Interim Report
for the Half-Year Ended
31 July 2011

Hillgrove Resources Limited
and its Controlled Entities

ACN 004 297 116

Contents

Directors' Report

Your directors present their report on the consolidated entity consisting of Hillgrove Resources Limited and the entities it controlled at the end, or during, the half-year ended 31 July 2011.

Directors

The following persons were directors of Hillgrove Resources Limited during the whole of the half-year and up to the date of this report:

- The Hon. D C Brown, AO
- R D Belz
- J E Gooding
- J A Quirke
- E Zemancheff
- D A Simonsen

Review of operations

The Profit of the consolidated entity for the half-year was $503,000 (half year to 31 July 2010: loss of $2,664,000).

During this period, the group converted its options interests in the West Kalimantan bauxite tenements into 39.5% of Kalbar resources. This holding was equity accounted and the share of net profit after tax was $4.5 million. The investment was revalued by $2.1 million to reflect the true carrying value of the investment.

Transaction costs for raising project finance amounting to $867,000 was written off and investment in Silver Swan was also written down by $546,000 due to lower market prices.

Kanmantoo

- Construction of the Ore Processing Plant at Kanmantoo was 75% complete at the half year end and remains on schedule for ore commissioning during October, and Practical Completion and plant handover by 1 November 2011. Total expenditure for the half year on the Kanmantoo project was $72.9m.

- Cost to complete Kanmantoo construction is currently estimated at 120-125 million, comparing well with the estimate at FID (Final Investment Decision) of $121.2 million.

- First concentrate product sales are forecast in November with first concentrate expected to be transported to the port in late October or early November.

- All supporting infrastructure including water pipeline, site access road and power infrastructure is either complete or nearly so.

- An exploration program was initiated during the half year at Kanmantoo focussing on near mine targets to increase the resource and reserves and ultimately the mine life of Kanmantoo.

- The Company has adopted commodity and foreign exchange risk management policies to manage its exposure to the fluctuations in USD copper prices in the future. The company has recorded a liability of $43.7m which reduced from $58.6 million as at 31 January 2011. Since the reporting date of 31 July the copper price has moved significantly lower which will have the impact of markedly reducing the recorded liability.

Indonesia

- In West Papua in Indonesia, significant additional mineralisation anomalies at the Bird's Head Project have been identified, pending the award of a drilling permit, with expenditure for the half year totalling $1.9 million.

- On Sumba Island in Indonesia at the Masu (Southern) Project, 800m strike length of significant gold mineralisation has been delineated with very encouraging showings in trenching and test pits with expenditure for the half year totalling $1.9 million.

- Also on Sumba, a 3,300 line kilometre aeromagnetic and radiometric survey over the bulk of the Sumba IUP was completed.

Corporate

- Cash on hand as at 31 July 2011 was AUD 55.3 million, together with undrawn debt facilities of AUD 18.0 million.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded in accordance with that Class Order to the nearest thousand dollars.

Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

This report is made in accordance with a resolution of the directors:

Dated this 12th day of October 2011

The Hon. Dean Brown AO
Chairman

Mr D A Simonsen
CEO and Managing Director

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Auditor's Independence Declaration

As lead auditor for the review of Hillgrove Resources Limited for the half year ended 31 July 2011, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Hillgrove Resources Limited and the entities it controlled during the period.

