

Monday, 31 March 2014

**HILMGROVE DELIVERS INCREASED REVENUE  
AND FULL YEAR PROFIT**

Hillgrove Resources (ASX: HGO - the "Company") is pleased to announce a significant lift in earnings, and its first full year profit following the funding of the Kanmantoo mine, for the financial year ended 31 January 2014 (FY14). The improved performance has been driven by the significant operational and production improvements implemented at its fully owned Kanmantoo Copper / Gold mine near Kanmantoo in the Adelaide Hills, South Australia.

Key results include:

	<b>FY14</b>	<b>FY13 (Previous)</b>
<b>Operating Revenue</b>	<b>A\$ 139.2m</b>	<b>A\$ 115.4m</b>
<b>EBITDA</b>	<b>A\$ 37.3m</b>	<b>A\$ 17.1m</b>
<b>Net Profit After Tax</b>	<b>A\$ 1.5m</b>	<b>A\$ -11.8m (loss)</b>

As previously announced, copper production for FY14 from Kanmantoo increased to a record 17,184t copper contained within concentrates (FY13: 13,744t) driven by the significant operational improvements implemented at the mine, including:

- Replacement of the primary crusher in April 2013;
- Mutual termination of the mining services contract in July 2013;
- Implementation of an owner operated mining plan incorporating specialised contract services for equipment supply and maintenance, blast hole drilling and explosives supply;
- Implementation of quality and productivity improvements in grade and dilution control, mining production and process plant operation, while maintaining an improving safety performance; and
- Significant re-engagement with the local community and increase in locally based workforce.

Along with the above, during the year Hillgrove also issued statements for increased Resource and Reserves for the Kanmantoo Copper Mine.

The financial results incorporate debt reduction through FY14 of A\$9.6m paid back to the Company's financiers out of cashflow.

Hillgrove's CEO and Managing Director, Greg Hall today stated; "The Company is very pleased to be able to present these much improved financial results for the past year. This was a turnaround year for the Company, not only in terms of operational achievements but as importantly, the move to profit clearly underlines the successful transition from mine development to profitable production, and has set the platform for value improvement to shareholders over the coming year."



“The Kanmantoo Copper Mine continues to perform well and in line with the guidance provided for the current financial year. In addition to the material improvements at site during the year, the Company reports that despite the current downturn in spot copper pricing, its strong hedge book and copper pricing in AUD terms is protecting revenue. As previously advised, Hillgrove has hedged approximately 90% of production to July 2014 at prices well above the current spot price for copper. Post July the hedge position reverts to approximately 65% coverage.” Mr Hall said.

**For more information contact:**

Mr Greg Hall  
Managing Director & CEO  
Tel: +61 (0)2 8247 9300

Mrs Shanthi Smith  
Company Secretary  
Tel: +61 (0)2 8247 9300

**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 up to 3.0Mtpa, to produce approximately 90,000 dry metric tonnes of copper concentrate, containing approximately 20,000t copper and associated gold and silver per annum over the current life of mine.

**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
		<b>29.46</b>	<b>0.80</b>	<b>0.20</b>	<b>2.11</b>
Long Term Stockpiles	Measured	1.39	0.46	N/A	N/A
	Indicated	0.50	0.18	N/A	N/A
		<b>1.89</b>	<b>0.39</b>	-	-
<b>Total</b>		<b>31.30</b>	<b>0.78</b>	<b>0.20</b>	<b>2.11</b>

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
		<b>20.7</b>	<b>0.73</b>	<b>0.18</b>	<b>1.9</b>
Long Term Stockpiles	Proven	1.4	0.46	N/A	N/A
		<b>1.4</b>	<b>0.46</b>	-	-
<b>Total</b>		<b>22.1</b>	<b>0.71</b>	<b>0.18</b>	<b>1.9</b>

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 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.