

Monday, 12 April 2010

HILLGROVE FULL YEAR PROFIT \$55.6 MILLION FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2010

Hillgrove Delivers Outstanding Financial Performance in Lead Up to Proposed Development of Kanmantoo Copper/Gold Mine

HIGHLIGHTS

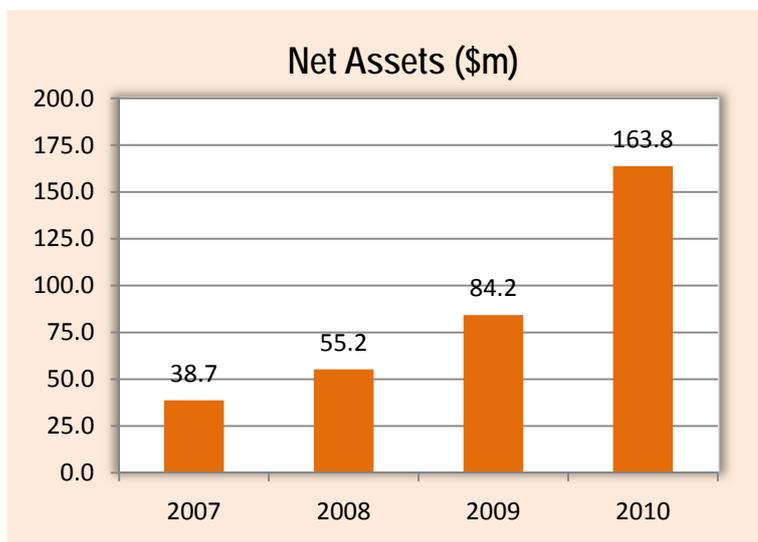
- Net Profit After Tax of \$55.6 million (2009: \$11.1M)
- Revenue and other income of \$98.2 million (2009: \$46.8M)
- Net assets of \$163.8 million (2009: \$84.2M) or 32 cents per share (diluted)
- Cash of \$130.3 million (2009: \$7.7M)

Hillgrove Resources Limited (ASX: HGO) today announced a 399% increase in Net Profit After Tax of \$55.6 million for the financial year ended 31 January 2010.

The profit reported by Hillgrove for the period is the Company's third profit in four years, and provides a solid platform for the development and construction of the Kanmantoo Copper/Gold Mine Project.

A 110% increase in revenue and other income to \$98.2 million and the increase in Net Assets of the company by 94.5% to \$163.8 million or 32 cents per share on a fully diluted basis have positioned Hillgrove well for the next stage of the Company's development.

The strong overall financial result reflects the realisation of Hillgrove's share and option holdings in Eastern Star Gas Limited (ASX: ESG) for \$172 million cash in July 2009.



The Chairman of Hillgrove, The Hon. Dean Brown A.O., said: "The last year has been transformational for the company as clearly shown by the outstanding financial results for the full year of operations".

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Results for the Year Ended	31 January 2010 \$M	31 January 2009 \$M	31 January 2008 \$M	31 January 2007 \$M
Revenue and other income	98.2	46.8	0.6	0.3
Profit/(loss) after tax	55.6	11.1	(4.9)	10.8
Earnings per share – diluted (cents)	12.7	3.0	(2.0)	4.9

“With the end of the global financial crisis and with copper prices back to historically high levels, we are now well placed to bring on our flagship Kanmantoo Project subject to financing. This, coupled with our strong balance sheet, will mean the Company has the potential to grow into a mid-tier mining house over the next 18 months”.

Fully franked dividends of 2 cents per ordinary share were paid during the course of the financial year for a total of \$8.3 million.

The full year result includes the following significant items:

- Profit on sale of the Eastern Star Gas shares and options of \$94.2 million;
- Foreign exchange gain on convertible bonds of \$5.9 million;
- Convertible bonds interest to maturity charge of \$13.9 million;
- Write off of exploration expenditure of \$1.9 million;
- Income tax expense of \$22.2 million.

Mr Archer, the Managing Director of Hillgrove, said: “With a strong balance sheet, near term copper-gold production from the proposed development of Kanmantoo and the potential for major discoveries from our Indonesian exploration pipeline, we now have the key elements in place for the development of Hillgrove as a multi-project, mid-tier copper and gold mining company”.

About Hillgrove

Hillgrove is an Australian mining 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 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 Gold Project, located less than 60km 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 production targeted for the first quarter of 2011, 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 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.

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