

Monday, 20 January 2014

NEW EXCAVATORS AT KANMANTOO AND UPDATE ON GUIDANCE

Hillgrove Resources Limited (ASX:HGO) is pleased to advise that two new Liebherr 9350 300 tonne excavators have been purchased for use at the Kanmantoo Copper Mine by the Company's equipment supply contractor Andy's Earthmovers (Asia Pacific) Pty Limited.

The first of the new excavators is now in the Kavanagh pit at Kanmantoo with operator training underway. The second excavator is on site and under construction.

Hillgrove's Managing Director and CEO, Greg Hall said: "The arrival and commissioning of these excavators will provide both improved productivity and lower costs by allowing a further ramp up in the volume of tonnes moved from the mining pits in line with the Company's long term mine plans. This will see production benefits leading to improved cashflow and profit from the Kanmantoo Copper Mine."



"The mine and processing plant completed a ramp up to full production by October 2013, with consistent performance in copper production through the current quarter (commenced 1 November). Hillgrove expects another record for copper production for the quarter among other continued improvements at site."

Production guidance for this quarter ending 31 January 2014 is 5,400 to 5,600t copper contained within concentrates*. Costs are continuing to reduce with C1 costs forecast to be in the low USD2.00's per lb Cu for the quarter, in line with previous guidance provided.

"We are very pleased to see that Hillgrove's workforce has continued to operate effectively and safely since the new mining plan was implemented. This has resulted in improved quality and ore grade mined, increased mill throughput and increased copper production. We also recognise the very significant input into our operations through our major supporting contractors Andy's Earthmovers (Asia Pacific) Pty Ltd, Roc-Drill Pty Ltd and Maxam Australia Pty Ltd," Mr Hall said.

With this increased production profile, Hillgrove took advantage of the currently high USD copper price and low Australian Dollar by conducting additional hedging for the first half of FY2015*. As such, Hillgrove Resources entered into contracts to deliver 2,280mt of copper at a weighted average price of A\$8,291/mt (net of margin) further strengthening the Company's position.



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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 ramped up to a throughput of over 2.8Mtpa, to produce approximately 80,000 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.

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.

***Note: Hillgrove Resource's financial year is from 1 February to 31 January. The current quarter is Q4 (November/December/January) for the 2013/14 financial year ending 31 January 2014.**