

Tuesday, 8 December 2009

New Exploration License (IUP) Granted for Sumba Project High Grade Gold Identified at Pelitalira Prospect

Highlights:

- **Successful conversion of Sumba KP to Exploration Mining Business License (IUP Eksplorasi) for a term of six years.**
- **Highly encouraging rock chip and float results from Pelitalira Prospect with peak assays of 73g/t Gold, 765g/t Silver and 3.58% Copper (not same sample).**
- **Drill testing of Pahandanjal Prospect planned for early 2010.**

Hillgrove Resources Limited (ASX:HGO) is pleased to announce that the Governor of East Nusa Tenggara Province, Indonesia, has approved the grant of an Exploration Mining Business License (in Indonesian, an *Izin Usaha Pertambangan* or "IUP") to its Indonesian partner, PT Fathi Resources. The IUP (322/KEP/HK/2009) has been granted for a term of six years and permits the exploration for metals, gold and other associated minerals in an area of 99,970 hectares (999km²) falling across East, Central and West Sumba districts on the Indonesian island of Sumba (Figure 1).

The IUP encompasses highly prospective ground which has been shown to contain identified zones of gold and base metal mineralisation and provides the green light to commence drill testing in early 2010.

Fieldwork in the latter half of 2009 has mainly concentrated on confirming the presence of high grade gold and silver mineralisation in multiple vein systems at Pahandanjal Prospect in the Masu Project area. This work has included extensive soil sampling which has extended to other satellite prospects and detailed trench sampling on the two main vein system, with the aim to have clearly delineated drill targets for the start of the dry season in April 2010.

David Archer, the Managing Director of Hillgrove Resources said today "The granting of the IUP comes in the wake of the proclamation in 2009 of the new Law on Mineral and Coal Mining in Indonesia. The new Law removes the historical restrictions on direct foreign ownership in Indonesian mines and represents an important step forward for foreign investment in the Indonesian mining industry, where foreign investors have historically sought to obtain benefits from mining operations through cooperation arrangements with local shareholders rather than through direct ownership.

"It also clears the way to begin accelerated drill testing of the Pahandanjal Prospect in the south of the IUP next year.

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“We are also very pleased with the recent success of our regional exploration program with the discovery of a high grade gold system at the Pelitalira Prospect in the northern part of the IUP”.

Pelitalira Prospect – Tanah Daro Project

Regional work at Tano Daro in the latter half of 2009 has focussed on following up the area of Hillgrove’s previously reported rock chip assays; up to 37.13g/t gold and 406g/t silver at Pelitalira Prospect in 2008. Reconnaissance work has identified a new, highly anomalous alteration zone and strongly gossanous area with an associated broad vegetation anomaly (Figure 2 and Plates 1- 4) immediately adjacent to a SE-trending siliceous lode horizon, with further highly encouraging rock chip and float results which include:

- **73g/t Gold, 765g/t Silver, 3.58% Copper (not same sample).**

Previous exploration by BHP did not sample or recognise the gossanous alteration zone observed in this valley, or the high grade SE-trending lode horizon. Multi-suite element analysis indicates strongly elevated levels of gold-silver-copper-molybdenum-lead-antimony-tellurium-zinc which indicates significant magmatic fluid input within this system, highlighting its excellent prospectivity.

The Pelitalira Prospect has only been subjected to limited rock chip reconnaissance sampling, and has never been soil sampled, trenched or drilled. It is Hillgrove’s intention to conduct detailed mapping, rock chip, soil sampling and trenching programs at Pelitalira and satellite prospects in the Tanah Daro project area, prior to likely drill testing in 2010.

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.

