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Australian Securities Exchange  
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10<sup>th</sup> Floor  
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11<sup>th</sup> August 2008

**Via E - lodgement**

Dear Sir

**LETTER OF INTENT – HILLGROVE COPPER LTD**

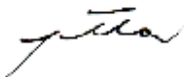
As advised in our ASX release dated 28<sup>th</sup> July 2008 (Update on 2007/8 Earnings Guidance), the company's wholly owned subsidiary Abesque Engineering and Construction Ltd (AEC) has commenced detailed engineering design for Hillgrove Copper Ltd's Kanmantoo Copper Project.

Hillgrove has now issued to AEC a Letter of Intent for the design and construct contract for the Kanmantoo Project confirming Hillgrove intends to proceed with final negotiations and award of the contract to AEC subject to precedent conditions.

The precedent conditions include approval of the mining lease and granting of all other required statutory approvals to Hillgrove for the project, approval of project finance and finalisation of the detailed scope of works and commercial terms for the AEC contract.

The company also wishes to correct the statement in our ASX release of 28<sup>th</sup> July 2008 regarding the envisaged commencement timing for the project construction. The construction is expected to commence in the second quarter of FY 2008/9, not the second half of FY 2008/9.

Yours sincerely,



Peter Hutchinson  
Managing Director