D A Turner

Darren Turner
Partner
PricewaterhouseCoopers

Newcastle
12 October 2011

Consolidated Income Statement
For the half-year ended 31 July 2011

	Note	Half-year 2011 $'000	Half-year 2010 $'000
Revenue from continuing operations		3,574	4,327
Other Income		-	29
Cost of Sales		(598)	(1,041)
Accounting, ASIC & Audit		(213)	(197)
Finance costs		(74)	(121)
Computing & Communications		(120)	(132)
Consultants fees		(1,105)	(389)
Depreciation	3	(290)	(183)
Directors fees		(264)	(216)
Insurance		(62)	(51)
Public Co. expenses		(260)	(173)
Rent		(126)	(120)
Employee benefits expense		(2,011)	(2,552)
Travel		(220)	(330)
Promotion		(33)	-
Legal fees		(130)	(44)
Foreign exchange gain/(loss)		(81)	(66)
Write-off of exploration expenditure		-	(161)
Realised losses on financial derivatives		-	(883)
Unrealised gains/ (losses) on financial derivatives		277	-
Share of net profit from associates using equity method	5	4,499	-
Revaluation of investment in associates		(2,191)	-
Impairment of property, plant and equipment		(266)	-
Impairment of available for sale financial instruments		(546)	-
Other expenses		(238)	(116)
Loss on disposal of asset		-	(2,080)
Loss before income tax		(478)	(4,499)
Income tax benefit		981	1,835
Profit / (Loss) for the half year		**503**	(2,664)
Profit / (Loss) for the half year is attributable to:			
Equity holders of Hillgrove Resources		335	(2,614)
Non-controlling interest		168	(50)
		503	(2,664)
Earnings per share for profit attributable to the ordinary equity holders of the Company:		**$**	**$**
Basic earnings per share		0.001	(0.006)
Diluted earnings per share		0.001	(0.006)

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income
For the half-year ended 31 July 2011

	Half-year 2011 $'000	Half-year 2010 $'000
Profit / (Loss) for the half year	503	(2,664)
Other comprehensive income		
Available-for-sale financial assets	(44)	69
Employee share option plan	262	159
Unrealised gains/ losses on cash flow hedges taken to equity	14,058	-
Income tax relating to components of other comprehensive income	(4,218)	-
Other comprehensive income for the half year	10,058	228
Total comprehensive income for the half year is attributable to:	10,561	(2,436)
Equity holders of Hillgrove Resources	10,395	(2,386)
Non-controlling interest	166	(50)
	10,561	(2,436)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet
As at 31 July 2011

	Note	31 July 2011 $'000	31 Jan 2011 $'000
Current assets			
Cash and cash equivalents		55,331	117,859
Trade and other receivables		1,965	1,910
Derivative financial assets		213	1,207
Available-for-sale financial assets		1,707	2,607
Other current assets		94	-
Inventories		610	75
Total current assets		59,920	123,658
Non-current assets			
Other financial assets		-	1,852
Property, plant and equipment	3	78,145	36,068
Investments accounted for using the equity method	5	4,499	-
Exploration and evaluation expenses	4	42,145	39,315
Development expenses	4	72,375	36,732
Deferred tax asset		12,638	15,855
Derivative financial assets		910	-
Total non-current assets		210,712	129,822
Total assets		270,632	253,480
Current liabilities			
Trade and other payables		19,025	8,673
Current tax liability		-	22
Employee benefits payable		381	254
Derivative financial instruments		511	-
Total current liabilities		19,917	8,949
Non-current liabilities			
Provisions		1,040	1,066
Borrowings	6	10,746	-
Derivative financial instruments		43,693	58,624
Total non-current liabilities		55,479	59,690
Total liabilities		75,396	68,639
Net assets		195,236	184,841
Equity			
Contributed equity		178,343	178,343
Reserves		(26,949)	(37,007)
Retained earnings		43,674	43,171
Non-controlling interest		168	334
Total equity		195,236	184,841

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity
For the half-year ended 31 July 2011

	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non con-trolling interests $'000	Total equity $'000
Balance at 1 February 2010	104,570	1,539	57,344	163,453	344	163,797
Total comprehensive income for the year	-	228	(2,614)	(2,386)	(50)	(2,436)
Transactions with owners:						
Contributions of equity, net of transaction costs	1,260	-	-	1,260	-	1,260
Balance at 31 July 2010	105,830	1,767	54,730	162,327	294	162,621
Balance 1 February 2011	178,343	(37,007)	43,171	184,507	334	184,841
Total comprehensive income for the half-year	-	10,058	503	10,561	-	10,561
Transactions with owners:						
Contributions of equity, net of transaction costs	-	-	-	-	-	-
Non- controlling interests	-	-	-	-	(166)	(166)
	-	-	-	-	(166)	(166)
Balance 31 July 2011	178,343	(26,949)	43,674	195,068	168	195,236

