

A Report From Hillgrove Resources Limited

Project Development Moves Forward

Welcome to the April edition of the Kanmantoo Project Update, which reports on progress highlights during the past month in our bid to develop the Kanmantoo Copper/Gold Mine. This month's stories include a capital raising for the project; a very special birthday; the first piece of plant equipment has arrived and a profile on staff member Jason Bartholomew.

We welcome your feedback and story ideas to our editor, Stephen Marlow, whose contact details appear on the last page.

From Hillgrove's Managing Director:

Since the last edition of this newsletter Hillgrove has raised new capital of \$6.375 million for working capital and the continuation of preliminary works at Kanmantoo. The capital was arranged to ensure the Project timeline stays on track and to allow the company to complete the necessary approvals up until the expected completion of project financing. Hillgrove was heartened these investors were so willing to provide initial capital to keep the Kanmantoo Project ticking prior to the final financing package being agreed.

Work continues on arranging the remaining funds required to start construction and mining on the Project. Merrill Lynch, who was appointed to arrange the funds, continues to work closely with us on formulating the best mix of equity and debt.

It has been an exciting and interesting process working with experts in this area and telling the Kanmantoo story at this key stage of the project. The response has been really positive as the Project remains the only Australian copper developer with production planned prior to 2010. This is due to a decade long hiatus in exploration which has resulted in a shallow inventory of new copper projects and with China's demand for copper continuing to grow demand will only increase.



David Archer

*David Archer
Managing Director*

Mount Barker Show

Hillgrove had a presence at this year's Mount Barker Show, and although the overall attendance was down, there was plenty of interest in the company's displays. Our Landholder Liaison Officer, John Popow, was kept busy answering questions about the Kanmantoo project, handing out information sheets, and explaining the presentation on display.

John reported all comments received were positive and on two occasions the company was congratulated on its involvement with the community through this newsletter, the KCCCC and participation in events.



Callington Primary School 150th birthday

Callington Primary School celebrated its 150th birthday on April 5th – a big day for past and present staff and students. Nearly 250 people attended – among them the local Federal Member of Parliament, Hon. Alexander Downer MP; and the State member, Mark Goldsworthy MP. The school was pleased Mr Downer was able to give a speech for the occasion, who spoke about small schools as opposed to larger 'super schools'.

There was a display of historical photos of the school and local community, as well as a wine tasting, food and refreshment stalls. Hillgrove also had a display and once again we received positive comments from all who stopped to have a look. As part of the day's ceremony a time capsule was retrieved and opened and a new one set down. Yellow and green balloons with messages were released by the students, and all enjoyed a bush dance afterwards.



Callington Primary School students releasing balloon messages

Resources and Energy Conference

Hillgrove had a booth and presented at the South Australian Resources and Energy Investment Conference in Adelaide on the 30 April – 1 May. This is a very busy event for all involved in the mining industry: from companies operating, to suppliers, and investors. Our Executive Director – Exploration & Operations, Dale Ferguson gave a project update which was very well received.

The Chair of the KCCCC, Bob Goreing, also had a booth at the event and spoke on 'Community Engagement – how, when, where and why'. It is exciting Bob participated in this important South Australian resources conference and to know community liaison is being acknowledged by the industry as an important part of running an operation.

Site News

As reported in last month's newsletter, responses to the MLP submissions have been a priority and are almost completed and ready for submission to PIRSA. Work will now concentrate on the Mining and Rehabilitation Program (MARF), the document that sets out the integrated approach to managing all the stages in the life cycle of the mine, and preparation in anticipation of the construction phase of the project.

Plant Equipment Arrives

On Wednesday April 30th Hillgrove received the much anticipated first delivery of process plant equipment associated with the Kanmantoo Copper Project.

The piece is the heart of the Mill Lubrication System. The photograph below shows unloading at the Callington storage facility of the Mill Lubrication Holding Tank and Pump System. This equipment is used to lubricate the main trunnion bearings at each end of the Mill Shell, and thus is a critical element of the processing facility.

The Mill Shell and other associated components are being manufactured overseas and will progressively arrive over the coming months in time to meet our construction schedule. This significant milestone is a prelude to much larger-scale and more frenetic activity in the months ahead as momentum continues to grow towards site establishment and Process Plant construction.



Andrew Reeves and Michael Ceruto with the Mill Lubrication Holding Tank and Pump System