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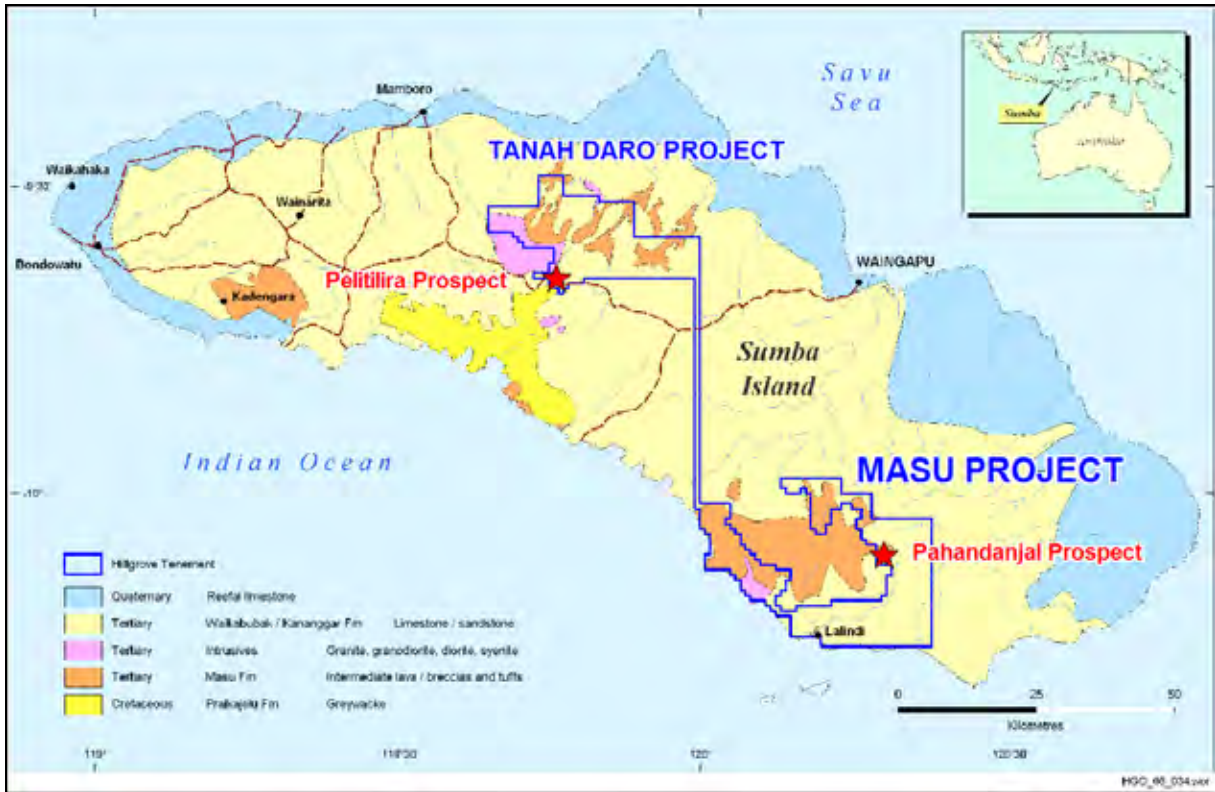


Figure 1. Map showing basic geology, project areas, main prospects and IUP tenement boundary for Sumba (2010)

