



The Board of Directors of Hillgrove Resources Limited (Hillgrove)  
(ASX: HGO) reports for the quarter ended 30 April 2012

### HIGHLIGHTS

#### Kanmantoo Copper Mine, South Australia

- **Ore processing plant continues ramp up**, with the mill performing at or above expectations.
- **Mining operations continue to ramp up** to meet the mill feed requirements.
- Production impact from crusher failure and underperformance minimised by purchase of mobile crusher.
- **First exports of concentrate** from Kanmantoo.
- **Further positive drilling results** from the exploration program within the mine lease indicate increased drilling activity warranted.

#### Indonesia

- **Drilling commences at Bird's Head** Project, West Papua.
- Strong copper values from new trenching at Rak Rak prospect, West Papua.
- **Drilling recommences at Karipi** prospect, Sumba.
- **Continued strong gold intersections** in trenching at Karipi Prospect, Sumba indicate increased drilling is warranted, targeting a maiden JORC resource in 2013.

#### Corporate Activity

- Cash on hand as at 30 April 2012 was AUD 17.9 million.

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#### **KANMANTOO COPPER PROJECT, SOUTH AUSTRALIA** **Mining Leases 5776 and 6345; Exploration License 4401 (Hillgrove 100%)**

As at 30 April, the Kanmantoo Copper Mine was five months into ramp up towards full production. Ramp-up was completed and steady state operations achieved in May. Over 410 containers of concentrate were loaded and trucked to Port Adelaide during the quarter. The first shipment of 4,890dmt departed on 7 March and the second shipment of 5,163 dry metric tonnes (dmt) departed on 28 April. The third shipment of approximately 10,000dmt is planned for June 2012.

The exploration program has continued development of the robust brownfields exploration model and a solid pipeline of resource extension targets have been identified. These targets are expected to lead to an extension of mine life.



PLATE 1. KANMANTOO COPPER MINE



**Summary**

In the first complete quarter of operations, the Kanmantoo Copper Mine has produced 2,681t of copper, 1,275oz of gold and 22,507oz of silver in concentrate. The mine has sold 8,590dmt of concentrate to JP Morgan Metals & Concentrates. Cash received for the quarter was US\$12.7 million which represented a combination of early payments for concentrate delivered to the port and for material loaded on the first ship, “Regina Oldendorff.”

Following the commissioning of the ore processing plant in November 2011, the plant has continued the successful ramp up in ore treatment rates, and has achieved an average of 81% of designed plant capacity for the quarter.

This is an excellent result considering the performance of the crushing plant severely limited crushed ore availability to the mill. The purchase of a mobile crushing plant quickly rectified this bottleneck. A feasibility study is underway into a permanent upgrade to the fixed crushing plant.

Copper recovery through the plant has continued to improve over the ramp up period with an average of 91.3% recovery achieved for April which is above expectations for this point in time.

Material movement from the mine has ramped up from previous quarters to meet the primary ore feed requirements of the mill.

Exploration drilling continued throughout the quarter within the mine lease targeting extensions to the Critchley, Paringa, O’Neil, North Kavanagh and Falcon zones. A total of 31 holes were completed with several holes intersecting strong zones of copper mineralisation at shallow depth outside the current pit designs.

**Global Mineral Resource**

Hillgrove Resources today released a new Kanmantoo Global Mineral Resource. The JORC compliant Global Mineral Resource is shown below.

	JORC Classification	(Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Cu Metal (kt)
In Situ Resource	Measured	4.2	0.85	0.13	2.26	35.3
	Indicated	20.5	0.87	0.16	2.34	178.3
	Inferred	6.5	0.66	0.15	1.73	43.0
Long Term Stockpiles	Measured	1.1	0.46	N/A	N/A	5.0
	Indicated	0.5	0.18	N/A	N/A	0.9
	<b>Total</b>	<b>32.8</b>	<b>0.80</b>	<b>0.15</b>	<b>2.20</b>	<b>262.6</b>

Note: As at 31/03/12, In Situ Resource >0.25% Cu cut-off; Long Term Stockpiles >0.15% Cu cut-off & do not include Au/Ag assays

The Global Mineral Resource includes a new in situ Resource Estimate completed by AMC Consultants Pty Ltd as at the end of March 2012. Hillgrove also estimates that 1.6Mt @ 0.37% copper of mined material was contained in stockpiles as at the end of March 2012.

Previous Resource Estimates have been depleted by 0.7Mt @ 0.68% copper through mining and processing. The new estimate when combined with the depletion is equivalent to a total of 33.5Mt, compared to the 2008 Mineral Resource of 32.2Mt.

### Safety

Safety performance for the April quarter saw a steady improvement reflected in the Total Recordable Injury Frequency rate per million hours worked decreasing from 63.9 to 53.4. There were two lost time injuries for the quarter. One injury involved the impact of dust being caught under a contact lens of the injured person. One day of work was lost. The second injury occurred when the hand of a maintenance fitter was caught under the guard he was removing from an electrically isolated conveyor. Three days of work were lost.

### Operations – Mine

Overall material moved from the pit, some 3,481kt, was an increase in comparison to the previous quarter. Total ore mined was 842kt, of which 544kt was delivered to the ROM stockpile and 298kt was delivered to the long term stockpiles. Blasting fragmentation, whilst improving, continues to impact current mining productivities and unit costs. As a result, waste mined from the Kavanagh Pit was below plan as priority was given to the Spitfire Pit to supply ore to the ROM.

### Operations – Crushing and Processing

The crushing plant proved to be the bottleneck to ore processing performance for the majority of the quarter due to excessive maintenance on the fixed jaw, a premature crown gear failure in the secondary crusher and throughput restrictions within the ROM ore bin. A mobile Lippman 3252 jaw crusher was purchased during March to provide pre-crushing capability prior to feeding ROM ore. This has resulted in increased throughputs through the fixed crushing plant. A feasibility study is being undertaken in order to provide a permanent upgrade to the fixed crushing plant.

PLATE 2. TRACK MOUNTED MOBILE CRUSHER ON ROM PAD, KANMANTOO



The mill and wet plant continued to perform well throughout the quarter with throughput of 488kt of ore limited by the availability of crushed feed. Throughput rates regularly operated above the nameplate of 300t/hr. Milled copper grade of 0.63% Cu was below plan and has been impacted by greater than expected dilution from the mine. Copper recoveries have continued to improve throughout the quarter from an average of 81.7% for February to 91.3% for the month of April.

Total metal production for the first quarter of 2,681t of copper, 1,275oz of gold and 22,507oz of silver is below plan as a result of the lower feed grades and lower plant throughputs for the quarter. This has significantly affected unit cost of production during this ramp up period.

TABLE 1. KANMANTOO COPPER MINE PRODUCTION STATISTICS

		January Quarter	April Quarter
<b>Total Tonnes Mined</b>	Tonnes (kt)	3,156	<b>3,481</b>
<b>Ore to long term stockpiles</b>	Tonnes (kt)	382	<b>298</b>
<b>Ore to ROM</b>	Tonnes (kt)	288	<b>544</b>
<b>Mined Waste</b>	Tonnes (kt)	2,486	<b>2,639</b>
<b>ROM grade</b>	Cu (%)	0.66	<b>0.82</b>
<b>Ore Milled</b>	Tonnes (kt)	331.0	<b>488.1</b>

		January Quarter	April Quarter
<b>Milled Grade</b>	(%)	0.56	<b>0.63</b>
	Au (g/t)	0.11	<b>0.14</b>
	Ag (g/t)	2.22	<b>2.89</b>
<b>Recovery</b>	Cu (%)	69.6	<b>86.8</b>
	Au (%)	67.5	<b>58.0</b>
	Ag (%)	46.6	<b>49.7</b>
<b>Cu Concentrate Produced</b>	Tonnes	4,774	<b>10,316</b>
<b>Concentrate Grade</b>	Cu (%)	30.2	<b>26.0</b>
	Au (g/t)	6.0	<b>3.9</b>
	Ag (g/t)	79.9	<b>67.8</b>
<b>Contained Metal In Concentrates</b>	Cu (tonnes)	1,481	<b>2,681</b>
	Au (oz)	816	<b>1,275</b>
	Ag (oz)	12,194	<b>22,507</b>
<b>Total Concentrate Sold</b>	(Dry metric tonnes)	4,263	<b>8,590</b>

## Costs

C1 cash costs of production for the quarter were US\$2.81/lb (average AUD/USD exchange rate of 1.05) which is higher than the life of mine plan due to the lower units of production during the commissioning and ramp up period, together with the stronger Australian dollar.

