Talbot Olivier

LAWYERS

Our ref: JPS:24147
Contact: Jonathan Sadleir
Direct Line: 9223 1428
Direct email: jsadleir@talbotolivier.com.au
Partner: Stephen Skinner

FAXED

Facsimile

To	ASX Company Announcements Platform
Fax No	1900 999 279
From	Stephen Skinner
Date	14 March 2006
Pages (including this page): 23	

Dear Sir/Madam

Notice of initial substantial holder (Form 603)

We act for Sempra Metals and Concentrates Corp.

Attached is a Notice of initial substantial holder (Form 603) dated 13 March 2006.

Yours faithfully

Stephen Skinner
Partner

10th Floor, 55 St George's Terrace, Perth
Western Australia
Postal Address: GPO Box R1287 Perth WA 6844
Telephone: (08) 9325 8977 Facsimile: (08) 9221 1886
Email: talbots@talbotolivier.com.au
www.talbotolivier.com.au
ABN 29 608 373 800

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme	Hillgrove Resources Limited
ACN/ARSN	004 297 116

1. Details of substantial holder (1)

Name	Sempra Energy and its subsidiaries listed in Annexure 'A' to this notice **(Sempra Group)**
ACN/ARSN (if applicable)	

The holder became a substantial holder on 10/ 3/ 2006

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary shares	10,976,868	10,976,868	6.61%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Sempra Group	The relevant interests arise pursuant to section 608(1) and section 608(3) of the Corporations Act 8,000,000 of the shares were acquired by way of issue by the company under the terms of the subscription agreement attached as Annexure "C". The balance of the shares were acquired by way of an on-market transaction.	10,976,868 ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Sempra Group	Sempra Metals and Concentrates Corp	Sempra Metals and Concentrates Corp	10,976,868 ordinary

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Sempra Group	19/10/05	$2,000,000		8,000,000 ordinary
Sempra Group	10/3/06			2,976,868 ordinary

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
See Annexure 'B'	

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
See Annexure 'A'	

Signature

print name Limor Nissan Capacity Vice President

sign here date 13/3/06

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DIRECTIONS

(1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.

(2) See the definition of "associate" in section 9 of the Corporations Act 2001.

(3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.

(4) The voting shares of a company constitute one class unless divided into separate classes.

(5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.

(6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.

(7) Include details of:

(a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and

(b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.

(8) If the substantial holder is unable at to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".

(9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A – Form 603, Notice of initial substantial holder

This is annexure marked "A" of 1 page referred to in the Notice of initial substantial holder (Form 603) signed by me and dated 13 March 2006.

Signed on 13 March 2006

Limor Nissan
Vice President,
Sempra Metals and Concentrates Corp.

Entity Name	Registered Office Address
Sempra Metals and Concentrates Corp.	58 Commerce Road, Stamford, Connecticut 06902, United States of America
Sempra Energy Trading Corp	58 Commerce Road, Stamford, Connecticut 06902, United States of America
Sempra Energy Solutions	101 Ash Street, San Diego, California 92101, United States of America
Sempra Energy Global Enterprises	101 Ash Street, San Diego, California 92101, United States of America
Sempra Energy	101 Ash Street, San Diego, California 92101, United States of America

Annexure B – Form 603, Notice of initial substantial holder

This is annexure marked "B" of 1 page referred to in the Notice of initial substantial holder (Form 603) signed by me and dated 13 March 2006.

Signed on 13 March 2006

Limor Nissan
Vice President,
Sempra Metals and Concentrates Corp.

Name of Associate	Nature of Association
Sempra Energy Trading Corp	Holds 100% of Sempra Metals and Concentrates Corp
Sempra Energy Solutions	Holds 100% of Sempra Energy Trading Corp
Sempra Energy Global Enterprises	Holds 100% of Sempra Energy Solutions
Sempra Energy	Holds 100% of Sempra Energy Global Enterprises

Annexure C – Form 603, Notice of initial substantial holder

This is annexure marked "C" of 1 page referred to in the Notice of initial substantial holder (Form 603) signed by me and dated 13 March 2006.

