

HILLGROVE RESOURCES

Thursday, 2 July 2009

Sale of Eastern Star Gas Investment

Hillgrove Resources Limited (ASX: HGO) advises that it has entered into a securities sale agreement with Santos Limited for the sale by Hillgrove of a 19.99% interest in Eastern Star Gas Limited ("Eastern Star") for a total consideration of \$171,986,050 cash.

Settlement of the transaction is anticipated to occur by no later than Monday, 20 July 2009.

Santos will make an additional payment to Hillgrove in the event that Santos or a third party completes the acquisition of a beneficial interest of more than 50% in Eastern Star at a price in excess of \$1.00 per share within 18 months of Santos' acquisition of Hillgrove's interest in Eastern Star. The calculation of the additional payment would be as follows:

- i. if the change of control transaction is undertaken by Santos, 100% of the excess multiplied by 175,544,143 shares; or
- ii. if the change of control transaction is undertaken by a third party, 50% of the excess multiplied by 175,544,143 shares.

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 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. 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 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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