During the quarter all waste material was used to construct the second lift of the Tailings Storage Facility. In addition, a total of 298kt of low grade ore was added to Long Term Stockpiles. All stockpiles are carried at the lower of Cost and Net Realisable Value (NRV).

Total mining costs are lower than plan however the unit cost of mining is higher reflecting the lower production output during ramp up.

Total processing costs are higher due to the combination of lower production throughput during ramp up and increased maintenance costs associated with the crusher circuit, including contract labour and parts.

TABLE 2. KANMANTOO COPPER MINE COSTS

Quarter Ended	Apr-12 US cents/lb	Comment
Mining Costs	295	Production of Primary Sulphide Ore > 0.4% head grade
Deferred Mining	(49)	Prestrip waste material capitalised on TSF
Ore Inventory Adjustment	(114)	Long Term Stockpiles of Oxide, Transition and Lower grade Primary Sulphide Ore
<b>Total Mining Costs</b>	<b>132</b>	
Total Site Processing Costs	111	
Transport & Shipping	18	Land and ocean freight plus port charges
By-product revenue	(40)	Gold, silver credits
Treatment, Refining & Smelter Charges	31	TC/RCs and Price Participation
Other Direct Cash Costs	29	Site Administration
<b>Total C1 Cost per pound</b>	<b>281</b>	
Royalties	6	SA Government
D&A	135	Primarily plant amortisation
<b>TOTAL PRODUCTION COST</b>	<b>422</b>	

### Kanmantoo Exploration Update

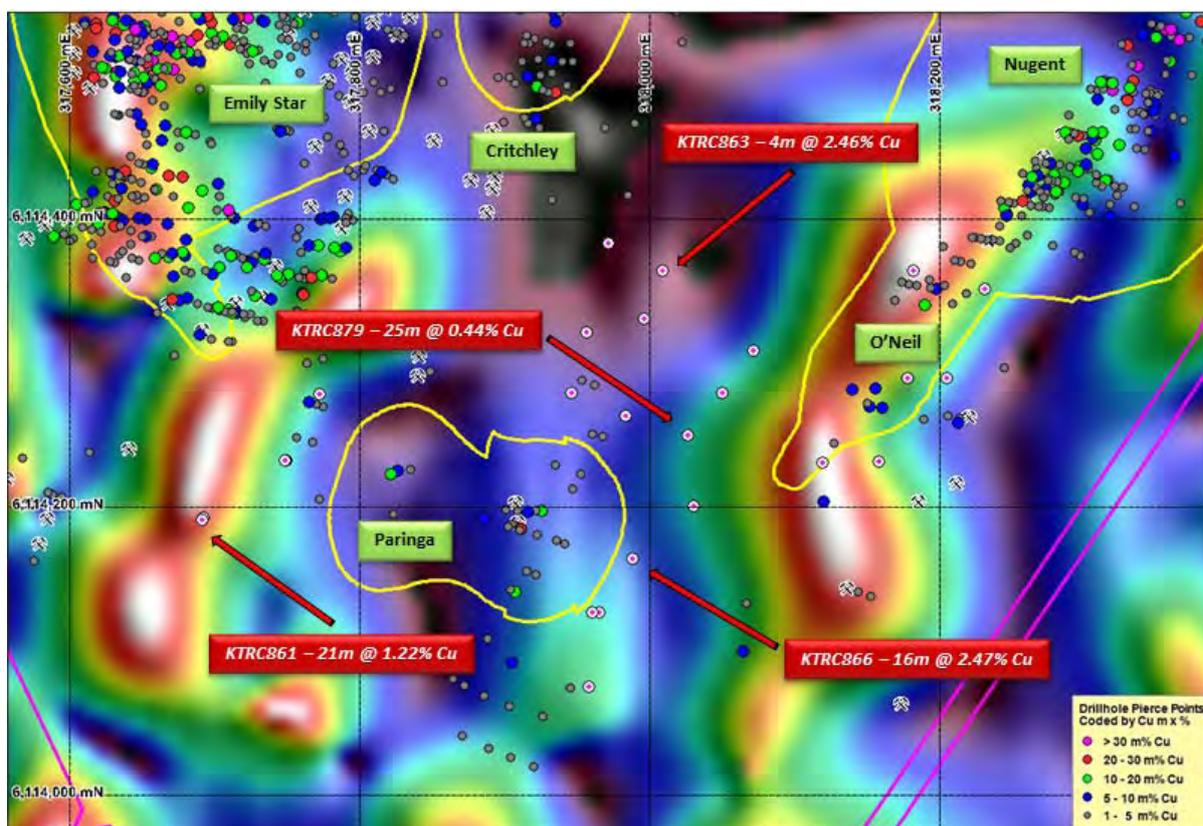
Exploration RC drilling continued at Kanmantoo throughout the quarter, targeting extensions to the Critchley, Paringa, O’Neil, North Kavanagh and Falcon zones. A total of 31 holes were completed for 4,755m for the quarter.

Relatively wide-spaced drilling in the Critchley–Paringa–O’Neil area targeted extensions to these zones that could significantly increase known Resources and potentially link these zones together. Twenty four holes for 3,958m were completed in this area, with several holes intersecting strong zones of copper mineralisation at shallow depths, outside the current pit designs, including:

- **KTRC863** 4m @ 2.46% Cu from 50m (10m%)
- **KTRC866** 16m @ 2.47% Cu from 123m (40m%)
- **KTRC879** 25m @ 0.44% Cu from 62m (11m%)  
**Including:** 6m @ 1.01% Cu from 66m (6m%).

Importantly, these zones remain open along strike to both the north and south and at depth and there is excellent potential to significantly increase the size of the currently designed open pits with further infill and extension drilling.

PLATE 3. AEROMAGNETICS IMAGE OF THE SOUTHERN ZONES, HIGHLIGHTING 2012 SIGNIFICANT DRILL INTERCEPTS



Prior to relocating the RC rig to Falcon, KTRC827, drilled at North Kavanagh in 2011 was extended from 130m to 185m to intersect the interpreted northerly extensions to the Slot Extension zone in the Kavanagh pit. This extension was highly successful, intersecting nearly 40m of mineralised garnet-rich schist and returning:

- **KTRC827** 4m @ 1.13% Cu & 0.46g/t Au from 142m (5m%)  
12m @ 1.47% Cu & 1.07g/t Au from 151m (18m%)  
6m @ 0.86% Cu & 0.13g/t Au from 168m (5m%).

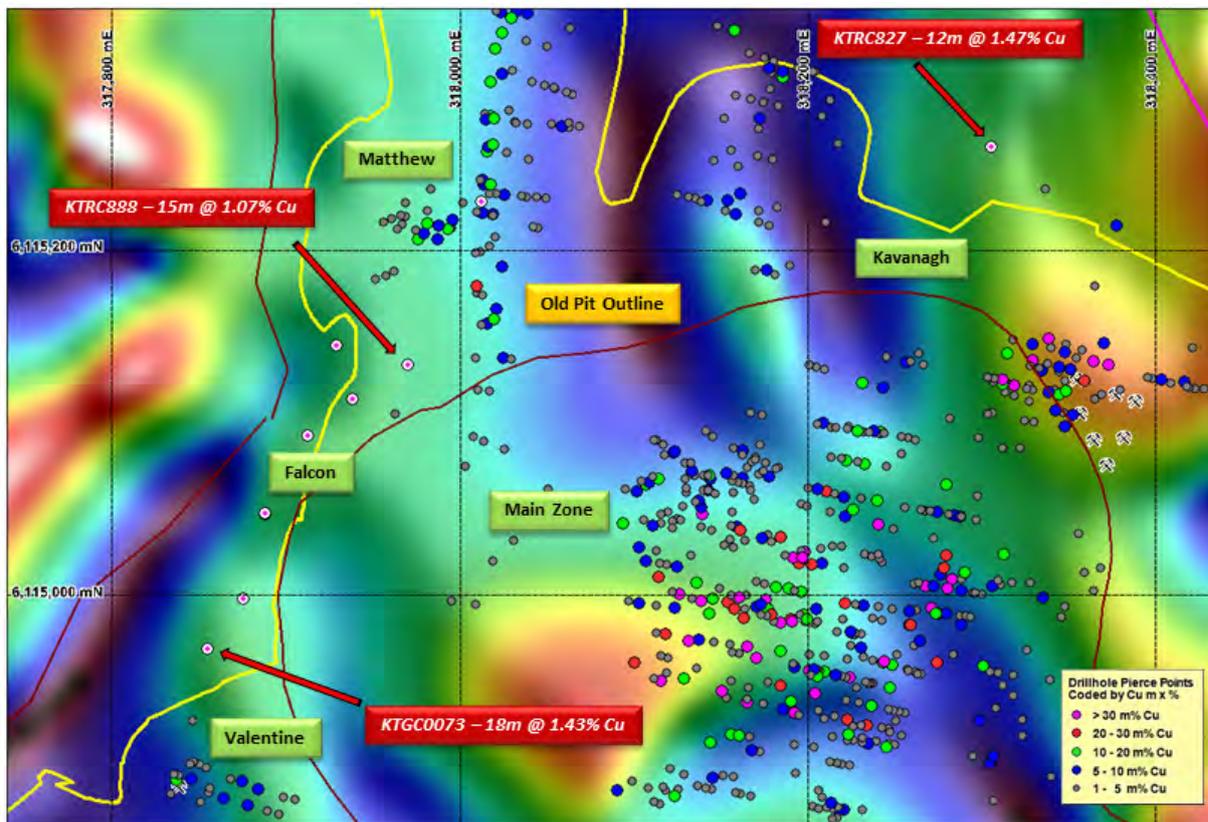
These intercepts are located within a low grade halo and the mineralisation remains open up and down dip and along strike to the north. Further drilling is warranted in this area.