Attached is a true copy of the subscription agreement dated 19 October 2005 between Hillgrove Resources Limited ABN 73 004 297 116, Hillgrove Copper Pty Limited ABN 43 105 074 762 and Sempra Metals and Concentrates Corp.

Signed on 13 March 2006

Linder Nissan
Vice President,
Sempra Metals and Concentrates Corp.

Hillgrove Resources Limited
ABN 73 004 297 116

Hillgrove Copper Pty Limited
ABN 43 105 074 762

and

Sempra Metals & Concentrates Corp.

Subscription agreement

Talbot Olivier
10th Floor
55 St George's Terrace
Perth WA 6000
Tel: (08) 9325 8977
Fax: (08) 9221 1886
Ref: SPS:24147

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This subscription agreement is made on 19 OCTOBER 2005 between:

1. **Hillgrove Resources Limited**
ABN 73 004 297 116
of Level 41, Australia Square, 264-278 George Street, Sydney NSW 2000
(**Hillgrove**);

2. **Hillgrove Copper Pty Limited**
ABN 43 105 074 762
of Level 41, Australia Square, 264-278 George Street, Sydney NSW 2000
(**Hillgrove Copper**); and

3. **Sempra Metals & Concentrates Corp.**
of 58 Commerce Road, Stamford, CT, 06902, USA
(**Sempra**)

Recitals

A. Hillgrove is a company listed on the ASX.

B. Sempra wishes to subscribe for the Securities and Hillgrove has agreed to issue and then allot the Securities to Sempra upon and subject to the terms of this agreement.

The parties agree in consideration of, among other things, the mutual promises contained in this agreement:

1. Definitions and Interpretation

1.1 Definitions

In this agreement, unless the context otherwise requires:

ASX means Australian Stock Exchange Ltd ACN 98 008 624 691 or any successor body.

Bankable Feasibility Study means a feasibility study that is approved by a bank or other financial institution for the project financing of the development and commercial exploitation of the mining resources located on the Kanmantoo Mining Tenements.

Business Day means a day on which banks are open for business in Adelaide, Sydney and New York excluding a Saturday, Sunday or public holiday.

Claim means any cost, expense, loss, damage, claim, action, proceeding or other liability (whether in contract, tort or otherwise), however arising (whether or not presently ascertained, immediate, future or contingent) and includes legal costs on a full indemnity basis.

Convertible Notes means unlisted convertible, unsecured, redeemable convertible notes to be subscribed for by, and issued to, Sempra under this agreement and the Deed Poll.

Current Business has the meaning given to that term in the Deed Poll.

Deed Poll means the convertible note deed poll dated the same date as this agreement and made between Hillgrove and Hillgrove Copper a copy of which is set out in annexure B.

Dispose means assign, transfer, otherwise dispose of or grant or permit or suffer the grant of any legal or equitable interest (either in whole or in part) whether by sale, lease, declaration or creation of a trust or otherwise.

Due Diligence means an engineering, financial, commercial, regulatory and operational analysis and due diligence of the Kanmantoo Mining Project.

First Subscription Amount means the amount of $4,000,000.

First Subscription Date means the date being not later than 5 Business Days from and including the date of satisfaction of all the conditions precedent to the issue of the Nominated Shares, the First Tranche of the Convertible Notes and the Options, as described in clause 3.5(a), or such other date agreed between the parties in writing.

First Tranche of Convertible Notes means all those Convertible Notes referred to in clause 3.3(a).

Government Agency means any governmental or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal agency or entity.

Hillgrove Bank Account means a bank account in the name of Hillgrove Resources Limited with BSB 032-298 and being Account No. 19 3808 at Westpac Bank at 31 Willoughby Road, Crows Nest, Sydney, New South Wales.

Holder means the registered holder of a Security.

Kanmantoo Mining Project means the base metals and mineral sands mining project comprising the exploration and mining of the Kanmantoo Mining Tenements.

Kanmantoo Mining Tenements means Exploration Licences 3277 and 3298, Mineral Claim 3510 and Mining Lease 5776 and any other mining tenements issued over all or any part of the area circled in annexure A.

Listing Rules means the official listing rules of the ASX.

