

Monday, 18 September 2010

UPDATE ON FINANCING OF KANMANTOO PROJECT

In response to today's reference to Hillgrove Resources Limited (ASX:HGO) in the Australian Financial Review in relation to financing for Kanmantoo, the Company advises it is continuing discussions with a small group of banks to arrange debt finance for the project. The Company is currently considering the appropriate mix of equity and equity linked alternatives in order to fully fund the project. It is expected that binding offers and equity commitments will be finalised over the next couple of weeks.

About Hillgrove

Hillgrove is an Australian mining company listed on the Australian Securities Exchange (ASX: HGO) focused on developing its Indonesian and Australian base and precious metals projects. The Company is targeting the discovery of world class epithermal gold and porphyry copper/gold deposits in Eastern Indonesia.

Hillgrove's flagship development is the Kanmantoo Copper Mines, located less than 55km from Adelaide in South Australia. Kanmantoo currently hosts a Mineral Resource of 32.2Mt (2.3Mt Measured, 22.5Mt Indicated and 7.4Mt Inferred) grading 0.9% copper and 0.20g/t gold, containing 292,200 tonnes of copper, 191,100 ounces of gold and 3,313,600 ounces of silver. With completion of construction targeted for 2011, Kanmantoo will be a 2.4MT per annum open-cut mine producing approximately 20,000 tonnes of copper in concentrate and 10,000 ounces of gold per annum.

The information in this report that relates to Mineral Resource estimates is based on information compiled by Mr Paul Payne, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Payne is a full-time employee of Runge Limited 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'. Mr Payne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

For more information contact:

Drew Simonsen
Managing Director
Tel: 0417 246 696

Russell Middleton
Company Secretary
Tel: 02 8221 0404