In mid-April the RC rig was relocated to Falcon, on the western edge of the historical open pit [see Plate 4]. Grade control test drilling had returned **18m @ 1.43% Cu** from this zone in 2010. Very little drilling has been completed in this zone either previously or since, due mainly to poor access. Several holes were completed at Falcon prior to the end of April, identifying at least three, parallel, essentially north-south trending lenses. Most results are pending, but all the lenses are open along strike to both the north and south and up and down dip. Falcon appears to have the potential to add significantly to the global Resource and provide a link between the Valentine and Matthew zones. Drilling is continuing, but best results returned to date include:

- **KTRC888 15m @ 1.07% Cu from 33m (16m%)**  
**And: 5m @ 1.80% Cu from 74m (9m%)**
- **KTRC889 9m @ 0.72% Cu from 111m to end of hole – open (6%).**

Drilling is programmed to continue throughout May at Falcon zone. Resource extension drilling in the Matthew and Cooper's Find zones is also planned for the next quarter.

PLATE 4. AEROMAGNETICS IMAGE OF THE NORTHERN ZONES, HIGHLIGHTING 2012 SIGNIFICANT DRILL INTERCEPTS



A full table of drill intercepts for 2012 is presented in Appendix 1 below.

During the coming quarter exploration at Kanmantoo will continue to focus on extending known Resources at depth and along strike. Initially, drilling will continue in the Falcon area, with drilling also slated for the Cooper's Find and Matthew area in the coming months. Drilling later in 2012 will include the Emily Star South, Paringa and O'Neil zones, with infill drilling directed at potentially upgrading Resources to Indicated and Measured status. Consideration is being given to an expanded drilling program with a view to more rapidly expanding the Resource base, and now targeting a Reserve update in early 2013.

**INDONESIAN GOLD AND GOLD/COPPER EXPLORATION**

PLATE 5. INDONESIA ARCHIPELAGO

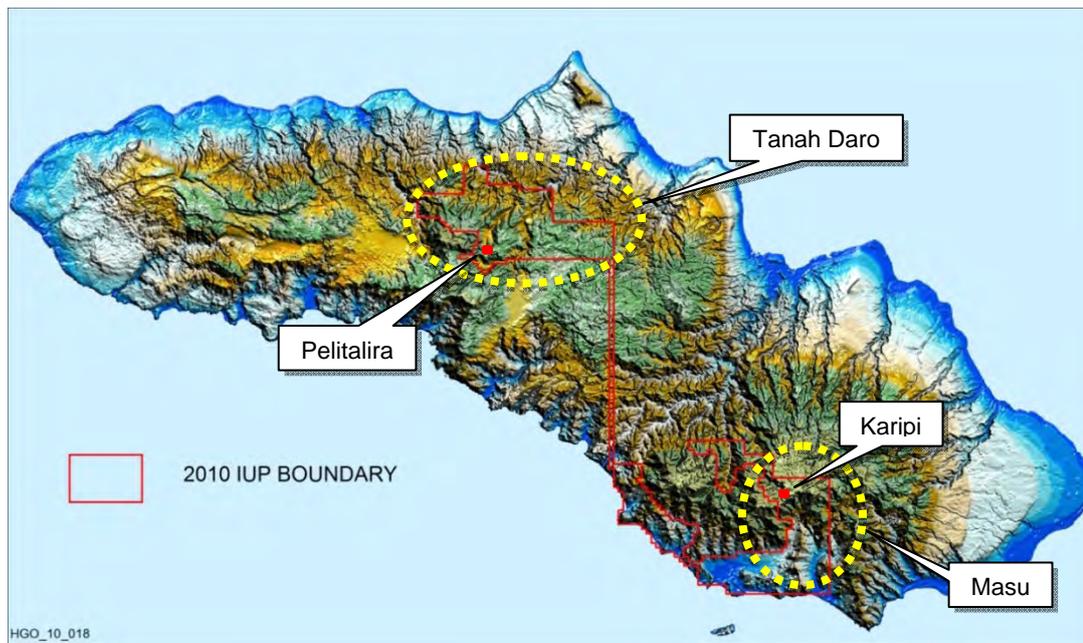


**SUMBA GOLD PROJECT, INDONESIA  
IUP 322/KEP/HK/2009**

Hillgrove is an 80% shareholder in PT Fathi Resources, which holds IUP 322 on the island of Sumba. Hillgrove is responsible for the sole funding and management of all exploration and development activities, up to a decision to mine. The IUP Explorasi (Exploration and Mining Business Licence) covers 999km<sup>2</sup> and is valid until December 2016.

Exploration this quarter focused on preparation for, and recommencement of, drilling at the Karipi Prospect, ongoing trenching and mapping in the Masu area, and ongoing trenching and mapping in the Pelitalira prospect.

PLATE 6. SUMBA ELEVATION MODEL AND IUP BOUNDARY



**Masu Project**

The Masu Project is located in the South-Eastern portion of the IUP, where ongoing soil sampling, rock chip sampling, trenching and drilling activities undertaken by PT Fathi have confirmed the presence of epithermal vein-hosted gold mineralisation at several prospects.

## Surface Geochemistry Sampling

A total of 22 trenches were completed this quarter over extensions to the Karipi gold target. Trenching continues to identify significant gold mineralisation parallel and along strike of the Karipi prospect area. Better intersections included:

- MATR127: **9m @ 16.49 g/t Au**
- MATR132: **20m @ 2.23 g/t Au**

TABLE 3. KARIPI TRENCHING SIGNIFICANT GOLD INTERSECTIONS

HOLE	EAST	NORTH	RL	LENGTH	FROM	TO	WIDTH	INTERCEPT
MATRFT125	304330	887150	995	31	5.00	11.00	6.00	6.00 m @ 0.61 g/t Au
					21.00	27.00	6.00	6.00 m @ 0.64 g/t Au
MATRFT126	304418	887034	978	35	10.00	20.00	10.00	<b>10.00 m @ 1.67 g/t Au</b>
MATRFT127	304391	886845	984	19	5.00	14.00	9.00	<b>9.00 m @ 16.49 g/t Au</b>
MATRFT128	303304	887880	950	48	18.00	30.00	12.00	<b>12.00 m @ 1.77 g/t Au</b>
MATRFT129	303378	887719	953	46	4.00	6.00	2.00	2.00 m @ 0.52 g/t Au
					16.00	22.00	6.00	<b>6.00 m @ 1.73 g/t Au</b>
					30.00	38.00	8.00	8.00 m @ 0.94 g/t Au
MATRFT131	303399	887788	956	16	10.00	12.00	2.00	2.00 m @ 1.91 g/t Au
MATRFT132	303297	887550	961	36	12.00	32.00	20.00	<b>20.00 m @ 2.23 g/t Au</b>
MATRFT134	304389	886873	986	23	5.00	11.00	6.00	<b>6.00 m @ 2.76 g/t Au</b>
MATRFT135	303269	887500	971	20	7.00	11.00	4.00	4.00 m @ 0.98 g/t Au
MATRFT137	304371	886952	968	68	12.00	14.00	2.00	2.00 m @ 0.59 g/t Au
					66.00	68.00	2.00	<b>2.00 m @ 4.64 g/t Au</b>
MATRFT138	304273	886772	958	28	0.00	5.00	5.00	<b>5.00 m @ 8.40 g/t Au</b>
MATRFT139	304289	886733	959	30	20.00	26.00	6.00	6.00 m @ 0.75 g/t Au
MATRFT140	304277	886695	946	18	5.00	7.00	2.00	2.00 m @ 0.55 g/t Au
					9.00	11.00	2.00	2.00 m @ 0.57 g/t Au
MATRFT141	303418	888151	976	34	14.00	20.00	6.00	<b>6.00 m @ 1.25 g/t Au</b>
MATRFT143	304217	886749	947	13	10.00	13.00	3.00	3.00 m @ 1.07 g/t Au
MATRFT146	304303	886792	960	13	7.00	11.00	4.00	4.00 m @ 0.65 g/t Au

**Note:** Gold assays determined by averaging up to 3 repeats using 50gm Fire Assay method  
Significant intercepts calculated as weighted average, maximum of 2m internal waste at a 0.5 g/t Au cut off  
Analyses conducted at Intertek Laboratories, Jakarta, Indonesia

Rock chip sampling of veins identified during geological mapping continues to indicate strong gold values at surface from new target areas. Better results are presented in Table 4 below.