Material Adverse Effect means a material adverse effect on:

(a) the business, assets, property, condition (financial or otherwise) or prospects of Hillgrove or Hillgrove Copper;

(b) the ability of Hillgrove or Hillgrove Copper to perform any of its obligations under any Transaction Document (including its payment obligations) on a timely basis;

(c) the validity or enforceability of this agreement or any of the other Transaction Documents or the rights or remedies of Sempra under this agreement or any of the other Transaction Documents to which it is a party;

(d) the ability of Hillgrove or Hillgrove Copper to develop and commercially exploit the Kanmantoo Mining Project.

Nominated Shares means 8,000,000 Ordinary Shares at an issue price of $0.25 cents per Ordinary Share.

Officer means:

(a) in relation to Hillgrove and Hillgrove Copper, a director or secretary, or a person notified to be an authorised officer, of Hillgrove or Hillgrove Copper, respectively; or

(b) in relation to Sempra, means any officer of Sempra that Sempra notifies Hillgrove is an authorised officer of Sempra.

Offtake Agreement means any offtake agreement between Hillgrove, Hillgrove Copper and Sempra in relation to the offtake of base metal concentrate from the Kanmantoo Mining Project.

Option Agreement means the option agreement dated the same date as this agreement and made between Hillgrove and Sempra.

Options means the options to be subscribed for by, and issued to, Sempra under the Option Agreement.

Ordinary Share means any fully paid ordinary share in the issued capital of Hillgrove.

Pre-Feasibility Study means a pre-feasibility study as to the development and commercial exploitation of the mining resources located on the Kanmantoo Mining Tenements.

Second Subscription Amount means the amount of $2,000,000.

Second Subscription Date means the date being not later than 5 Business Days from and including the date of satisfaction of the conditions precedent to the issue of the Second Tranche of the Convertible Notes, as described in clause 3.5(b), or such other date agreed between the parties in writing.

Second Tranche of Convertible Notes means all those Convertible Notes referred to in clause 3.3(b).

Securities means all or any of the Nominated Shares, the Convertible Notes and the Options.

Third Subscription Amount means the amount of $2,000,000.

Third Subscription Date means the date being not later than 5 Business Days from and including the date of satisfaction of the conditions precedent to the issue of the Third Tranche of the Convertible Notes, as described in clause 3.5(c), or such other date agreed between the parties in writing.

Third Tranche of Convertible Notes means all those Convertible Notes referred to in clause 3.3(c).

Transaction Document means:

(a) this agreement;

(b) the Option Agreement;

(c) the Deed Poll;

(d) the Offtake Agreement; and

(e) any other document or agreement entered into or given under or incidental to any of the above.

1.2 Interpretation

In this agreement, headings are for convenience only and do not affect the interpretation of this agreement and:

(a) words importing the singular include the plural and the converse;

(b) words importing a gender include all genders;

(c) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;

(d) an expression importing a natural person includes an individual, a firm, a body corporate, an unincorporated association and any Government Agency;

(e) a reference to any thing (including any right) includes a part of that thing but nothing in this clause 1.1(e) implies that performance of part of an obligation constitutes performance of the obligation;

(f) a reference to a clause, party, annexure, exhibit or schedule is a reference to a clause of, and a party, annexure, exhibit and schedule to, this agreement and a reference to this agreement includes any annexure, exhibit and schedule;

(g) a reference to legislation or to a provision of legislation includes any modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it;

(h) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;

(i) a reference to a party to a document includes that party's successors and permitted substitutes (including persons taking by novation) and assigns;

(j) a reference to a document includes any agreement in writing, or any certificate, notice, deed, instrument or other document of any kind;

(k) nothing in this agreement is to be interpreted against a party on the ground that the party put it forward;

(l) the meaning of terms is not limited by specific examples introduced by expressions "including" or "for example", or similar expressions;

(m) a reference to AUD, Dollars, A$ and $ is a reference to the lawful currency of Australia; and

(n) the Corporations Act is a reference to the Corporations Act, 2001 (Cth).

1.3 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the preceding Business Day.

