

## **A Report From Hillgrove Resources Limited**

### **Kanmantoo Project Progress**

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Welcome to the June edition of the Kanmantoo Project Update, which reports on progress highlights during the past month in our bid to reopen the Kanmantoo Copper/Gold Mine.

This month we focus on our Annual General Meeting; the arrival of more equipment on site; and highlight another of our valuable employees at Kanmantoo.

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:**

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My comments this month are an excerpt taken from the 2008 Annual Report, which has just been released to shareholders and can be viewed in full on our website, [www.hillgroveresources.com.au](http://www.hillgroveresources.com.au)

"The Kanmantoo Copper/Gold Project is located in one of the most user-friendly mining locations in Australia, which is proving especially important given the shortages in skilled labour and high costs associated with transport activities and new infrastructure. The Project's Adelaide Hills' setting affords major operating and capital cost advantages to that of its more remote peers, with excellent labour availability and lower labour, power, water and product transport costs. These features are combined with Kanmantoo ore's excellent metallurgical performance and standard, well understood processing techniques, which will result in a highly marketable copper concentrate product.

Hillgrove is acknowledged for its innovation in seeking early engagement with the Kanmantoo community. This crystallised around the formation of a Community Forum and has now been reconstituted as the Kanmantoo/Callington Community Consultative Committee (K4C).



David Archer

Our public consultation process has proven to be a great success and the K4C will remain in place as a focus for continuing community engagement during the project's construction, operation and, ultimately, closure. Hillgrove is very conscious of its broader environmental and community responsibilities in the region and continues to aim to act with transparency, integrity and honesty."

I feel strongly about our projects and work in South Australia, a message which was reiterated further at Hillgrove's Annual General Meeting (AGM) held in Adelaide this month. It's the first time Adelaide has hosted the AGM, a move that recognises the strong support base the company has in South Australia, which was reflected in an excellent turn out of shareholders. Following are highlights of the address made by our Chairman, The Hon. Dean Brown, AO.

*David Archer  
Managing Director*

### From Hillgrove's Chairman

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"...while our major focus is the development of the Kanmantoo Copper Project we are also pursuing a number of other promising opportunities, particularly in base metals at Wheel Ellen and Mount Torrens.

In aggregate, we have spent some \$10.3 million on our South Australian projects over the last year and will continue to be very active in the State particularly with gross anticipated capital expenditures on the development of the Kanmantoo Copper Gold project approaching some \$135 million. South Australia is a very favourable jurisdiction for exploration and minerals and it is clear that the mining industry will play an increasingly important role in the State's economy.

Kanmantoo... is one of the few new copper developments in the country. (It) is very well placed both in terms of geography and costs (and) has progressed strongly over the past year... we are hopeful of being awarded the Mining Lease by the end of the third quarter of 2008 with the full definition of the conditions applicable to the Mining Lease being defined in a Mining and Rehabilitation Plan in fourth quarter 2008. Once this is completed, first works can commence on the ground. We are anticipating a 52 week mine and plant construction period. Many long lead time items have been ordered including the mill and associated electrical infrastructure.

The first parts of the SAG mill have arrived at Kanmantoo (*see stories in last month's and this month's Kanmantoo Project Update*); the mine management team is being enhanced with recent appointments of a mining manager and an environmental manager. Expressions of interest have been sought for the mining contract and detailed design work is well in hand."



Dean Brown

*The Hon. Dean Brown, AO  
Chairman*

## Project News

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### More New Equipment Arrives

Specialist equipment from Sweden and Finland is amongst the recent deliveries to the Kanmantoo site.

One arrival was the main gearbox and associated equipment which will drive the Semi Autonomous Grinding (SAG) Mill. This was supplied by Moventas, a Finnish company which is one of the world's leading suppliers of gears and related equipment for a range of industries, including mining.

The Mill is the heart of the ore processing system and grinds the ore to enable the separation of minerals from waste products. It is 7.36 meters diameter x 4.3 meters in length.

Also new on site is the lubrication systems for the SAG Mill bearings and the Moventas Gearbox. This was supplied by HydraulSyd in Sweden.

This is the first of many deliveries of equipment which will be received at Kanmantoo over the next six to nine months as project work continues.

### Resource Definition Work Continues

Towards the end of June an RC drill rig will be arriving on site to complete a new resource definition program to further refine and upgrade the current mining inventory. Whilst this work is being undertaken a drill rig will be visible from time to time at the south end of the old Kanmantoo pit

## Future Directions Night for Students

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John Popow our Landholder Liaison Officer will be attending an upcoming vocation night at the Cornerstone College at Mount Barker on the 29 July from 7–9pm. John will be supplying the parents and students with information on the Kanmantoo Mine and general information about the mining industry and career opportunities it can offer for students from years 10-12.

TAFE South Australia, Flinders University, University of Adelaide and the University of South Australia along with other organisations will also have information sessions running on the night on a range of career paths.

Students from years 10, 11 and 12 from Cornerstone College and St Francis de Sales College along with their parents are invitees to this excellent event.



Arrival of new equipment at the Kanmantoo Site

## Staff Member of the Month – Steve Corbett

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Hi, I am the Senior Field Assistant for Hillgrove and have been with the company for four years. My job largely consists of running a field team to provide the Geology department with drill sample results. My involvement with the drill sites include organizing of the earthworks and sampling of the holes, through to rehabilitation. I find the best part of my job is setting up and organizing logistics for drill programs. It is a very interesting position because no two days are the same and at times can be very busy.

I live on a property at Mount Torrens, with my wife Rhonda and one of my four children, where I am kept busy, mostly with gardening. Other interests are all forms of motor-sports, football and breeding budgies and cockatiels.



Steve Corbett,  
Senior Field Assistant

## How to Contact Us

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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	<a href="mailto:johnp@hillgroveresources.com.au">johnp@hillgroveresources.com.au</a>
Project Manager	Marty Adams	0439 670 045	<a href="mailto:martya@hillgroveresources.com.au">martya@hillgroveresources.com.au</a>
Executive Director – Exploration & Operations	Dale Ferguson	08 9481 1433	<a href="mailto:dalef@hillgroveresources.com.au">dalef@hillgroveresources.com.au</a>
K4C Secretariat; Newsletter editor	Stephen Marlow	08 8431 5907 0409 600 557	<a href="mailto:marcomms@bigpond.net.au">marcomms@bigpond.net.au</a>

The Kanmantoo Project section on our website provides sections on the community, local committees, project news including past copies of the newsletter, and current employment opportunities. The direct link is <http://www.hillgroveresources.com.au/Kanmantoo/KanmantooCommunity/>

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	<a href="mailto:walker.sam@saugov.sa.gov.au">walker.sam@saugov.sa.gov.au</a>
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PIRSA's website is [www.pir.sa.gov.au](http://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](http://www.hillgroveresources.com.au/Kanmantoo/KanmantooProjectNews)**