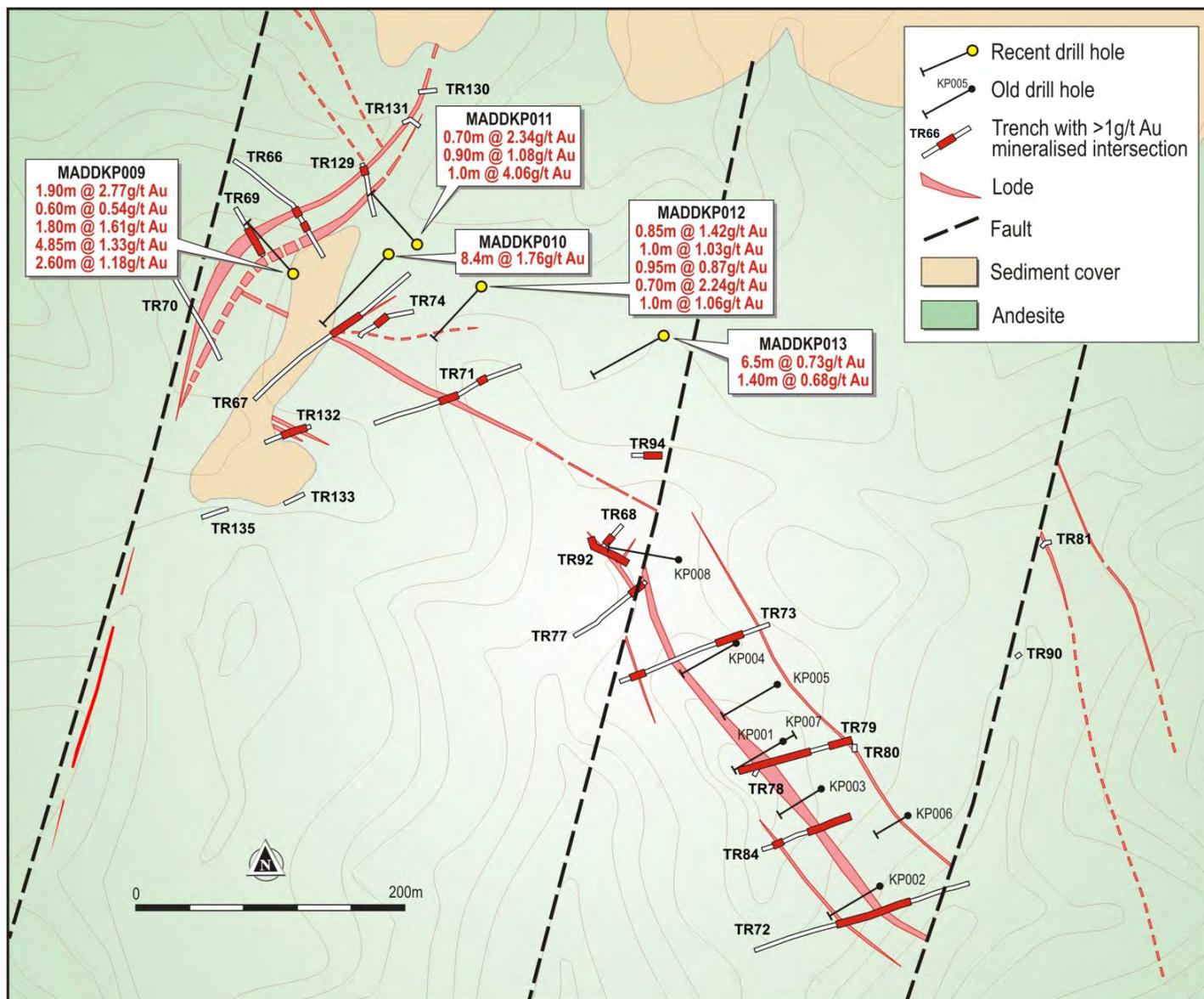
TABLE 4. KARIPI SIGNIFICANT ROCK CHIP RESULTS

SAMPLE TYPE	EAST	NORTH	GOLD	SILVER
RCK-FLT	301910	887706	31.80 g/t	16.5 g/t
RCK-OUT	302456	888175	27.10 g/t	78.8 g/t
RCK-OUT	302808	888161	24.70 g/t	76.9 g/t
RCK-FLT	303074	888235	24.10 g/t	12.6 g/t
RCK-SUB	304412	886890	15.50 g/t	1.6 g/t
RCK-OUT	302033	887810	11.50 g/t	4.5 g/t
RCK-FLT	303372	887970	11.20 g/t	8.4 g/t
RCK-OUT	304397	886868	9.88 g/t	1.6 g/t
RCK-OUT	302912	887782	9.48 g/t	5.2 g/t
RCK-OUT	302493	888246	8.51 g/t	8.7 g/t
RCK-OUT	302221	887345	7.15 g/t	4.9 g/t
RCK-OUT	302712	886934	5.83 g/t	13.3 g/t
RCK-OUT	303155	888054	5.58 g/t	0.1 g/t
RCK-SUB	303364	887618	5.41 g/t	5.7 g/t





PLATE 7. KARIPI RECENT DRILLHOLE LOCATION PLAN



**Tanah Daro Project – Pelitalira Prospect**

The Pelitalira prospect is located in Central Sumba within the Tanah Daro Project area. Pelitalira is easily accessed from the main sealed highway connecting the regional centres of Waingapu and Waikabubak.

Exploration this quarter focused on extending mapping, rock chip sampling and trenching over the Pelitalira North target area. Rock chip sampling encountered scattered significant gold values within a broad, elevated background gold geochemistry signature.

TABLE 6. PELITALIRA SIGNIFICANT ROCK CHIP RESULTS

PROJECT	SAMPLE TYPE	EAST	NORTH	GOLD	SILVER
TANAH DARO	RCK-OUT	803844	8934471	10.0 g/t	89.9 g/t
TANAH DARO	RCK-OUT	803603	8934646	4.8 g/t	167.0 g/t

**Note:** Gold assays determined by averaging up to 3 repeats using 50gm Fire Assay method  
 Silver values calculated from multi element sweep using ICP analytical method  
 Analyses conducted at Intertek Laboratories, Jakarta, Indonesia

**Trenching**

Trenching has delineated a broad area of low-grade gold anomalism associated with sheeted quartz veining and elevated copper values. It is interpreted that this style of mineralisation may be associated with a carapace of a buried porphyry system. The area is targeted for limited drill testing.

TABLE 7. TANAH DARO TRENCHING SIGNIFICANT GOLD INTERCEPTS

TRENCH	EAST	NORTH	RL	LENGTH	FROM	TO	INTERCEPT	SILVER
<b>TDTR024</b>	803685	8934519	538	152	70.00	80.00	10.00 m @ 1.50 g/t Au	0.55 g/t
<b>TDTR031</b>	803783	8934572	488	356	8.00	12.00	4.00 m @ 0.90 g/t Au	8.00 g/t
					80.00	84.00	4.00 m @ 1.12 g/t Au	13.20 g/t
					164.00	184.00	20.00 m @ 0.59 g/t Au	0.30 g/t
					196.00	200.00	4.00 m @ 0.51 g/t Au	0.10 g/t
					212.00	216.00	4.00 m @ 0.88 g/t Au	0.05 g/t
					232.00	252.00	20.00 m @ 0.65 g/t Au	0.09 g/t
					288.00	292.00	4.00 m @ 0.78 g/t Au	30.60 g/t
<b>TDTR032</b>	803761	8934647	492	264	164.00	172.00	<b>8.00 m @ 1.20 g/t Au</b>	0.25 g/t
					200.00	212.00	12.00 m @ 0.66 g/t Au	0.43 g/t
					252.00	260.00	8.00 m @ 0.76 g/t Au	0.25 g/t
<b>TDTR033</b>	803612	8934532	536	4	0.00	2.00	2.00 m @ 0.89 g/t Au	0.10 g/t
<b>TDTR034</b>	803586	8934522	543	6	0.00	6.00	6.00 m @ 0.67 g/t Au	0.33 g/t