2. Shareholder approval to convertibility of Notes

2.1 Shareholder approval

Hillgrove and Hillgrove Copper acknowledge and agree that shareholder approval will be required under Listing Rule 7.1 to enable Hillgrove to exercise its right to convert the Convertible Notes into Ordinary Shares. Accordingly Hillgrove will convene a meeting of its shareholders no later than 90 days after the date of this agreement and at that meeting it will use its best endeavours to obtain:

(a) that approval; and

(b) the relevant and applicable shareholder approval required under the provisions of Listing Rule 6.20.3 in order to allow Hillgrove to give effect to the right of the holders of Options as referred to in clause 4.4(a) of the Option Agreement.

3. Subscription

3.1 Conditions precedent to issue of Securities

(a) The obligation of Sempra to subscribe for the Securities under this clause 3 is conditional upon, and subject to:

(i) Sempra being provided with evidence to its satisfaction of the release of Registered Charge No. 808208 granted by Hillgrove in favour Tronoh Mines Malaysia Bhd;

(ii) no event which has a Material Adverse Effect having occurred and subsisting during the period from 1 January 2005 to the date on which both of the conditions referred to in clauses 3.1(a)(i) and 3.1(a)(iv) have been satisfied, performed or waived;

(iii) delivery to Sempra of evidence that the Transaction Documents and the transactions therein described have been approved at a meeting of directors of each of Hillgrove and Hillgrove Copper; and

(iv) delivery to Sempra of evidence that all necessary approvals and authorisations required to facilitate the proposed issue of the Securities, which for the sake of clarity do not include the shareholder approvals referred to in clause 2.1.

(b) Sempra's obligation to subscribe for each of the tranches of Convertible Notes under clause 3.3 is conditional upon, and subject to:

(i) the occurrence of the event applicable to that tranche as described in clause 3.3; and

(ii) no event which has or is likely to have a Material Adverse Effect having occurred and subsisting on or prior to the date on which the issue of the relevant tranche of Convertible Notes would otherwise be required to occur under clause 3.3.

(c) The issue and allotment by Hillgrove of each of the tranches of Convertible Notes under clause 3.3 is to be effected upon the terms set out in the Deed Poll.

3.2 Subscription for the Nominated Shares

Subject to the satisfaction of the conditions precedent in clause 3.1(a), Sempra agrees to thereupon subscribe for the issue and allotment to it of the Nominated Shares at a price of $0.25 per Nominated Share.

3.3 Subscription for Convertible Notes

Subject to clause 3.1 and the other terms and conditions of this agreement, Sempra agrees to subscribe for the following Convertible Notes for a price of $1.00 each:

(a) 2,000,000 Convertible Notes upon the delivery to Sempra of a copy of the Offtake Agreement and other Transaction Documents duly executed by Hillgrove and where applicable, Hillgrove Copper, and otherwise in a form and content acceptable to Sempra;

(b) 2,000,000 Convertible Notes upon Sempra being provided with evidence reasonably satisfactory to it of the commencement by or on behalf of Hillgrove or Hillgrove Copper of the Pre-Feasibility Study and conditional upon delivery to

Sempra of evidence of the extension of the term of Mining Lease 5776 or its replacement with a satisfactory replacement tenement; and

(c) 2,000,000 Convertible Notes upon Sempra being provided with evidence reasonably satisfactory to it of the commencement by or on behalf of Hillgrove or Hillgrove Copper of the Bankable Feasibility Study and conditional upon delivery to Sempra of evidence of the extension of the term of Mining Lease 5776 or its replacement with a satisfactory replacement tenement.

3.4 Subscription for Options

(a) Subject to the satisfaction of the conditions precedent in clause 3.1(a), on the First Subscription Date, Hillgrove will issue and allot to Sempra 8,000,000 Options at an exercise price of $0.40 per Option, and otherwise in accordance with the provisions of the Option Agreement.

(b) The Options are to be issued upon the terms set out in the Option Agreement.

