

Tuesday, 3 June 2014

HILLGROVE ACQUIRES RIGHTS OVER KITTICoola CU/AU PROSPECT NEAR KANMANTOO, SA

Hillgrove Resources Limited (ASX: HGO) have signed a Deed of Assumption and Assignment to take over the Option Agreement from CN Resources over Private Mine No 53 (Kitticoola Mine – “the Prospect”) located near Palmer, South Australia, approximately 35km from Hillgrove’s 100% owned Kanmantoo Copper Mine (Refer to Figure 1).

The Option Agreement with the owner of Kitticoola provides Hillgrove with the exploration rights and any potential future mining rights over the Prospect, subject to certain conditions within the Option Agreement. Hillgrove paid a nominal cash amount to CN Resources for the Rights over the Prospect.

The Kitticoola Mine was operated at various times from 1846 up to 1971 as an underground gold and copper mine, producing approximately 30,000 tonnes of gold ore and 7,000 tonnes of copper ore. Most of the mining focused on soft oxide minerals located above the water table. More recently in 1980, CRA took underground samples at the mine which appeared to confirm grades presented by previous works. On this basis CRA drilled four diamond holes for a total of 797m, all of which encountered sub economic mineralisation. During 1977 and 1981, exploration work by others evaluated remnant mineralisation with average grade of 5.24g/t gold and 0.55% copper over 1.4m in the oxide zone, and 14.52g/t and 4.45% copper over 1.5m in the sulphide zone.

In 2007 Hillgrove exploration geologists undertook reconnaissance and due diligence work with the permission of the private mine owner. This work confirmed the previous publicly available information and published results in current surface workings.

Hillgrove intends to carry out initial exploration work over the next year or so to determine the possible extent and depth of the mineralisation.

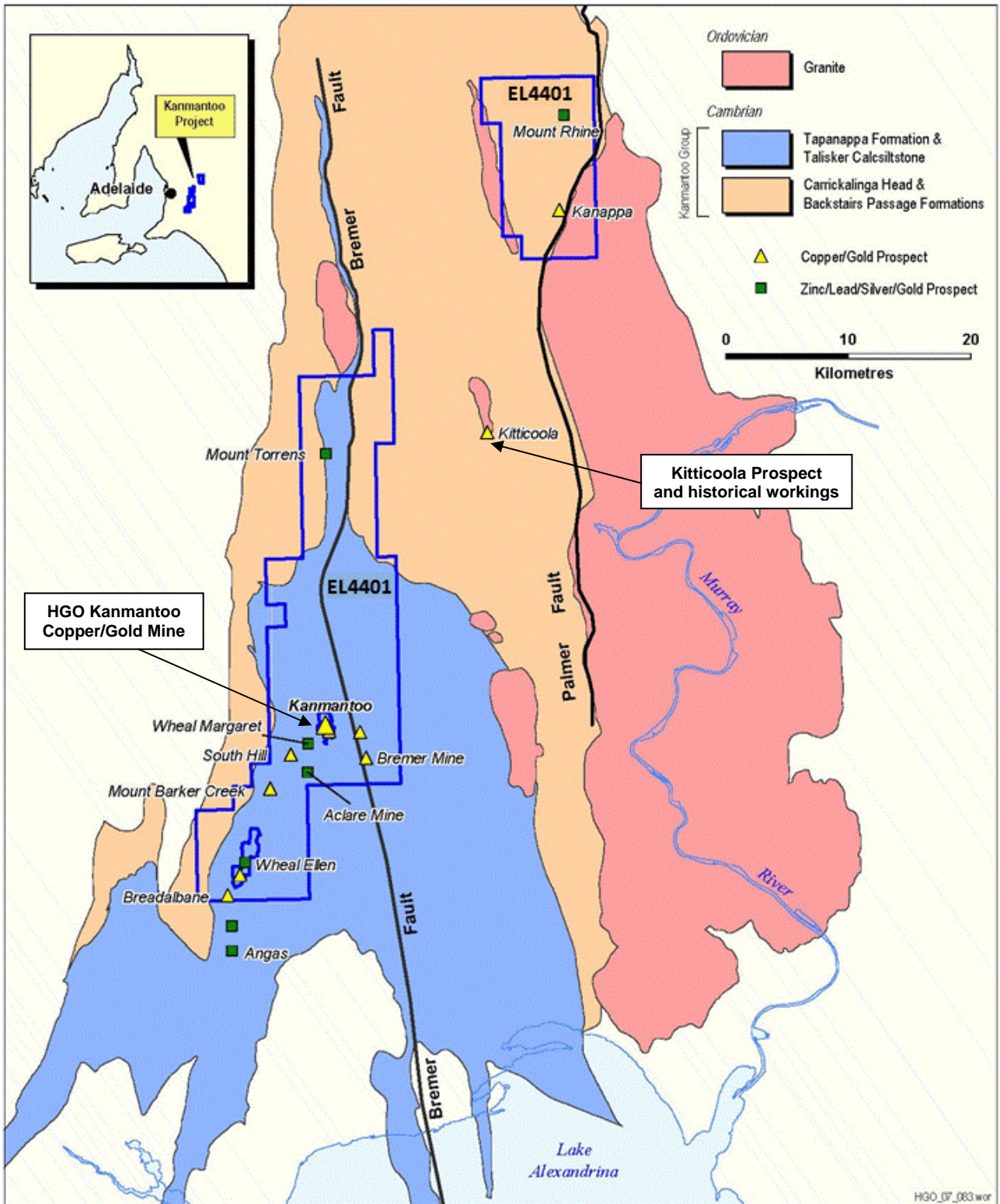
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Figure 1. Location of Private Mine No. 53 – Kitticoola Prospect and Hillgrove’s Kanmantoo Mine