**Note:** Gold assays determined by averaging up to 3 repeats using 50gm Fire Assay method  
 Silver values calculated from multi element sweep using ICP analytical method  
 Significant intercepts calculated as weighted average, maximum of 2m internal waste at a 0.5 g/t Au cut off  
 Analyses conducted at Intertek Laboratories, Jakarta, Indonesia

**Next Steps**

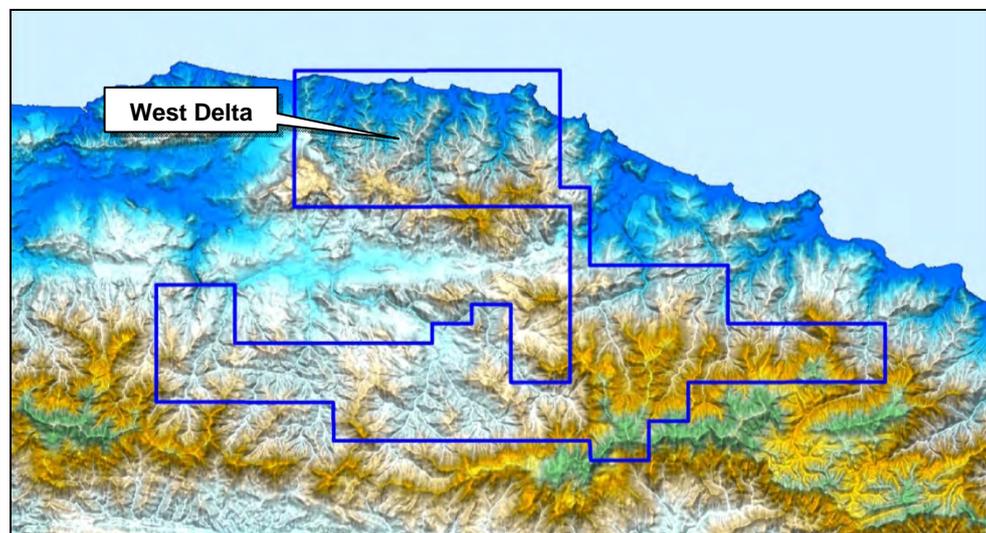
Reconnaissance drilling at Karipi will continue this coming quarter, targeting gold mineralisation identified in trenching and IP and magnetic geophysical targets. Subject to ongoing evaluation and continuation of the highly encouraging results to date, the Company is considering accelerating drilling activity with a view to targeting a maiden gold resource on Sumba in the first half of 2013.

Regional reconnaissance activities across the licence area will continue, assessing potential gold and porphyry copper-gold targets identified in geophysical and remote sensing interpretations.

**BIRD’S HEAD COPPER/GOLD PROJECT, WEST PAPUA, INDONESIA  
 IUP40/2010  
 (Hillgrove 80%)**

Hillgrove has an 80% beneficial interest in PT. Akram Resources through a Joint Venture Agreement. The process of converting this into a direct shareholding similar to PT. Fathi Resources is in progress. PT. Akram Resources holds IUP40/2010 in the Bird’s Head region of West Papua. Hillgrove is responsible for the sole funding and management of all exploration and development activities up to a decision to mine. The IUP covers 992.3km<sup>2</sup> and is valid until March 2017.

PLATE 8. BIRD’S HEAD PROJECT IUP BOUNDARY



Exploration activities in the quarter focused on continuing geological mapping, trenching and the commencement of deep diamond drilling.

**Exploration Results**

Drilling at the Green Cliffs target commenced this quarter in conjunction with ongoing geological mapping, surface channel and rock chip sampling, which focused on extending coverage to the South over the Rak Rak target area.

PLATE 9. WDD-016 329.00M: STRONG POTASSIC ALTERATION OF DRILL CORE SHOWING MAGNETITE – EPIDOTE (SILICA) VEINLETS WITHIN MONZONITE



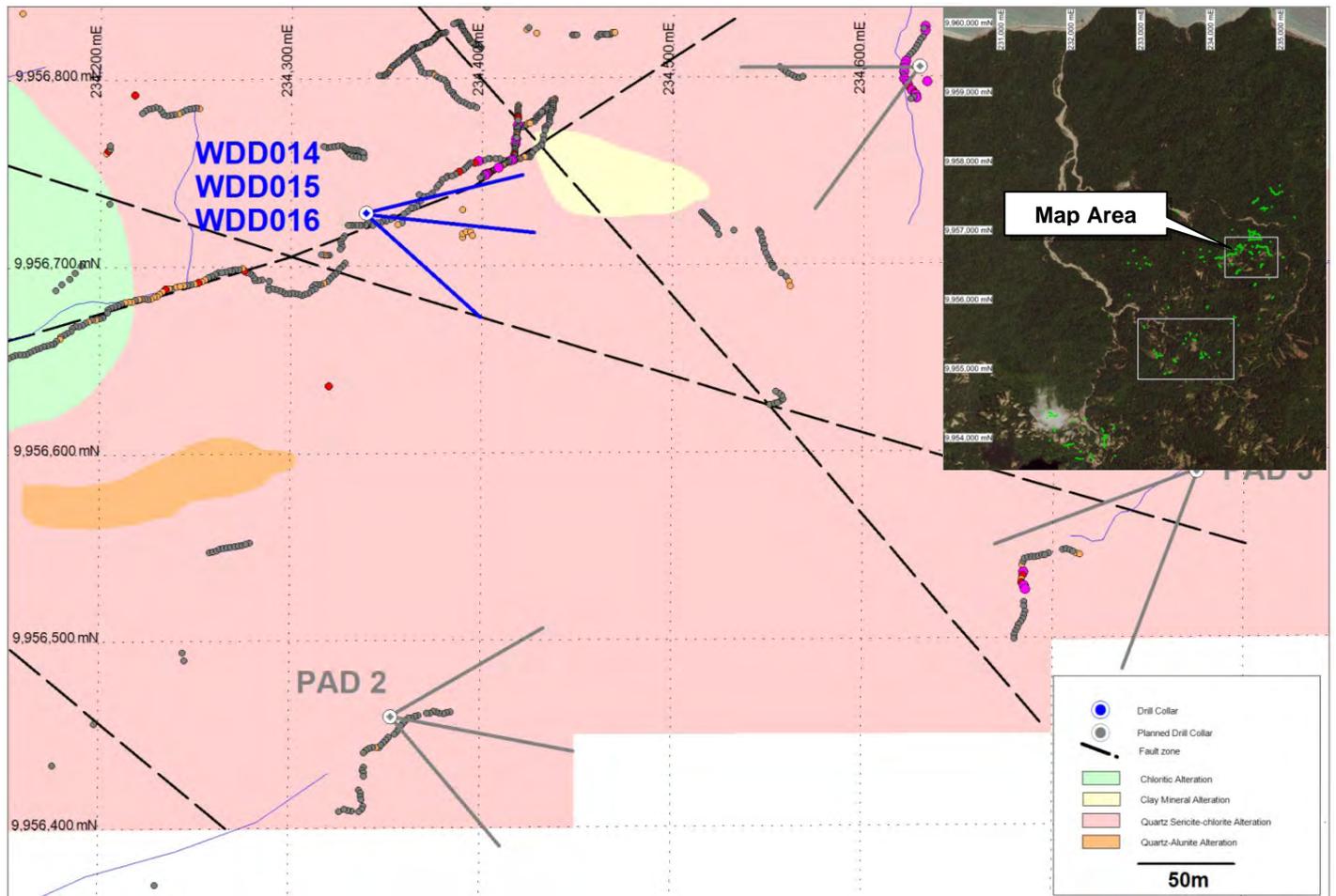
PLATE 10. WDD-016 230M: CLOSE-UP OF SILICA VEINS WITH CHALCOPYRITE – BORNITE – MAGNETITE INFILL IN DRILL CORE



**Drilling**

The much-anticipated drill testing of the West Delta target area commenced mid-March of this quarter. Drilling is targeting a modelled porphyry copper – gold – molybdenum system centred on the Green Cliffs area.

PLATE 11. GREEN CLIFFS DRILLHOLE LOCATION PLAN SHOWING ALTERATION AND TRENCH COPPER GEOCHEMISTRY



Currently three drill holes (WDD014 – 016) have been completed on the Green Cliffs target to downhole depths of 500m. Drilling has encountered widespread potassic alteration of the monzonite host rock with associated visible disseminated copper-sulphides consistent with broad, low grade copper mineralisation. Assay results are pending.

