Hillgrove Gold Limited
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15 August 2003

By Fax: 02 9241 7620
Pages: Two

Mr Andrew Black
Senior Companies Advisor
Australian Stock Exchange
Exchange Centre
Level 6, 20 Bridge Street
SYDNEY, NSW, 2000

Dear Andrew,

I refer to your fax dated 14 August and reply to the questions as follows.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company? Answer: Further to the announcement made to the ASX on 13 August 2003 I advise that the Company is presently involved in incomplete negotiations that may result in the acquisition of a package of exploration and mining tenements. The package is consistent with the previously announced objectives of the company.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made? Answer: The result of these negotiations referred to in question 1. is presently uncertain. Should this situation change the Company will immediately assess the situation and consider the necessity to make an announcement.

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading increase in volume in the securities of the Company

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company? Answer: Not in so far as the Company is aware.

4. Please confirm that the Company is in compliance with the listing rules and in particular, listing rule 3.1. The Company is in compliance with the listing rules and in particular, listing rule 3.1.

Please call me to discuss on 9239 2700 or 0414 737 767.

Yours sincerely,

David Archer
Managing Director

ASX
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14 August 2003

Mr Ron Belz
Director & Company Secretary
Hillgrove Gold Limited
Level 1
511 Pacific Highway
Crows Nest NSW 2065

By Facsimile: (02) 9906 4654

Dear Ron

Hillgrove Gold Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from a closing price of 9.1 cents on 11 August 2003 to a high of 14 cents today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

   Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?

4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by facsimile on **facsimile number (02) 9241 7620.** It should <u>NOT</u> be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading **(ie before 9.30 a.m. E.S.T.) on Friday, 15 August 2003.**

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

A.R.A. Black.

Andrew Black
Senior Companies Advisor