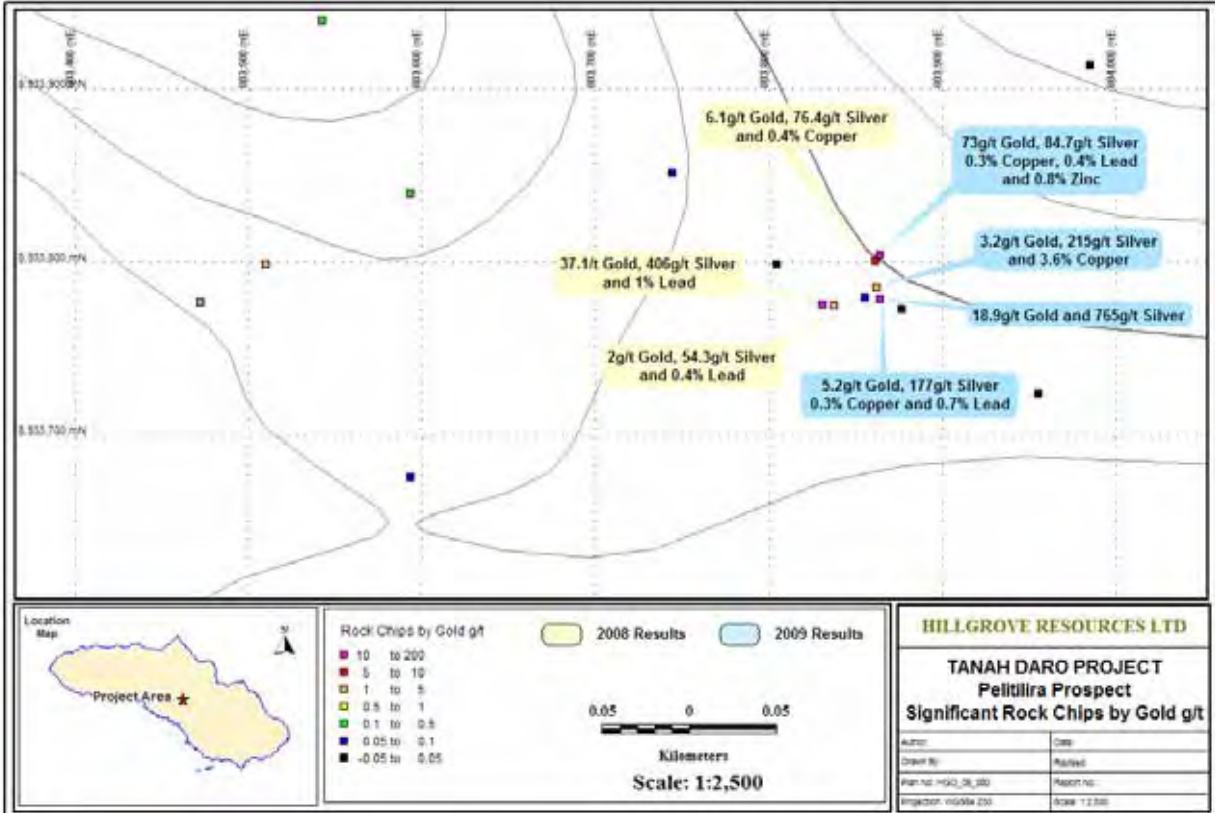


Figure 2. Map showing significant rock chip and float assays from Pelitilira Prospect



Plate 1: Extensive alteration in valley walls, Pelitalira Prospect, Tanah Daro

This valley has only been tested by a total of 6 rock chip samples, with results to date up to 73g/t Au and 406g/t Ag (not same sample).



Plate 2. Strong vegetation anomaly about a gossanous float area, Pelitalira Prospect, Tanah Daro

This zone is immediately upstream of Figure 5, and has never been tested by sampling, however a single float sample immediately downstream assayed 765g/t Ag, 3.58% Cu and 3.2g/t Au.



Plate 3. Strongly Siliceous Float sample with malachite staining and abundant disseminated pyrite and galena



Plate 4. Pelitilira Gossan in outcrop

Table 1. Results from Rock Chip/Float Sampling at Pelitalira Prospect, 2009

Project	Prospect	Sample No.	UTM E	UTM N	Au g/t	Ag g/t	Cu g/t	Pb g/t	Zn g/t
Tanah Daro	Pelitalira	001517	803593	8933676	0.06	0.3	43	388	16
Tanah Daro	Pelitalira	001518	803472	8933777	3.21	21	83	139	23
Tanah Daro	Pelitalira	001519	803837	8933775	3.44	54.3	370	4480	1730
Tanah Daro	Pelitalira	001520	803864	8933779	5.19	177	0.28%	0.72%	1760
Tanah Daro	Pelitalira	001521	803864	8933779	18.9	765	787	1250	168
Tanah Daro	Pelitalira	001522	803862	8933786	3.2	215	3.58%	2550	682
Tanah Daro	Pelitalira	001523	803864	8933804	73	84.7	0.30%	4050	0.80%

Note: Gold values are derived from an average of up to 5 repeats using fire assay method.

Silver, lead, copper and zinc values are derived from a multi element sweep using ICP method.

Datum used for East Sumba is WGS 84 Zone 50.