

Wednesday, 30 November 2011

## FIRST CONCENTRATE PRODUCTION AT KANMANTOO

Hillgrove Resources Limited (ASX: HGO) is pleased to advise that first copper concentrate has been produced through the filters at the Company's Kanmantoo Copper Mine Project, south-east of Adelaide in South Australia.

Initial concentrate grades are in the range of 24-27%, which is considered excellent given the low grade feed used for commissioning activity (pictured right). Ore feed has now moved to higher grade material (0.7- 0.9% Cu), of which more than 300,000 tonnes is now stockpiled on the Run-of-Mine (ROM) pad.



As previously advised, the Company expects first revenue in December 2011, following delivery of a minimum of 2,500 tonnes of copper concentrate to its storage facilities at Port Adelaide.

On Saturday, 26 November Hillgrove's 450 concentrate containers arrived and were unloaded at Port Adelaide. Transport from mine to port in containers represents environmental best-practice, and is indicative of the commitment of the Company to the community and the environment within which it operates.



First shipment of concentrate out of Port Adelaide is expected in February 2012.

The Managing Director of Hillgrove, Drew Simonsen, said "I'm excited to report to shareholders that the Kanmantoo Copper Mine is now a producing mine, and Hillgrove has moved from explorer-developer status to that of copper producer".

"We are delighted with the progress we have made during the testing and commissioning period at the plant. The transition from first ore feed to first concentrate has progressed smoothly. It is a tribute to the



construction and commissioning teams at Kanmantoo that the significant milestone of first concentrate has been achieved so quickly and without major issue,” Mr Simonsen said.

The crushing circuit has achieved spot throughputs in excess of design capacity, which augurs well for plant throughput capacity as Kanmantoo ramps up to full production. As with any plant commissioning, the initial test period has focussed on addressing any minor ‘teething’ issues, but the process at Kanmantoo is relatively straight forward, the equipment non-complex, and Hillgrove has an experienced metallurgical team on site.

The plant, which was dismantled and transported to the Kanmantoo site and subsequently rebuilt, contains surplus capacity providing Hillgrove with considerable flexibility for operational fine tuning and ultimately, low-cost expansion.

“Our next milestone will be first revenue for Kanmantoo, which will be achieved when we deliver 2,500 tonnes of concentrate to our storage facilities at Port Adelaide. At steady state operations, this is about 10 days to two weeks of concentrate production so we expect first revenue in December,” Mr Simonsen said.

### About Hillgrove

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. With completion of construction targeted for November 2011, Kanmantoo will be an open-cut mine with an initial throughput of 2.4Mt per annum, producing approximately 80,000 tonnes of concentrate per annum.

The Project currently hosts a Mineral Resource of:

Class	Total (0.25% Cu cut off grade model)						
	Tonnes Kt	Cu %	Au g/t	Ag g/t	Cu Metal Tonnes	Au Ounces	Ag Ounces
Measured	2,290	0.9	0.2	3.5	21,700	12,100	255,300
Indicated	22,525	0.9	0.2	3.3	204,400	139,900	2,381,200
Inferred	7,376	0.9	0.2	2.9	66,100	39,100	677,100
<b>Total</b>	<b>32,192</b>	<b>0.9</b>	<b>0.2</b>	<b>3.2</b>	<b>292,200</b>	<b>191,100</b>	<b>3,313,600</b>

and Reserves of:

Category	Tonnes 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
Ore Reserve	14.8	0.85	0.17	3.1

*The information in this report that relates to Mineral Resource estimates is based on information compiled by Mr Aaron Green, who is a Member of The Australian Institute of Geoscientists. Mr Green 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 Green 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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