

Monday, 21 January 2013

## **INTERMET INVESTMENT RESTRUCTURE**

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**Hillgrove Resources Limited (ASX:HGO) announces today a significant restructure of its investment in InterMet Resources Limited (ASX:ITT).**

### **KEY HIGHLIGHTS**

- Hillgrove Resources Limited and its wholly owned subsidiary Hillgrove Exploration Pty Ltd (collectively "Hillgrove") have sold a total of 32 million InterMet shares at 1 cent each, raising \$320,000 in cash (Share Sale). Hillgrove retains approximately 10.8 million InterMet shares for potential upside in InterMet's share price following its recapitalisation, outlined below.
- InterMet announces a \$500,000 two staged capital raising for the issue of 50 million new InterMet shares at 1 cent per share:
  - o A placement of 7.5 million new InterMet shares has already been made, raising \$75,000 in cash for InterMet, less transaction costs (Placement). Hillgrove did not participate in the Placement;
  - o The balance of 42.5 million new InterMet shares will be issued subject to InterMet shareholder approval at a general meeting, expected to be held in late February 2013 (Capital Raising). The Capital Raising is being managed by Cygnet Capital Pty Ltd (Authorised representative under AFSL 241095) which has identified sophisticated and professional investors who are expected to take up the full Capital Raising offer, raising \$425,000 in cash for InterMet, less transaction costs. Hillgrove intends to vote in favour of the Capital Raising, but does not intend to participate in the Capital Raising.
- Hillgrove and its wholly owned subsidiaries have forgiven and released all loans owed to them by InterMet and its related bodies corporate, being approximately \$2.4 million. In addition, Hillgrove will no longer provide any financial assistance to InterMet, and has withdrawn its financial support to InterMet under its letter of financial support dated 10 October 2012.
- Hillgrove's shareholding in InterMet has, following the Share Sale and Placement, reduced from 84.8% to 18.7%, and will be further diluted to 10.8%, assuming the Capital Raising is successful.
- Hon. Dean Brown AO and Mr Russell Middleton have resigned from the InterMet board, thereby ending Hillgrove's representation on that board. Mr Ron Belz has also resigned from the InterMet board. Three new directors have been appointed to the InterMet Board.
- InterMet will use the funds raised from the Placement and Capital Raising (less transaction costs) to continue its pursuit of mineral exploration assets, and it has announced today it has entered an agreement to acquire an option over 80% of a prospective nickel sulphide project in Western Australia.

Hillgrove's chairman, Hon. Dean Brown AO, said that this investment restructure is part of Hillgrove's initiative to streamline its exploration activities, to allow more focus to be directed to its ongoing



## HILLGROVE RESOURCES LIMITED

Kanmantoo Copper Mine in South Australia, and to reduce its exposure to ongoing corporate costs associated with having a majority-owned ASX-listed subsidiary within the Hillgrove group structure.

### For more information contact:

Hon. Dean Brown, AO  
Chairman  
Tel: 0419 863 723

Mr Russell Middleton  
Acting Chief Executive Officer  
Tel: 02 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 exploration on its Indonesian tenements, where the Company is targeting the discovery of world class epithermal gold and porphyry copper/gold.

The Kanmantoo Copper Mine is located less than 55km from Adelaide in South Australia. With construction now completed, Kanmantoo is an open-cut mine, which has ramped up to an initial throughput of 2.4Mt per annum, and is now targeting throughput of 2.8Mt per annum, to produce approximately 80,000 tonnes of concentrate per annum.

### Global Mineral Resource (March 2012)

|                      | JORC Classification | Tonnage (Mt) | Cu (%)      | Au (g/t)    | Ag (g/t)    | Bi (g/t)   | Cu Metal (kt) |
|----------------------|---------------------|--------------|-------------|-------------|-------------|------------|---------------|
| In Situ Resource     | Measured            | 4.2          | 0.85        | 0.13        | 2.26        | 173        | 35.3          |
|                      | Indicated           | 20.5         | 0.87        | 0.16        | 2.34        | 129        | 178.3         |
|                      | Inferred            | 6.5          | 0.66        | 0.15        | 1.73        | 114        | 43.0          |
| Long Term Stockpiles | Measured            | 1.1          | 0.46        | N/A         | N/A         | N/A        | 5.0           |
|                      | Indicated           | 0.5          | 0.18        | N/A         | N/A         | N/A        | 0.9           |
|                      | <b>Total</b>        | <b>32.8</b>  | <b>0.80</b> | <b>0.15</b> | <b>2.20</b> | <b>132</b> | <b>262.6</b>  |

Note: The estimation of Bi is based on limited sampling data. Bi is recognised as a potential penalty element.

As at end of March 2012.

2012 In Situ Resource > 0.25% Cu.

Long Term Stockpiles > 0.15% Cu. Au, Ag and Bi assays are not available.

### Ore Reserve (April 2010)

| Category           | Tonnage     | Cu          | Au          | Ag         |
|--------------------|-------------|-------------|-------------|------------|
|                    | Mt          | (%)         | (g/t)       | (g/t)      |
| Proved             | 2.3         | 0.87        | 0.13        | 3.2        |
| Probable           | 12.5        | 0.84        | 0.18        | 3.1        |
| <b>Ore Reserve</b> | <b>14.8</b> | <b>0.85</b> | <b>0.17</b> | <b>3.1</b> |

### Competent Person's Statements

*The information in this release that relates to in situ Mineral Resource estimates is based on information compiled by Mr Aaron Meakin, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Meakin is a full-time employee of AMC Consultants Pty Ltd 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code)'.*

*The information in this release that relates to Ore Reserve estimates is based on information compiled by Mr Geoff Davidson, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Davidson is a Principal Consultant and Director of Mining and Cost Engineering Pty Ltd and has sufficient relevant experience to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code)'.*

*The Competent Persons have consented to the inclusion in the release of the matters based on their information in the form and context in which it appears.*