3.5 Allotment of Securities

Upon receipt into the Hillgrove Bank Account, in immediately available funds of:

(a) the First Subscription Amount and the application referred to in clause 3.7(a), Hillgrove will immediately thereupon issue and allot to Sempra:

(i) the Nominated Shares;

(ii) the First Tranche of Convertible Notes; and

(iii) the Options referred to in clause 3.4;

(b) the Second Subscription Amount and the application referred to in clause 3.8(a) in respect of the Second Tranche of Convertible Notes, Hillgrove will immediately thereupon issue and allot to Sempra, the Second Tranche of Convertible Notes, and

(c) the Third Subscription Amount and the application referred to in clause 3.8(a) in respect of the Third Tranche of Convertible Notes, Hillgrove will immediately thereupon issue and allot to Sempra, the Third Tranche of Convertible Notes.

3.6 Application of subscription moneys

Hillgrove and Hillgrove Copper shall use:

(a) the First Subscription Amount Convertible Notes, for working capital purposes and to fund the Pre-Feasibility Study;

(b) the Second Subscription Amount, for working capital purposes and to fund the Pre-Feasibility Study or the Bankable Feasibility Study; and

(c) the Third Subscription Amount, for working capital purposes and to fund the Bankable Feasibility Study.

3.7 Completion of first subscription

Completion of the subscription by Sempra for the Nominated Shares, the First Tranche of the Convertible Notes and the Options is to take place at Hillgrove's office in Sydney on the First Subscription Date at which place and date:

(a) Sempra will deliver to Hillgrove a duly executed application for the Nominated Shares, the First Tranche of Convertible Notes and the Options;

(b) Hillgrove will convene a meeting of its directors at which it is to be resolved to issue and allot the Nominated Shares, the First Tranche of Convertible Notes and the Options in accordance with Sempra's application and, upon it being so resolved, Sempra will thereupon deposit the First Subscription Amount into the Hillgrove Bank Account; and

(c) Hillgrove will deliver to Sempra certificates for the Nominated Shares, the First Tranche of the Convertible Notes and the Options and make appropriate entries in its registers.

3.8 Completion of subscription for second and third tranches of Convertible Notes

Completion of the subscription by Sempra for the Second Tranche of the Convertible Notes and the Third Tranche of the Convertible Notes is to take place at Hillgrove's office in Sydney on the Second Subscription Date or Third Subscription Date (respectively) at which place and date:

(a) Sempra will deliver to Hillgrove a duly executed application for the Second Tranche of Convertible Notes and the Third Tranche of the Convertible Notes (as applicable);

(b) Hillgrove will convene a meeting of its directors at which it is to be resolved to issue and allot the Second Tranche of Convertible Notes and the Third Tranche of the Convertible Notes (as applicable) in accordance with Sempra's application and, upon it being so resolved, Sempra will thereupon deposit the Second Subscription Amount or Third Subscription Amount (as applicable) into the Hillgrove Bank Account; and

(c) Hillgrove will deliver to Sempra a convertible note certificate or certificates for the Second Tranche of Convertible Notes and the Third Tranche of Convertible Notes (as applicable) and make appropriate entries in its Convertible Note register.

3.9 Warranty

Each of Hillgrove and Hillgrove Copper represents and warrants that:

(a) the proposed issue and allotment of the Nominated Shares, Convertible Notes and Options to Sempra in accordance with the provisions of this agreement and the other Transaction Documents, and

(b) the performance of its respective obligations under the Transaction Documents,

will not breach any of the Listing Rules (including Listing Rule 7.1) or any requirements of Australian law, and that all corporate approvals have been obtained to such issue and allotment of the Nominated Shares, Convertible Notes and Options and performance of their respective obligations.

3.10 Representations and warranties and acknowledgments

(a) Neither Hillgrove nor Hillgrove Copper makes any warranties or representations in relation to the Securities except as expressly provided for in this agreement or other Transaction Document, including in relation to the value or liquidity of the Securities.

(b) Sempra acknowledges and agrees that:

(i) it is aware of the speculative nature of the Current Business of Hillgrove or Hillgrove Copper; and

(ii) it has had the opportunity to review publicly available information relating to Hillgrove and Hillgrove Copper and to make (and has made) reasonable enquiries in relation to all matters material to those companies.

(c) The representations and warranties in, or given under, this agreement survive the execution of this agreement.