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
For the half-year ended 31 July 2011

	Note	Half-year July 2011 $'000	Half-year July 2010 $'000
Cash flows from operating activities			
Cash receipts in the course of operations		1,585	1,905
Cash payments in the course of operations		(5,380)	(6,818)
Income tax paid		-	-
Interest paid		-	-
Interest received		2,251	2,886
Net cash used in operating activities		(1,544)	(2,027)
Cash flows from investing activities			
Payments for exploration evaluation and development		(38,473)	(3,159)
Payments for plant and equipment		(34,453)	(21,073)
Payments for Investments		(225)	(569)
Proceeds on sale of available for sale financial assets		371	168
Proceeds on sale of plant and equipment		8	1,337
Net cash used in investing activities		(72,772)	(23,296)
Cash flows from financing activities			
Proceeds from issue of shares		-	1,300
Transaction costs from issue of shares		-	(1,414)
Repayment of borrowings		-	(2,500)
Payments for Hedging Instruments		-	(8,707)
Net proceeds from borrowings	6	12,000	-
Transaction costs of borrowings		(212)	-
Net cash provided by financing activities		11,788	(11,321)
Net (decrease)/increase in cash held		(62,528)	(36,644)
Cash at beginning of the half year		117,859	130,354
Cash at end of the half year		55,331	93,710

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements
For the half-year ended 31 July 2011

1. Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 31 July 2011 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 January 11 and any public announcements made by Hillgrove Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year and corresponding interim reporting periods.

Impact of standards issued but not yet applied by the entity

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. In the current reporting period, the group recognised $44,000 of such losses in other comprehensive income. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The group has not yet decided when to adopt AASB 9.

Notes to the Financial Statements
For the half-year ended 31 July 2011 (continued)

2. Financial reporting by segment

Management has determined the operating segments based on the reports reviewed by the Executive and Board. The Group is organised into business units based on geography and has two reportable operating segments:

Australia – Mineral exploration and mining development.

Indonesia – Mineral exploration in Sumba and Birds Head.

No operating segments have been aggregated to form the above reportable operating segments.

	Australia		Indonesia		Consolidated	
	$000's	$000's	$000's	$000's	$000's	$000's
	31 July 2011	31 July 2010	31 July 2011	31July 2010	31 July 2011	31July 2010
Revenue						
External customers	1,323	1,650	-	-	1,323	1,650
Interest Income	-	-	-	-	2,150	2,677
Other Income	-	-	-	-	101	29
Total Revenue	1,323	1,650	-	-	3,574	4,356
Profit (Loss) before income tax	(478)	(3,485)	-	-	(478)	(4,499)
Income tax benefit	981	9,132	-	-	981	1,835
Loss for the period attributable to equity holders of the Company	503	(14,173)	-	-	503	(2,664)
	31 July 2011	31 Jan 2011	31 July 2011	31 Jan 2011	31 July 2011	31 Jan 2011
Segment assets	244,402	235,409	12,825	8,699	257,227	244,108
Segment liabilities	61,720	59,147	271	120	61,991	59,267
Net assets					195,236	184,841

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, income taxes, interest income and interest expense are managed on a Group basis and are not allocated to operating segments.

There are no transactions other than cash funding between reportable segments.