**Trenching**

Trenching, primarily at the Rak Rak prospect continues to encounter strong copper values including:

- **SBT-032**            16.00 m @ 2.55% Cu  
                              6.00 m @ 3.86% Cu  
                              2.00 m @ 1.15% Cu
- **SBT-036:**        18.00 m @ 0.74% Cu  
                              9.00 m @ 0.56% Cu
- **SBT-045:**        22.00 m @ 1.02% Cu

PLATE 12. RAK RAK TRENCHING PLAN ON ANALYTICAL SIGNAL AEROMAGNETIC IMAGE

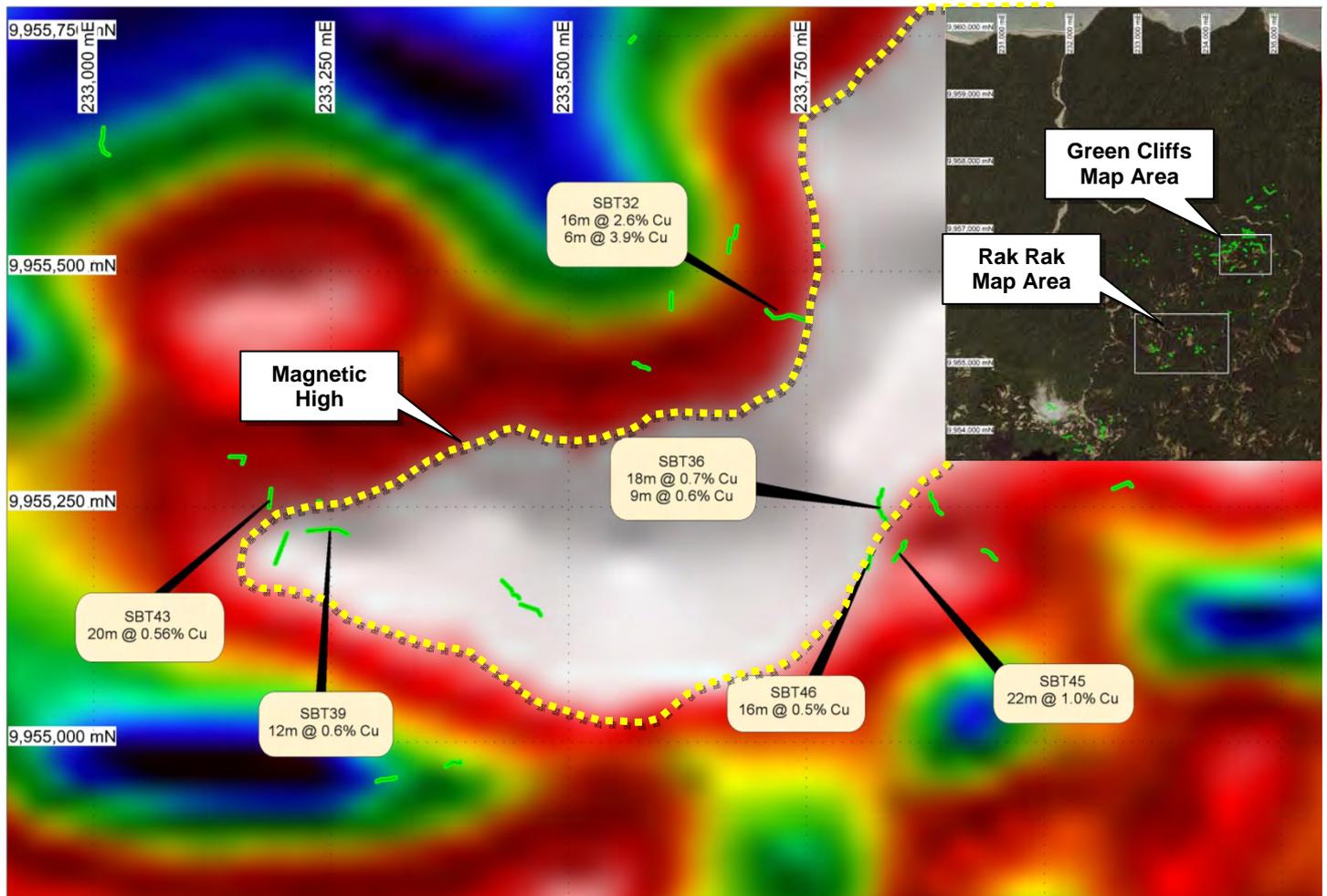


TABLE 8. WEST DELTA TRENCHING COPPER VALUES

TRENCH	EAST	NORTH	RL	LENGTH	PROSPECT	FROM	TO	INTERCEPT	AU G/T	MO G/T
SBT-032	233751	9955447	314	52.00	Rak Rak	0.00	16.00	<b>16.00 m @ 2.55% Cu</b>	0.09	85.38
						20.00	26.00	<b>6.00 m @ 3.86% Cu</b>	0.15	14.67
						42.00	44.00	<b>2.00 m @ 1.15% Cu</b>	0.01	5.00
SBT-033	233010	9955652	164	36.00						
SBT-034	234316	9955775	397	14.00	Rak Rak	2.00	4.00	2.00 m @ 1.31% Cu	0.54	3.00
						12.00	14.00	2.00 m @ 0.95% Cu	0.26	1.00
SBT-035	233880.	9955262	258	28.00		12.00	14.00	2.00 m @ 0.36% Cu	0.02	2.00
SBT-036	233833	9955234	317	41.00	Rak Rak	4.00	22.00	<b>18.00 m @ 0.74% Cu</b>	0.30	88.11
						32.00	41.00	<b>9.00 m @ 0.56% Cu</b>	0.03	86.56
SBT-037	232799	9956101	222	12.00						
SBT-38	233440	9955158	453	18.00	Rak Rak	0.00	2.00	2.00 m @ 0.27% Cu	0.01	2.00
SBT-39	233267	9955220	463	45.00	Rak Rak	0.00	2.00	2.00 m @ 0.86% Cu	0.03	5.00
						14.00	26.00	<b>12.00 m @ 0.56% Cu</b>	0.02	19.67
SBT-40	233922	9955937	291	30.00						
SBT-41	233568	9955748	265	8.00		0.00	2.00	2.00 m @ 0.79% Cu	0.01	74.00
SBT-42	233358	9955916	195	16.00		10.00	12.00	2.00 m @ 0.77% Cu	0.22	10.00
SBT-43	233186	9955269	377	20.00		0.00	20.00	<b>20.00 m @ 0.46% Cu</b>	0.05	<b>141.30</b>
SBT-44	233203	9955222	399	35.00		0.00	8.00	8.00 m @ 0.38% Cu	0.04	26.13
						13.00	18.00	5.00 m @ 0.25% Cu	0.03	20.80
						24.00	35.00	11.00 m @ 0.24% Cu	0.02	3.64
SBT-45	233841	9955192	241	28.00	Rak Rak	6.00	28.00	<b>22.00 m @ 1.02% Cu</b>	0.04	171.27
SBT-46	233814	9955184	264	16.00	Rak Rak	0.00	16.00	<b>16.00 m @ 0.52% Cu</b>	0.07	13.63
SBT-48	233143	9955302	370	27.50	Rak Rak	6.00	8.00	2.00 m @ 0.31% Cu	0.05	27.00
						21.50	23.50	2.00 m @ 0.25% Cu	0.03	15.00
						25.50	27.50	2.00 m @ 0.31% Cu	0.04	24.00
WDT-074	234631	9956826	285	54.00	West Delta	6.00	12.00	6.00 m @ 0.22% Cu	0.09	8.67
WDT-075	234418	9956785	370	60.00	West Delta	39.00	56.00	17.00 m @ 0.24% Cu	0.23	<b>136.35</b>

**Note:** Copper values are derived from a multi element sweep using ICP method.

Significant intercepts calculated as weighted average, maximum of 2m internal waste at a 0.5% Cu cut

Analysis completed by Intertek Laboratories, Jakarta.

## Next Steps

Drilling will continue at Green Cliffs as part of the initial 5,000m programme.

The occurrence of potassic alteration in association with disseminated copper sulphides in drill core is very encouraging. However, while assays are pending, alteration and mineralisation observed in the core thus far relates to an interpreted near-porphyry environment only. To date, drilling has not yet directly encountered the interpreted intrusive mineralising complex.

Trenching and detailed mapping will also continue this coming quarter at the Rak Rak prospect to delineate potential drill targets.

## INTERMET RESOURCES LIMITED (ASX: ITT) (Hillgrove 84.8% Shareholding)

Hillgrove's 84.8% shareholding in InterMet Resources Limited remains under review. There was no exploration activity within InterMet during the quarter.



