

HILLGROVE RESOURCES

Thursday, 21 January 2010

HILLGROVE FARMS IN WITH AUZEX IN NORTH QUEENSLAND

Hillgrove Resources Limited (ASX:HGO) advises that it has entered into a farm-in with Auzex Resources Limited whereby it may earn up to an 80% of all copper, lead, zinc, nickel deposits discovered, and 50% of gold-silver deposits discovered within EPM 14797 of 250km² located 20km northwest of the mining centre of Mount Garnet, 100km southwest of Cairns in North Queensland.

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 Exploration Results is based on information compiled by Mr. Adam Freeman, who is a Member of The Australasian Institute of Geoscientists. Mr. Freeman is a Geology 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.

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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Auzex signs Heads of Agreement over Khartoum tenement in north Queensland

A Heads of Agreement has been executed between Auzex Resources Ltd (“Auzex”) and Hillgrove Resources Ltd (“Hillgrove”) to enable Hillgrove to explore Auzex’ Khartoum EPM 14797 tenement in north Queensland for copper, lead, zinc, nickel and gold mineralisation. Auzex has established the presence of a potential world-class tin project within this tenement, which remains unaffected by the terms of this Agreement.

The principle terms of the Agreement are as follows:

- At the date of execution of a Joint Venture Agreement, Hillgrove to pay \$50,000 in cash, and issue to Auzex ordinary shares in Hillgrove to the value of \$50,000 based on the share price immediately prior to signing of the Agreement.
- Hillgrove to spend a minimum \$500,000 within two years to earn 80% of all copper, lead, zinc, nickel deposits discovered, and 50% of gold-silver deposits discovered within EPM 14797.
- Hillgrove may withdraw at any time prior to meeting minimum expenditure requirement with no retained equity.
- Auzex may retain 20% of any copper, lead, zinc and nickel discovery subject to pro rata exploration expenditure contributions once Hillgrove equity is earned, as well as receiving a 2% net smelter return royalty from any future mine production associated with the Hillgrove interest.

The potentially world-class Khartoum tin project is unaffected by this transaction and remains wholly owned by Auzex.

For further information please check our website (www.auzex.com) or contact Eugene Iliescu (Managing Director) or John Lawton (Executive Chairman) on +617 3303 0393 or +617 3303 0198 respectively.

