal government.

As always, Hillgrove welcomes and encourages community involvement and engagement to help ensure that any project we undertake in the area meets community expectations to the greatest degree possible consistent with an economically robust project.

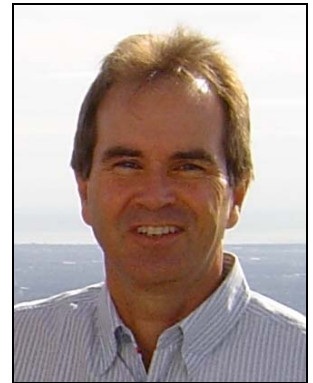
David Archer, Managing Director

Profile – Marty Adams

Marty Adams is Hillgrove's Project Manager at Kanmantoo and has become a familiar face around the district since taking up the role some 12 months ago.

Marty brings with him a wealth of mining experience, having worked in the industry since graduating with a Mining Engineering degree in 1977. He worked for Normandy Mining for 18 years which included a 6-year appointment at Waihi in New Zealand and two years as General Manager of Normandy's Tennant Creek operations.

His initial role at Kanmantoo was site related, dealing with issues such as safety, recruitment, drilling and establishing the administration office at Callington. The Site Manager role has now been taken over by Richard Bradey and Marty's responsibilities lie with managing the various contractors carrying out all aspects of the Definitive Feasibility Study (DFS). This entails coordinating all the specialists and experts responsible for the underlying reports being conducted which make up the DFS.



Marty Adams

CCC Indigenous Heritage Presentation

A survey of Aboriginal sites was carried out over the project area on 19 March 2007. A prior desktop study provided a good indication of the type of sites that could occur in the project area and it was possible to target these areas. The survey team included members of the Mannum Aboriginal Community Association Inc. representing the Peramangk traditional owners of the area.

There are no myth sites in the project area. Three old springs were noted as possible places where campsites might occur but no evidence was seen. A cave was noted but the walls are unsuitable for painting and the location is unsuitable for occupation. There are no scarred trees in the project area. A creek flat was identified as a possible site for burials and any work completed in this area should be completed with caution.

CCC Noise Presentation

Chris Turnbull, an acoustic engineer from Sonus Pty Ltd, made a presentation on the topic of noise to the CCC meeting on the 17 May.

The presentation included an outline of the various pieces of legislation and regulation (including EPA guidelines) that are used to measure and manage noise levels from operations such as mining operations.

Chris presented a range of recommendations aimed at ensuring that the noise levels from any proposed redevelopment of the old mine remained under the regulated noise standards. Examples included restricting various parts of the operation to daytime hours only, fitting noise reduction equipment to key plant and equipment, building noise barriers such as earth screens and locating facilities to best utilise existing noise barriers such as the face of the old waste rock dump on the site.

CCC Ore Processing Presentation

Marty Adams, Project Manager, Hillgrove Resources, made a presentation on the process to be used for processing the ore and the design and function of the proposed processing facility.

Marty explained the nature of the rock to be mined and differentiated between the ore and the gangue (waste material). Marty said that there was a resource of 15 million tonnes of ore identified to date, grading at an average of about 1% copper. The ore also contained recoverable grades of gold and silver.

Environmental and occupational safety management was discussed including noise, dust, reagents and water.

Marty summarised by saying that Hillgrove's proposed ore processing system was based on a well-established, proven design and process.

Current Work Programme

May Work Program

Work during May has again focused on the DFS including engineering work by Lycopodium and drilling largely focused on sterilisation drilling to locate key infrastructure. The various environmental specialist studies are all nearing completion and will be presented over the coming month at the CCC.

June Work Program

During June 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.



Contractor operating drill rig

Limited regional exploration including soil and rock chip sampling will be conducted in the vicinity of the old Wheal Ellen workings. A new IP anomaly has been defined below the existing Wheal Ellen workings and will be drill tested during June/July.

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
Executive Director - 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. The direct link is <http://www.hillgroveresources.com.au/Kanmantoo/CommunityCommittee/>

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