

Monday, 9 August 2010

HILLGROVE SELLS SURPLUS SAG MILL

Hillgrove Resources Limited (ASX: HGO) is pleased to announce that it has agreed to sell its surplus SAG mill to Conquest Mining (ASX: CQT) for a cash price of \$6.95 million.

The purchase includes:

- Outotec 3.6MW Grate Discharge SAG Mill with major spares:
 - **main electric motor;**
 - **girth gear;**
 - **gearbox;**
 - **pinion and pinion bearings; and**
- Russell (RME) 7-Axis Mill Re-lining Machine.

All equipment is new, complete and in original packing. The mill shell is still at Dorbyl works in South Africa and all other items are warehoused at the Kanmantoo Copper Mines project in South Australia.

The SAG mill and ancillary equipment were ordered as long lead items prior to Hillgrove's purchase of the second hand process plant and associated equipment of the Lennard Shelf Pillara mine. Following that purchase and a full assessment of both mills, Hillgrove determined that retaining the larger Lennard Shelf SAG mill provided the Kanmantoo Copper Mines project with upscale opportunities for additional discoveries and the new mill became surplus to Hillgrove's requirements.

The sale is expected to be completed by mid September 2010.

About Hillgrove

Hillgrove is an Australian mining company listed on the Australian Securities Exchange (ASX: HGO) focused on developing its Indonesian and Australian base and precious metals projects. The Company is targeting the discovery of world class epithermal gold and porphyry copper/gold deposits in Eastern Indonesia.

Hillgrove's flagship development is the Kanmantoo Copper Mines, located less than 55km from Adelaide in South Australia. Kanmantoo currently hosts a Mineral Resource of 32.2Mt (2.3Mt Measured, 22.5Mt Indicated and 7.4Mt Inferred) grading 0.9% copper and 0.20g/t gold, containing 292,200 tonnes of copper, 191,100 ounces of gold and 3,313,600 ounces of silver. With completion of construction targeted for 2011, Kanmantoo will be a 2.4MT per annum open-cut mine producing approximately 20,000 tonnes of copper in concentrate and 10,000 ounces of gold per annum.

The information in this report that relates to Mineral Resource estimates is based on information compiled by Mr Paul Payne, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Payne is a full-time employee of Runge Limited and has sufficient relevant experience 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'. Mr Payne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



HILLGROVE RESOURCES LIMITED

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