Notes to the Financial Statements
For the half-year ended 31 July 2011 (continued)

3. Non-current assets – property, plant and equipment

	31 Jul 2011 $'000	31Jan 2011 $'000
Land At cost:	8,500	8,500
Buildings:		
At cost	37	39
Accumulated Depreciation	(7)	(10)
	30	29
Computer Equipment:		
At cost	1,094	933
Accumulated Depreciation	(996)	(765)
	98	168
Furniture & Fittings:		
At cost	144	142
Accumulated Depreciation	(75)	(65)
	69	77
Plant & Equipment:		
At cost	69,443	27,574
Accumulated Depreciation	(63)	(326)
	69,380	27,248
Motor vehicles		
At cost	220	192
Accumulated Depreciation	(185)	(183)
	35	9
Leasehold Improvements:		
At cost	54	54
Accumulated Depreciation	(21)	(17)
	33	37
Total property, plant and equipment	78,145	36,068

Reconciliations of the carrying amounts for each class of asset are set out below:

Land		
Carrying amount at beginning of year	8,500	8,500
Additions	-	-
Carrying amount at end of year	8,500	8,500

Notes to the Financial Statements
For the half-year ended 31 July 2011 (continued)

3. Non-current assets – property, plant and equipment (continued)

	31 Jul 2011 $'000	31Jan 2011 $'000
Buildings		
Carrying amount at beginning of year	29	30
Additions	10	-
Impairment	(8)	-
Depreciation	(1)	(1)
Carrying amount at end of year	30	29
Furniture & Fittings		
Carrying amount at beginning of year	77	17
Additions	2	71
Depreciation	(10)	(11)
Carrying amount at end of year	69	77
Computer Equipment		
Carrying amount at beginning of year	168	273
Additions	162	191
Depreciation	(232)	(296)
Carrying amount at end of year	98	168
Plant & Equipment		
Carrying amount at beginning of year	27,248	23,022
Additions	42,431	14,776
Impairment	(258)	(10,460)
Depreciation	(41)	(90)
Carrying amount at end of year	69,380	27,248
Motor Vehicles		
Carrying amount at beginning of year	9	39
Additions	27	-
Depreciation	(1)	(30)
Carrying amount at end of year	35	9
Leasehold Improvements		
Carrying amount at beginning of year	37	-
Additions	-	39
Depreciation	(4)	(2)
Carrying amount at end of year	33	37
Total Property, plant & equipment	78,145	36,068

Notes to the Financial Statements
For the half-year ended 31 July 2011 (continued)

4. Non-current assets – exploration, evaluation and development expenditure

Consolidated	Exploration and evaluation		Development		Total	
	July 2011 $'000	Jan 2011 $'000	July 2011 $'000	Jan 2011 $'000	July 2011 $'000	Jan 2011 $'000
Exploration, evaluation and development expenditure	42,145	39,315	72,375	36,732	114,520	76,047
Balance at beginning of financial year	39,315	32,959	36,732	7,600	76,047	40,559
Additions	2,830	9,042	35,643	29,132	38,473	38,174
Impairment of exploration expenditure	-	(2,686)	-	-	-	(2,686)
Total exploration, evaluation, and development expenditure	42,145	39,315	72,375	36,732	114,520	76,047

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on successful development and commercial exploitation, or sale of the respective areas.

Impairment of exploration costs was a result of tenements being relinquished and no continuous use.

5. Non-current assets – investments accounted for using the equity method

	31 Jul 2011 $'000	31Jan 2011 $'000
Shares in Associates	4,499	-
Movement in carrying amounts:		
Carrying amount at beginning of half-year	-	-
Investment in Kalbar resources	2,191	-
Share of profits after income tax	4,499	-
Dividend received	-	
Revaluation of investment	(2,191)	-
Carrying amount at end of half-year	4,499	-

During the half-year Hillgrove Resources Limited converted its interests in the options over the West Kalimantan Bauxite assets into 39.5% in Kalbar Resources Limited (Kalbar) for approximately $2.2 million.

Kalbar then sold the options over the tenements to an Indonesian purchaser for USD20 million. A dividend from Kalbar was declared on 5 August and Hillgrove received $4.5 million fully franked, which was its share of the dividend.

Notes to the Financial Statements
For the half-year ended 31 July 2011 (continued)

6. Non-current liabilities – borrowings

	31 Jul 2011 $'000	31Jan 2011 $'000
Project Finance	12,000	-
Transaction costs of borrowing	(1,254)	-
	10,746	-

In December 2010, Hillgrove finalised a Project financing facility with Macquarie Bank and Barclays Bank to finance the construction of the Kanmantoo mine. The total available amount under the facility was $30 million, of which $12 million was drawn down as at 31 July 2011.