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ABOUT HILLGROVE

Hillgrove Resources 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 with exploration projects 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 over 2.8Mtpa, to produce approximately 90,000 dry metric tonnes of copper concentrate containing more than 20,000t copper and associated gold and silver per annum.

Kanmantoo Global Mineral Resource Estimate at end February 2013

	JORC 2012 Classification	Tonnage (Mt)	Cu (%)	Au (g/t)	Ag (g/t)
In Situ Resource	Measured	2.63	0.88	0.10	1.95
	Indicated	21.77	0.82	0.23	2.21
	Inferred	5.0	0.67	0.13	1.79
		29.46	0.80	0.20	2.11
Long Term Stockpiles	Measured	1.39	0.46	N/A	N/A
	Indicated	0.50	0.18	N/A	N/A
		1.89	0.39	-	-
	Total	31.30	0.78	0.20	2.11

Note: In Situ Resource >0.20% Cu, Long Term Stockpiles >0.15% Cu.

Kanmantoo Global Ore Reserve Estimate at end February 2013

	JORC 2012 Classification	Tonnage (Mt)	Cu (%)	Au (g/t)	Ag (g/t)
In Situ Reserve	Proven	2.5	0.77	0.08	1.7
	Probable	18.2	0.72	0.20	2.0
		20.7	0.73	0.18	1.9
Long Term Stockpiles	Proven	1.4	0.46	N/A	N/A
		1.4	0.46	-	-
	Total	22.1	0.71	0.18	1.9

Note: In Situ Reserve >0.20% Cu. Long Term Stockpiles >0.15% Cu.

Competent Person's Statement

The information in this release that relates to Mineral Resources is based upon information compiled by Mrs Michaela Wright, who is a Member of The Australasian Institute of Mining and Metallurgy. Mrs Wright 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code)'. Mrs Wright 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 Ore Reserves and Exploration 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code)'. Mr McClare has consented to the inclusion in the release of the matters based on their information in the form and context in which it appears.