

Wednesday 28th December, 2011

HILLGROVE RECEIVES PERMIT TO DRILL BIRDS HEAD PROJECT IN WEST PAPUA

Hillgrove Resources Limited (ASX: HGO) is pleased to advise receipt of regulatory licence Izin Pinjam Pakai (No. SK.733) from the Department of Forestry in Indonesia, granting PT Akram Resources Pte. Ltd permission to commence exploration drilling activities in specified Limited Production Forest areas within its Birds Head project, located in West Papua, Indonesia.

Hillgrove has an 80% beneficial interest in PT Akram through an executed Joint Venture Agreement.

PT Akram has maintained close consultation with local stakeholders while undertaking its current surface exploration activities, as well as through the Izin Pinjam Pakai application process. PT Akram will now undertake further consultation with local stakeholders, with a view to commencing the process of mobilising drilling equipment to test the West Delta porphyry targets.

The Managing Director, Drew Simonsen said “the Indonesian Department of Forestry permitting process is methodical and rigorous, and we are pleased to have been able to satisfy their requirements, and those of local stakeholders. We look forward to being able to drill-test the initial target in the first half of 2012.”

For more information contact:

Drew Simonsen
Managing Director
Tel: +61 (0)2 8247 9300

Russell Middleton
Company Secretary
Tel: +61 (0)2 8247 9300



ABOUT HILLGROVE

Hillgrove is an Australian mining company listed on the Australian Securities Exchange (ASX: HGO) focused on developing its Indonesian and Australian 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 Mines, located less than 55km from Adelaide in South Australia. With construction now completed, Kanmantoo is an open-cut mine, and will ramp up over the first half of 2012 to an initial throughput of 2.4Mt per annum, producing approximately 80,000 tonnes of concentrate per annum.

The Project currently hosts a Mineral Resource of:

| Class | Total (0.25% Cu cut off grade model) | | | | | | |
|--------------|--------------------------------------|------------|------------|------------|-----------------|----------------|------------------|
| | Tonnes Kt | Cu % | Au g/t | Ag g/t | Cu Metal Tonnes | Au Ounces | Ag Ounces |
| Measured | 2,290 | 0.9 | 0.2 | 3.5 | 21,700 | 12,100 | 255,300 |
| Indicated | 22,525 | 0.9 | 0.2 | 3.3 | 204,400 | 139,900 | 2,381,200 |
| Inferred | 7,376 | 0.9 | 0.2 | 2.9 | 66,100 | 39,100 | 677,100 |
| Total | 32,192 | 0.9 | 0.2 | 3.2 | 292,200 | 191,100 | 3,313,600 |

and Reserves of:

| Category | Tonnes Mt | Cu % | Au g/t | Ag g/t |
|-------------|-----------|------|--------|--------|
| Proved | 2.3 | 0.87 | 0.13 | 3.2 |
| Probable | 12.5 | 0.84 | 0.18 | 3.1 |
| Ore Reserve | 14.8 | 0.85 | 0.17 | 3.1 |

The information in this report that relates to Exploration Results is based on information compiled by Mr Jim Kerr, who is a Member of The Australasian Institute of Geoscientists. Mr Kerr is General Manager – Exploration 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 Kerr 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 Aaron Green, who is a Member of The Australian Institute of Geoscientists. Mr Green 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 Green consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.