**HILLGROVE CORPORATE**

<b>CORPORATE INFORMATION</b>	
<b>Issued Share Capital at 30 April 2012</b>	
Ordinary shares	793,698,575
Employee Performance Rights	9,190,000
Employee Share Options	2,667,685
Unlisted options	27,777,777
<b>Share price activity for the April Quarter</b>	
High	0.270
Low	0.220
Last (30 May 2012)	0.215
Average Daily Volume	2,791,117

**Annual General Meeting**

The Notice of Meeting was sent to shareholders on the 29 May 2012 advising the Annual General Meeting will be held in Sydney on the 28 June 2012 at 10:30am at the Radisson Blu Hotel, 66 Pitt Street, Sydney.

**Cash and Investments**

Cash on hand as at 30 April 2012 was AUD 17.9 million.

Debt as at 30 April 2012 was AUD 65.1 million (including the deferred settlement with construction contractor).

The market value of Hillgrove's listed investment portfolio as at 30 April 2012 was approximately AUD 0.9 million.

<b>SHARE REGISTRY</b>	<b>REGISTERED OFFICE</b>
Boardroom Limited	Hillgrove Resources Limited
GPO Box 3993	Level 41 Australia Square Tower
Sydney NSW 2001	264-278 George Street
Australia	Sydney NSW 2000
F: +61 2 9290 9655	Australia
T: (within Australia) 1300 737 760	F: +61 2 8221 0407
T: (outside Australia) +61 2 9290 9600	T: +61 2 8247 9300

**For more information contact:**

Drew Simonsen	Russell Middleton
Managing Director	Company Secretary
Tel: +61 (0)2 8247 9300	Tel: +61 (0)2 8247 9300

**ABOUT HILLGROVE**

Hillgrove is an Australian mining company listed on the Australian Securities Exchange (ASX: HGO) focused on the development and operation of the Kanmantoo Copper Mine in South Australia, and exploration on its Indonesian tenements, where the Company is targeting the discovery of world class epithermal gold and porphyry copper/gold.

The Kanmantoo Copper Mine is located less than 55km from Adelaide in South Australia. With construction now completed, Kanmantoo is an open-cut mine, and is ramping up to an initial throughput of 2.4Mt per annum in the first half of 2012, to produce approximately 80,000 tonnes of concentrate per annum.

**Global Mineral Resource (2012)**

	JORC		Cu	Au	Ag	Cu Metal
	Classification	(Mt)	(%)	(g/t)	(g/t)	(kt)
In Situ Resource	Measured	4.2	0.85	0.13	2.26	35.3
	Indicated	20.5	0.87	0.16	2.34	178.3
	Inferred	6.5	0.66	0.15	1.73	43.0
Long Term Stockpiles	Measured	1.1	0.46	N/A	N/A	5.0
	Indicated	0.5	0.18	N/A	N/A	0.9
	<b>Total</b>	<b>32.8</b>	<b>0.80</b>	<b>0.15</b>	<b>2.20</b>	<b>262.6</b>

Note: As at end of March 2012  
 2012 In Situ Resource >0.25% Cu Cut-off  
 Long Term Stockpiles >0.15% Cu Cut-off and do not include Au & Ag assays

**Competent Person's Statements**

*The information in this report that relates to Indonesian Exploration Results and Exploration Targets is based on information compiled by Mr Jim Kerr, who is a Member of The Australian Institute of Geoscientists. Mr Kerr is General Manager – Exploration for Hillgrove Resources 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 (JORC Code)'.*

*The information in this report that relates to Kanmantoo Exploration Results, Exploration Targets and Stockpiles is based on information compiled by Mr Pat Manouge, who is a Member of The Australian Institute of Geoscientists. Mr Manouge is the Kanmantoo Copper Mine Exploration Manager for Hillgrove Resources 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code)'.*

*The information in this report that relates to in situ Mineral Resource estimates is based on information compiled by Mr Aaron Meakin, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Meakin is a full-time employee of AMC Consultants Pty Ltd and has sufficient relevant experience relevant to the styles of mineralisation and type of deposit under consideration 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 (JORC Code)'.*

*The Competent Persons have consented to the inclusion in the report of the matters based on their information in the form and context in which it appears.*



## APPENDIX

## APPENDIX 1. DRILL INTERCEPTS FOR 2012

Hole ID	Zone	From (m)	To (m)	Width (m)	Copper (%)	Cu m x %	Gold (g/t)	Comments
KTRC858	Emily Star South	103.00	114.00	11.00	0.54	6	0.12	
	<i>including</i>	<b>104.00</b>	<b>106.00</b>	<b>2.00</b>	<b>1.18</b>	<b>2</b>	<b>0.02</b>	
		120.00	126.00	6.00	0.98	6	0.25	
		131.00	139.00	8.00	0.41	3	0.05	
		144.00	146.00	2.00	0.51	1	0.34	
		151.00	159.00	8.00	0.54	4	0.09	
KTRC859	Emily Star South							NSI
KTRC860	Emily Star South	<b>26.00</b>	<b>29.00</b>	<b>3.00</b>	<b>1.37</b>	<b>4</b>	<b>0.20</b>	
		196.00	197.00	1.00	0.74	1	0.02	
KTRC861	Emily Star South	75.00	111.00	36.00	0.81	29	0.12	
	<i>including</i>	<b>79.00</b>	<b>100.00</b>	<b>21.00</b>	<b>1.22</b>	<b>26</b>	<b>0.19</b>	
		117.00	119.00	2.00	0.62	1	0.14	
		126.00	129.00	3.00	0.96	3	0.53	
KTRC862	Critchley							NSI
KTRC863	Critchley	<b>50.00</b>	<b>54.00</b>	<b>4.00</b>	<b>2.46</b>	<b>10</b>	<b>0.08</b>	
		164.00	170.00	6.00	0.76	5	0.38	
KTRC864	Critchley	<b>114.00</b>	<b>117.00</b>	<b>3.00</b>	<b>3.43</b>	<b>10</b>	<b>0.54</b>	
KTRC865	Critchley	120.00	121.00	1.00	0.49	0	0.18	
KTRC866	Paringa	<b>106.00</b>	<b>109.00</b>	<b>3.00</b>	<b>1.90</b>	<b>6</b>	<b>0.32</b>	
		<b>123.00</b>	<b>139.00</b>	<b>16.00</b>	<b>2.47</b>	<b>40</b>	<b>0.25</b>	
	<i>including</i>	<b>123.00</b>	<b>130.00</b>	<b>7.00</b>	<b>4.80</b>	<b>34</b>	<b>0.53</b>	
KTRC867	Paringa	81.00	87.00	6.00	0.81	5	0.51	
		92.00	99.00	7.00	0.74	5	0.42	
KTRC868	Paringa	66.00	67.00	1.00	0.56	1	0.13	
		<b>125.00</b>	<b>127.00</b>	<b>2.00</b>	<b>1.63</b>	<b>3</b>	<b>0.13</b>	
KTRC869	Critchley	157.00	165.00	8.00	0.70	6	0.19	
	<i>including</i>	<b>157.00</b>	<b>161.00</b>	<b>4.00</b>	<b>1.18</b>	<b>5</b>	<b>0.33</b>	
KTRC870	Paringa	<b>125.00</b>	<b>130.00</b>	<b>5.00</b>	<b>1.31</b>	<b>7</b>	<b>0.13</b>	
		164.00	166.00	2.00	0.57	1	0.13	
KTRC871	Emily Star South	128.00	129.00	1.00	0.87	1	0.20	
KTRC872	Paringa							NSI
KTRC873	Paringa	136.00	137.00	1.00	0.77	1	0.27	
		<b>173.00</b>	<b>175.00</b>	<b>2.00</b>	<b>1.91</b>	<b>4</b>	<b>0.19</b>	
KTRC874	Paringa	143.00	146.00	3.00	0.39	1	0.06	
KTRC875	Paringa	65.00	76.00	11.00	0.60	7	0.03	
	<i>including</i>	<b>72.00</b>	<b>75.00</b>	<b>3.00</b>	<b>1.70</b>	<b>5</b>	<b>0.12</b>	
		<b>186.00</b>	<b>188.00</b>	<b>2.00</b>	<b>2.10</b>	<b>4</b>	<b>0.97</b>	
KTRC876	Paringa	115.00	130.00	15.00	0.59	9	0.07	
	<i>including</i>	<b>120.00</b>	<b>124.00</b>	<b>4.00</b>	<b>1.38</b>	<b>6</b>	<b>0.21</b>	
		<b>134.00</b>	<b>140.00</b>	<b>6.00</b>	<b>1.30</b>	<b>8</b>	<b>0.22</b>	
KTRC877	Paringa	36.00	38.00	2.00	0.66	1	0.28	
		175.00	180.00	5.00	0.55	3	0.93	