(d) Each party has entered into this agreement in reliance on the representations and warranties in, or given under, this agreement by the other party. Sempra has also relied on the representations and warranties given to it by Hillgrove and Hillgrove Copper under the other Transaction Documents.

3.11 No disclosure document or intention to on-sell

Sempra:

(a) warrants and represents to Hillgrove and Hillgrove Copper that it is not acquiring the Securities with the purpose of selling or transferring them (or granting, issuing or transferring interests in, or options or warrants over, them) within 12 months of their issue by Hillgrove;

(b) covenants not to do anything or take any action which would require Hillgrove to prepare or lodge a disclosure document (as defined in section 9 of the Corporations Act) or a Product Disclosure Statement (as defined in section 761A of the Corporations Act) in relation to the Securities; and

(c) indemnifies Hillgrove from and against any Claim arising from or relating to Sempra's sale of (or offer to sell or granting, issuing or transferring of interests in, or options or warrants over) the Securities within 12 months of their issue by Hillgrove including any Ordinary Shares that are issued as a result of conversion of the Convertible Notes or exercise of the Options or otherwise pursuant to this agreement or any other Transaction Documents, in violation of section 707(3) or section 1012C(6) of the Corporations Act.

3.12 Sale of Securities

Subject to clause 3.11, Sempra or any other Holder may sell or Dispose of all or any of the Securities at any time.

4. General

4.1 Notices

(a) Any notice or other communication given under any Transaction Document to or by a party to any Transaction Document:

(i) must be in legible writing and in English addressed as shown below:

(A) if to Sempra:

Address: 58 Commerce Road, Stamford, CT 06902, USA

Attention: Vice President, Concentrates Trading
Telephone: (1)(203) 355 5200
Facsimile: (1)(203) 355 6400

(B) if to Hillgrove or to Hillgrove Copper:

Address: Level 41, Australia Square, 264-278 George Street, Sydney, NSW 2000
Attention: David Archer, Ian Kirkman and Dale Ferguson
Telephone: (612) 8221 0404
Facsimile: (612) 8221 0407,

(ii) where the sender is a company, must be signed by an Officer or, in the case of Hillgrove and Hillgrove Copper by an Officer or in accordance with the provisions of section 127 of the Corporations Act;

(iii) is to be regarded as being given by the sender and received by the addressee:

(A) if by delivery in person, when delivered to the addressee;

(B) if by post, on delivery to the addressee; or

(C) if by facsimile transmission, whether or not legibly received, when received by the addressee,

but if the delivery or receipt is on a day which is not a Business Day or is after 4.00pm (addressee's time) it is regarded as received at 9.00am on the following Business Day; and

(iv) can be relied upon by the addressee and the addressee is not liable to any other person for any consequences of that reliance if the addressee believes it to be genuine, correct and authorised by the sender.

(b) A facsimile transmission is regarded as legible unless the addressee telephones the sender within 2 hours after the transmission is received or regarded as received under clause 4.1(a)(iii) and informs the sender that it is not legible.

(c) In this clause 4.1, a reference to an addressee includes a reference to an addressee's Officers, agents or employees or any person reasonably believed by the sender to be an Officer, agent or employee of the addressee.

4.2 Governing law and jurisdiction

(a) This agreement is governed by the laws of New South Wales.

(b) Each party to this agreement hereby each irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales.

4.3 Stamp duty

Hillgrove must pay any stamp duty payable on this agreement and the documents set out in annexure B and annexure C.

4.4 Prohibition and enforceability

(a) Any provision of, or the application of any provision of, any Transaction Document which is prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition.

(b) Any provision of, or the application of any provision of, any Transaction Document which is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions in that or any other jurisdiction.

4.5 Variation

A variation of any term of this agreement must be in writing and signed by the parties.

4.6 Further assurances

Each party must do all things necessary to give full effect to this agreement and the transactions contemplated by this agreement.

4.7 Counterparts

(a) This agreement may be executed in any number of counterparts.

(b) All counterparts, taken together, constitute one instrument.

(c) A party may execute this agreement by signing any counterpart.

