

Monday, 29 July 2013

## **KANMANTOO COPPER MINE – FINALISATION OF MUTUAL TERMINATION OF MINING SERVICES CONTRACT**

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Hillgrove Resources Limited (ASX:HGO) advises that its wholly owned subsidiary Hillgrove Copper Pty Limited (Hillgrove or the Company) has now executed a Settlement Deed (subject to certain conditions precedent) with Exact Mining Services Pty Ltd (Exact) to allow for a mutual termination of the Mining Services Contract at the Kanmantoo Copper Mine. As a result Exact are now demobilising from the Kanmantoo mine site. By mutual agreement, both parties are bound to retain the details of the Settlement Deed as confidential.

Hillgrove confirms that it has alternate contract operations in place continuing ore feed into the plant from run-of-mine and low grade stockpiled material to maintain mill throughput, and produce copper at approximately 60% to 70% of capacity. The crushing and processing operations have continued to run well.

The Company further advises that mobilisation onto site of the first equipment from an alternate mining fleet has commenced, and is in line with its target to resume pit mining operations in approximately two weeks from the previous notice on 26 July. Once longer term arrangements are approved and in place it is anticipated that pit mining and copper production will ramp up to normal operations in approximately six weeks.

Hillgrove will advise the market shortly on the longer term mining arrangements, and provide updated guidance on production at Kanmantoo. Updates on C1 costs will be included in the Company's next quarterly report.

### **For more information contact:**

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### **ABOUT HILLGROVE**

Hillgrove is an Australian mining company listed on the Australian Securities Exchange (ASX: HGO) focused on the operation of the Kanmantoo Copper Mine in South Australia, and exploration on its Indonesian tenements. The Kanmantoo Copper Mine is located less than 55km from Adelaide in South Australia. With construction completed in late 2011, Kanmantoo is an open-cut mine which has now ramped up to a throughput of 2.8Mtpa, to produce approximately 80,000 dry metric tonnes of concentrate per annum.



Hillgrove has current stated Mineral Resources and Ore Reserves of:

### Mineral Resources (March 2012)

	JORC Classification	Tonnage (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Bi (g/t)	Cu Metal (kt)
In Situ Resources	Measured	4.2	0.85	0.13	2.26	173	35.3
	Indicated	20.5	0.87	0.16	2.34	129	178.3
	Inferred	6.5	0.66	0.15	1.73	114	43.0
Long Term Stockpiles	Measured	1.1	0.46	N/A	N/A	N/A	5.0
	Indicated	0.5	0.18	N/A	N/A	N/A	0.9
	<b>Total</b>	<b>32.8</b>	<b>0.80</b>	<b>0.15</b>	<b>2.20</b>	<b>132</b>	<b>262.6</b>

Note: Estimation of Bi is based on limited sampling data. Bi is recognised as a potential penalty element at Kanmantoo. 2012 In Situ Resources > 0.25% Cu. Long Term Stockpiles > 0.15% Cu. Au, Ag and Bi assays are not available.

### Ore Reserves (April 2010)

Category	Tonnage Mt	Cu (%)	Au (g/t)	Ag (g/t)
Proved	2.3	0.87	0.13	3.2
Probable	12.5	0.84	0.18	3.1
<b>Ore Reserves</b>	<b>14.8</b>	<b>0.85</b>	<b>0.17</b>	<b>3.1</b>

Hillgrove has a 31 January financial year end and therefore quarter references are February to April for Q1, May to July for Q2, August to October for Q3 and Q4 runs from November to January.

### Competent Person's Statements

*The information in this release that relates to Exploration Targets is based upon information compiled by Mr Steven McClare, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr McClare is a full-time employee of Hillgrove Resources Limited and has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code)'.*

*The Competent Person has consented to the inclusion in the release of the matters based on their information in the form and context in which it appears.*

**The information in this release that relates to Mineral Resources and Ore Reserves is based on previously released reports:**

1. 2012 Resource Statement by AMC Consultants Pty Ltd compiled by Mr Aaron Meakin as released to the ASX on 31 May 2012;
2. 2010 Ore Reserve estimates by Mining and Cost Engineering Pty Ltd compiled by Mr Geoff Davidson as released to the ASX on 4 May 2010.

*Hillgrove Resources Limited confirms in this announcement that it is not aware of any new information or data that materially affects the information included in the previously released reports. In the case of estimates of Mineral Resources or Ore Reserves, the company confirms that all material assumptions and technical parameters underpinning the estimates in the previously released reports continue to apply and have not materially changed.*