

HILLGROVE RESOURCES

Tuesday, 20 January 2008

WASTE WATER TO FLOW TO KANMANTOO

Hillgrove Resources Limited (ASX:HGO) is pleased to advise that the Company and the District Council of Mount Barker have agreed to arrangements for the use of treated waste water for the operation of the Kanmantoo Mine.

David Archer, the Managing Director of Hillgrove Resources said today “ these arrangements are an important milestone for the development of the Kanmantoo Copper Gold Project and highlight the innovative approach to the sourcing of process water for the mine which at the same time provides significant environmental, economic and local infrastructure benefits to the community”.

About Hillgrove

Hillgrove is an Australian resources company listed on the Australian Securities Exchange (ASX: HGO) focused on developing its Indonesian, South Australian and Queensland base and precious metals projects. The Company’s portfolio includes an advanced exploration portfolio of 5,128km² in world class copper and gold terrains in eastern Indonesia targeting porphyry copper-gold and epithermal deposits.

Hillgrove’s has a strategic, fully diluted, direct 22.6% shareholding in the leading New South Wales coal seam gas company, Eastern Star Gas Limited (ASX: ESG).

Hillgrove’s most advanced project is the Kanmantoo Copper Gold Project, located less than 60km from Adelaide. 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 production targeted for 2010, Kanmantoo will be a 2Mt p.a. open-cut mine producing approximately 17,000 tonnes of copper in concentrate and 8,000 ounces of gold per annum.

The information in this report that relates to Exploration Results is based on information compiled by Mr. Adam Freeman, who is a Member of The Australasian Institute of Geoscientists. Mr. Freeman is an Exploration Manager for Hillgrove Resources 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. Freeman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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Media Release

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Treated Waste Water Agreement Reached

The District Council of Mount Barker and Hillgrove Resources have agreed arrangements for the use of treated waste water for the operation of the Kanmantoo Mine.

Mayor Ann Ferguson and the Hon Dean Brown AO (Chairman of Hillgrove Resources) jointly announced that the project has advanced with the formal agreement to term sheets by both Council and the Hillgrove Board.

Mayor Ann Ferguson said that Council is continuing to be a leader in the field of waste water management and that this project will enable a substantial increase in the use of treated waste water.

“This agreement provides significant environmental and economic benefits for our community and represents an excellent example of the public and private sectors working together co-operatively to deliver new water infrastructure” said Mayor Ferguson.

Hillgrove Resources will fund and procure the infrastructure such as the pipeline and pump stations, then vest this asset to Council in exchange for a reliable supply of class A recycled water, to be supplied in accordance with the District Council of Mount Barker's waste water pricing policy framework.

“With the assistance of the Adelaide Hills Regional Development Board, Council is delighted to have secured funding support from the State Government to enable the pipeline extension from the Kanmantoo Mine to the township of Callington” said Mayor Ferguson.

Chairman Dean Brown said that Hillgrove Resources is very pleased to reach this agreement with the District Council of Mount Barker as an effective way for

using recycled water rather than rely on River Murray water which is a precious resource.

“The District Council of Mount Barker has been far sighted in proposing the scheme which will use recycled water from Mount Barker to assist economic development within the council area” Mr Brown said.

“It is very beneficial for the environment as well as being sustainable.”

“I have always been a strong advocate for the use of recycled water and initiated schemes such as the expanded scheme at Bolivar and the McLaren Vale use of recycled water” Mr Brown said.

Mr Brown added that “South Australia is the leading state in Australia by a long way in the effective use of recycled water and has the strong support of the Minister for The River Murray the Hon Karlene Maywald MP as reflected by the issuing of the grant to the District Council of Mount Barker to extend the scheme to the township of Callington.”

For further information please contact:

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