

Tuesday, 21 September 2010

KANMANTOO PLANT CONSTRUCTION AND COMMISSIONING CONTRACT AWARDED TO ABESQUE ENGINEERING

Hillgrove Resources Limited (ASX:HGO) is pleased to advise that it has awarded the contract for the construction and commissioning of the Kanmantoo processing plant through its wholly owned subsidiary Hillgrove Copper Pty. Limited to Abesque Engineering Limited, a wholly owned subsidiary of the Forge Group Limited (ASX:FGE).

The contract has an approximate value of \$40 million, and is for engineering, design, construction and commissioning of the processing facilities for the Kanmantoo Copper Mines project which is located approximately 65km south east of Adelaide in South Australia, near the town of Callington. The contract is subject to a condition precedent that the Hillgrove board of directors has made a Final Investment Decision (FID) for the project to proceed, and Project Financing for the project has been obtained. These conditions are expected to be met in the near future.

Hillgrove purchased the de-commissioned Pillara processing plant for the Kanmantoo Project in July 2009, and Abesque completed the dismantle works and transportation of this plant from the Kimberly region of Western Australia to the Kanmantoo site in July 2010. The Construction and Commissioning Contract involves the re-erection of the Pillara Plant, with several modifications and enhancements to meet the specific site conditions and processing requirements at Kanmantoo.

Hillgrove Copper and Abesque have been working closely together over the past two years to ensure the plant is ready for the construction phase. With all statutory approvals for the project obtained and the plant commissioning and construction contract awarded it will allow the off-site works to continue in preparation for the rapid deployment of activities on-site immediately after FID and the project financing are announced by the Hillgrove board.

The contract works are scheduled for completion in September 2011.

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.

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