

Thursday, 24 July 2014

KANMANTOO RECEIVES SA GOVERNMENT APPROVAL FOR MINE LIFE EXTENSION

Hillgrove Resources Limited (ASX:HGO) are pleased to advise that the Hillgrove Copper Pty Ltd, Program for Environment Protection and Rehabilitation (PEPR), Life of Mine plan for ML6345 and ML6436 at the Kanmantoo Copper Mine has been approved by the Department of State Development (formerly Department of Manufacturing, Innovation, Trade, Resources and Energy (DMITRE)).

The Approval provides the Kanmantoo Copper Mine with a 75% increase in processed ore over the original PEPR and a life extension to 2019, based on current mine Reserves, and allows access to additional copper Resources located within the Mining Lease.

To facilitate the extension, the Company continued its significant community engagement process and worked closely with various areas of the Local, State and Federal Government. As reported at the end of last quarter, the Federal Government (EPBC) component had been approved. The new mining lease required for expansion of the Nugent pit was recently granted, and now the PEPR approval represents the final part of the approval process.

Mr Greg Hall, CEO commented that "Finalising this process has provided a welcome degree of certainty for the current Kanmantoo Mine programs and targets. It confirms the next stage in the planned mine life of the project, continuing employment for the local region, ongoing cashflow and potential for return of value to shareholders."

"Kanmantoo Copper is now commencing a review of exploration potential on its mining lease and broader regional exploration tenement as part of possible future life extensions. Some of this will be based on conversion of Resources and exploration target ranges into Reserves, and some will be reviewing the potential for new mineralised zones. Our recent acquisition of the exploration and mining option over the historical Kitticoola private mine is a step in this program."

The Kanmantoo Copper Mine continues to operate according to market guidance, with the next Quarterly Report update release targeted for the third week of August.

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ABOUT HILLGROVE

Hillgrove 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 per annum.

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

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

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.