

Tuesday, 30 March 2010

BIRD'S HEAD EXPLORATION IUP GRANTED

Highlights:

- **Successful conversion of Bird's Head KP to Exploration Mining Business License (IUP Eksplorasi) for a term of seven years.**
- **Drill testing of West Delta copper/gold porphyry target planned for 2010.**

Hillgrove Resources Limited (ASX:HGO) is pleased to announce that Hillgrove's Indonesian partner, PT Akram Resources, has been granted Exploration Mining Business Licence (IUP Eksplorasi) Number 40 2010 by the Governor of West Papua. The IUP (in Indonesian, an *Izin Usaha Pertambangan* or "IUP") Eksplorasi is a follow on title from its original Kuasa Penambangan (KP) No 254 2008 and has a term of seven years. Hillgrove has an 80% economic interest in the IUP Eksplorasi.

The IUP Eksplorasi covers an area of 99,230 hectares or 992.3km² in the Indonesian province of West Papua (Figure 1.) This is close to the maximum area for an IUP Eksplorasi under the new Indonesian mining laws promulgated in January 2009.

The Exploration IUP gives PT Akram Resources the right to continue its exploration programmes and, subject to positive feasibility studies, is convertible into a Production IUP for an initial period of 20 years and extendable for a further 20 years (by way of two 10 year extension periods). The grant of the IUP provides the Company with long term security of tenure.

The IUP Eksplorasi encompasses highly prospective ground which has been shown to contain identified zones of copper and gold mineralisation and paves the way to drill testing in 2010.

David Archer, the Managing Director of Hillgrove Resources, said today "With our partners, we now hold almost 2,000km² under IUP's over the Bird's Head and Sumba Projects which contain some of the most prospective exploration ground in Indonesia. Both these projects will be the subject of extensive drilling campaigns in 2010."

"The granting of the IUP follows 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 drill testing of the very promising West Delta prospect close to the coast where Hillgrove has identified a potential copper/gold porphyry target."

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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Figure 1. IUP Eksplorasi Boundary at Bird's Head Project