The full facility would be drawn down by October 2011 and is repayable in instalments commencing in September 2012.

The interest rate of the loan is a floating rate based on BBSY plus margin, which is currently 8.9%.

Contractual maturities of financial liabilities At 31 July 2011 ($'000)	**Less than 6 months**	**6-12 months**	**1 – 2 years**	**2- 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount (assets)/ liabilities**
Non-derivatives							
Trade Payables	19,025	-	-	-	-	19,025	19,025
Borrowings	-	-	4,000	8,000	-	12,000	12,000
Total non-derivatives	19,025	-	4,000	8,000	-	31,025	31,025

Contractual maturities of financial liabilities At 31 January 2011 ($'000)	**Less than 6 months**	**6-12 months**	**1 – 2 years**	**2- 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount (assets)/ liabilities**
Non-derivatives							
Trade Payables	8,673	-	-	-	-	8,673	8,673
Borrowings	-	-	-	-	-	-	-
Total non-derivatives	8,673	-	-	-	-	8,673	8,673

Financing arrangements

The group's undrawn borrowing facilities were as follows:

	31 Jul 2011 $'000	31Jan 2011 $'000
Floating rate		
- Expiring within one year	18,000	-
- Expiring beyond one year	-	-
	18,000	-

Notes to the Financial Statements
For the half-year ended 31 July 2011 (continued)

7. Related party transactions

(a) Related parties

Loans to controlled entities are netted on consolidation.

The parent Company is the banker for the Group and re-allocated via loan account all costs that related to the controlled entities. Some assets and liabilities previously recognised in the parent Company, mainly consisting of property, plant, equipment and exploration related assets, have also been transferred to the controlled entities via loan account. All these transactions were recorded at cost.

8. Events subsequent to the balance sheet date

There were no significant events to disclose subsequent to the balance sheet date.

9. Contingent liabilities

	31 July 2011 $'000	31 Jan 2011 $'000
Electranet performance bond to support the build, own, operate and maintain agreement for installation of transmission infrastructure at the Kanmantoo site	3,250	3,250
Environmental bond required under the mining and rehabilitation plan for Kanmantoo	16,750	16,750
Performance bond for the construction of the Mount Barker pipeline	283	283
Bank Guarantee to the Department for Transport, Energy, and Infrastructure for the construction work on the Princes Highway	45	-
Security bonds on rental properties and tenements	201	201
	20,529	20,484

The above bonds were provided by Macquarie Bank and Barclays Bank on a 50/50 basis under the Hillgrove Copper loan facility agreement, to the value of $20 million. The balance amount is cash backed by Hillgrove Resources.

The consolidated entity has obligations to restore land disturbed under exploration and mining licences. The consolidated entity has bank guarantees set aside for the maximum obligations to the state government departments. These bank guarantees may be forfeited if the consolidated entity does not meet its obligations under these licence agreements.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 16 are in accordance with the Corporations Act 2001, including:

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 July 2011 and of its performance for the half- year ended on that date; and

(b) there are reasonable grounds to believe that Hillgrove Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Dated at Sydney this 12th day of October 2011

The Hon. Dean Brown, AO	D A Simonsen
Chairman	*CEO*

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Independent auditor's review report to the members of Hillgrove Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Hillgrove Resources Limited, which comprises the balance sheet as at 31 July 2011, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Hillgrove Resources Limited (the consolidated entity). The consolidated entity comprises both Hillgrove Resources Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 July 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Hillgrove Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

PRICEWATERHOUSECOOPERS

Independent auditor's review report to the members of Hillgrove Resources Limited (continued)

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the Company for the half-year ended 31 July 2011 included on Hillgrove Resources Limited's web site. The company's directors are responsible for the integrity of the Hillgrove Resources Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hillgrove Resources Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 July 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers

D A Turner

Darren Turner
Partner

Newcastle
12 October 2011