



BUSINESS

# Hillgrove thrives on Kanmantoo control, delivers \$1.5 m profit after previous year's massive loss

VALERINA CHANGARATHIL • THE ADVERTISER • MARCH 31, 2014 10:33AM

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**SIGNIFICANT operational improvements at the Kanmantoo copper-gold mine in the Adelaide Hills have helped operator Hillgrove turn around its fortunes.**

The company announced a \$1.5 million net profit after tax for the financial year ended January 31, compared to a \$11.8 million loss in the previous financial year.

The results includes a \$9.6 million debt reduction paid from cashflow.

Total debt at the end of FY14 was \$40.8 million with cash on hand at \$16.5 million.

Hillgrove managing director Greg Hall described it as a "turnaround year" for the company.

"Not only in terms of operational achievements but as importantly, the move to profit

clearly underlines the successful transition from mine development to profitable production, and has set the platform for value improvement to shareholders over the coming year."

Copper production for the year, as previously announced, increased to a record 17,184 tonnes contained in concentrates.

Changes at the mine last year included replacing a primary crusher, terminating a mining services contract and implementing an owner-operated mining plan as well as re-engaging with the local community.

Mr Hall said the mine was performing well and in line with the guidance provided for the current financial year of 22,300-24,600 tonnes of copper in concentrates.

"Despite the current downturn in spot copper pricing, a strong hedge book and copper pricing in AUD terms is protecting revenue."

Hillgrove has hedged approximately 90 per cent of production to July 2014 at prices above the current spot price for copper.

After July this hedging position will revert to 65 per cent of production.

"The 2015 financial year will be one of continued solid production with sales of copper, gold and silver from Kanmantoo giving the company a solid footing for value growth in the medium term."

Hillgrove will look at the potential for resource expansion with evaluation of targets on the Kanmantoo mining lease and surrounding regional tenement.

The company did not declare any dividend.

Its share price was trading 7 per cent higher at 8c on below average volume trade. (WILL UPDATE AT CLOSE)



Steve McClare (GM-Kanmantoo mine) with CEO Greg Hall. Pic supplied by Hillgrove. Source: News Limited



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