

Thursday, 22 January 2015

HILLGROVE MARKET UPDATE ON STRONG COPPER HEDGE POSITION

In light of the recent weakness in the global copper price, and the release of certain reports, Hillgrove Resources Limited (ASX:HGO) would like to update and reinforce to shareholders and the market the strong copper forward price position the Company maintains through its copper hedging program.

Hillgrove Resources has an active approach to hedging to support its Kanmantoo Mine revenue stream from short term falls in the copper price. In the Company's **September Quarterly Report** we advised that our hedge book was providing an average realised copper price of A\$3.50/lb(US\$3.29/lb). At that time, our forward sales of copper were hedged at approximately 90% through to the end of November 2014, after an additional 1,487t of copper was hedged at A\$7,642/mt (A\$3.47/lb).

Although the global copper price in US\$ terms reduced during the fourth quarter of 2014, the US\$/A\$ exchange rate also fell which maintained for a period a reasonably firm A\$ copper price. Hence during December, Hillgrove continued its active hedging program by putting in place further copper hedging of 2,887mt copper at A\$7,749/mt (A\$3.52/lb).

This has now provided Hillgrove Resources with an average hedge cover of **78% of payable production through to March 2016, at an average price of A\$7,723/mt (A\$3.50/lb), with a mark to market value of \$11.9M as at 19 January 2015**. This average price compares very favourably to the current global copper spot price of US\$5,722/mt (A\$6,997/mt or A\$3.17/lb).



The Company's fourth quarter report for the financial year ending 31 December 2014 is currently being prepared and finalised, and is planned for release later next week. This will provide production and cost results for the fourth quarter and the 11 month CY14 Financial Year (unaudited).

For more information contact:

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

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

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 with a throughput of 3.0Mtpa, to produce approximately 100,000 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.