Hole ID	Zone	From (m)	To (m)	Width (m)	Copper (%)	Cu m x %	Gold (g/t)	Comments
KTRC878	Paringa	20.00	29.00	9.00	0.32	3	0.01	
		54.00	55.00	1.00	0.58	1	0.02	
KTRC879	Paringa	62.00	87.00	25.00	0.44	11	0.06	
	<i>including</i>	<b>66.00</b>	<b>72.00</b>	<b>6.00</b>	<b>1.01</b>	<b>6</b>	<b>0.16</b>	
		93.00	106.00	13.00	0.32	4	<0.01	
KTRC880	O'Neil	87.00	88.00	1.00	0.59	1	0.06	
KTRC881	Paringa	59.00	69.00	10.00	0.38	4	0.06	
KTRC882	Paringa	154.00	155.00	1.00	0.91	1	0.15	
KTRC883	O'Neil	114.00	136.00	22.00	0.36	8	0.16	
KTRC884	Critchley							<i>NSI</i>
KTRC885	O'Neil	39.00	44.00	5.00	0.41	2	0.20	
KTRC886	Paringa	9.00	13.00	4.00	0.47	2	0.01	
		151.00	153.00	2.00	0.46	1	0.09	
KTRC887	Falcon	12.00	16.00	4.00	0.35	1		<i>Further assays pending</i>
KTRC888	Falcon	32.00	51.00	19.00	0.93	18	0.28	<i>Open uphole, assays pending</i>
	<i>including</i>	<b>33.00</b>	<b>48.00</b>	<b>15.00</b>	<b>1.07</b>	<b>16</b>	<b>0.27</b>	
		61.00	63.00	2.00	0.86	2	0.02	
		<b>74.00</b>	<b>79.00</b>	<b>5.00</b>	<b>1.80</b>	<b>9</b>	<b>0.13</b>	
KTRC889	Falcon	111.00	120.00	9.00	0.72	6	0.10	<i>Open downhole - EOH</i>
KTRC827	North Kavanagh	<b>142.00</b>	<b>146.00</b>	<b>4.00</b>	<b>1.13</b>	<b>5</b>	<b>0.46</b>	<i>Hole extended from 130m</i>
		<b>151.00</b>	<b>163.00</b>	<b>12.00</b>	<b>1.47</b>	<b>18</b>	<b>1.07</b>	
		168.00	174.00	6.00	0.86	5	0.13	
KTRC890	Falcon	18.00	20.00	2.00	0.48	1	0.05	
KTRC891	Falcon			0.00		0		<i>Assays Pending</i>
KTRC892	Falcon			0.00		0		<i>Assays Pending</i>

**Note:**

1. All intercepts length weighted & represent downhole widths.
2. Lower cutoff 0.2% copper, no upper cut applied.
3. Minimum intercept width of 1m.
4. Minimum reported intercept equivalent to 1m% copper.
5. Maximum internal dilution of 3m.
6. Duplicate & original sample analyses have been averaged.



## APPENDIX 2. DRILL COLLARS FOR 2012

Hole_ID	Zone	East (GDA)	North (GDA)	RL (Mine)	Dip	Azi (Mag)	Depth (m)
KTRC855	Aubert's	318110	6113207	1151	-70	260	204
KTRC858	Emily Star South	317692	6114193	1161	-70	260	200
KTRC859	Emily Star South	317749	6114233	1163	-70	260	204
KTRC860	Emily Star South	317772	6114279	1167	-70	260	204
KTRC861	Emily Star South	317691	6114192	1161	-50	260	162
KTRC862	Critchley/Paringa	317971	6114384	1203	-50	260	140
KTRC863	Critchley/Paringa	318009	6114365	1202	-60	260	185
KTRC864	Critchley/Paringa	317946	6114280	1201	-50	260	140
KTRC865	Critchley/Paringa	317956	6114322	1200	-50	260	140
KTRC866	Critchley/Paringa	317988	6114165	1204	-70	260	150
KTRC867	Critchley/Paringa	317965	6114127	1200	-70	260	130
KTRC868	Critchley/Paringa	317958	6114076	1200	-50	260	130
KTRC869	Critchley/Paringa	317996	6114331	1204	-60	260	185
KTRC870	Paringa	317965	6114127	1200	-85	260	183
KTRC871	Emily Star South	317748	6114233	1164	-50	260	180
KTRC872	Paringa	317958	6114076	1200	-70	260	160
KTRC873	Paringa	317958	6114076	1200	-85	260	200
KTRC874	Paringa	317988	6114165	1204	-85	260	200
KTRC875	Paringa	317960	6114127	1200	-60	260	200
KTRC876	Paringa	318030	6114201	1209	-70	260	200
KTRC877	Paringa	317983	6114264	1205	-70	260	200
KTRC878	Paringa	317983	6114264	1205	-50	260	60
KTRC879	Paringa	318026	6114250	1214	-75	260	185
KTRC880	Paringa	318158	6114232	1207	-85	260	130
KTRC881	Paringa	318026	6114250	1214	-50	260	80
KTRC882	Critchley/Paringa	318050	6114280	1209	-70	260	200
KTRC883	O'Neil	318205	6114290	1196	-85	260	160
KTRC884	Critchley/Paringa	318071	6114309	1213	-70	260	200
KTRC885	O'Neil	318178	6114290	1203	-60	260	200
KTRC886	O'Neil	318119	6114231	1213	-65	260	200
KTRC887	Falcon	317970	6115134	1217	-65	260	70
KTRC888	Falcon	317970	6115134	1217	-85	260	140
KTRC889	Falcon	317912	6115093	1218	-85	260	120
KTRC890	Falcon	317888	6115047	1218	-85	260	120
KTRC891	Falcon	317875	6114998	1218	-85	260	100
KTRC892	Falcon	317912	6115093	1218	-70	100	192
KTRC827	North Kavanagh	318305	6115260	1206	-70	260	55



# Appendix 5B

## Mining exploration entity quarterly report

Name of entity

Hillgrove Resources Limited

ABN

73 004 297 116

Quarter ended ("current quarter")

30 April 2012

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	13,710	13,710
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(2,692) 0 (24,202) (1,642)	(2,692) 0 (24,202) (1,642)
1.3 Dividends received	279	279
1.4 Interest and other items of a similar nature received	289	289
1.5 Interest and other costs of finance paid	(1,579)	(1,579)
1.6 Income taxes paid	0	0
1.7 Other (Refunds for GST and fuel tax rebate)	2,992	2,992
<b>Net Operating Cash Flows</b>	<b>(12,845)</b>	<b>(12,845)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(0) (3,915)	(0) (3,915)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	0 0 0	0 0 0
1.10 Loans to other entities	(52)	(52)
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>(3,967)</b>	<b>(3,967)</b>
1.13 Total operating and investing cash flows (carried forward)	(16,812)	(16,812)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(16,719)	(16,719)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	0	0
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	15,000	15,000
1.17	Repayment of borrowings	(927)	(927)
1.18	Dividends paid		
1.19	Other (Fees paid)	0	0
	<b>Net financing cash flows</b>	<b>14,073</b>	<b>14,073</b>
<b>Net increase (decrease) in cash held</b>			
1.20	Cash at beginning of quarter/year to date	20,661	20,661
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>17,922</b>	<b>17,922</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	285
1.24	Aggregate amount of loans to the parties included in item 1.10	2,079

1.25 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements	0	0

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	3,000
4.2 Development	0
4.3 Production	27,000
4.4 Administration	2,000
<b>Total</b>	<b>32,000</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	162	1,948
5.2 Deposits at call	17,760	18,713
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	<b>17,922</b>	<b>20,661</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	793,698,575	793,698,575		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	ESOP ExSOP ESOP ExSOP ESOP ExSOP ESOP ExSOP ESOP ExSOP EOPR EOPR Unlisted Total	200,000 500,000 320,000 1,500,000 147,685 4,640,000 4,550,000 27,777,777 39,635,462	<i>Exercise price</i> \$0.40 \$0.575 \$0.38 \$0.26 \$0.00 \$0.00 \$0.00 \$0.27	<i>Expiry date</i> 22/5/2012 28/6/2012 16/8/2012 22/1/2013 1/7/2014 24/9/2013 30/6/2014 19/12/2014
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				

+ See chapter 19 for defined terms.

7.11	<b>Debentures</b> <i>(totals only)</i>			
7.12	<b>Unsecured notes</b> <i>(totals only)</i>			

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 29 May 2012

(Company Secretary)

Print name:

Russell Middleton

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.