4.8 Entire agreement

This agreement supersedes all previous agreements, in respect to the subject matter.

Executed as an agreement:

Signed by
Hillgrove Resources Limited
by:

Secretary/Director

DAVID ARCHER.
Name (please print)

Director

RON BELZ
Name (please print)

Signed by
Hillgrove Copper Pty Limited
by:

Secretary/Director

DAVID ARCHER.
Name (please print)

Director

RON BELZ
Name (please print)

Signed on behalf of
Sempra Metals & Concentrates Corp
in the presence of:

Witness

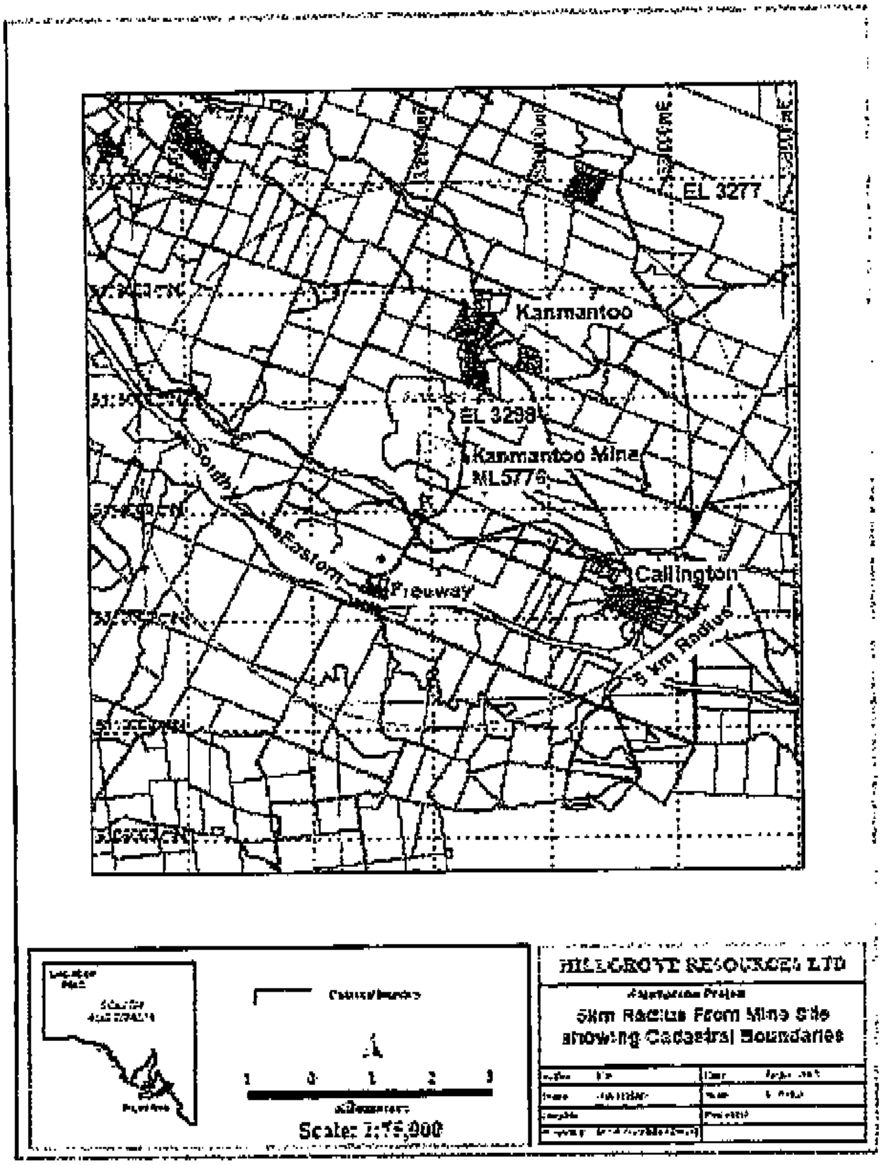
Lindy Nissan
Name (please print)

Vice President

Eric T. Allison
Name (please print)

Annexure A

Kanmantoo Mining Tenements



Annexure B
***Convertible note* deed poll**

Annexure C
Option agreement