

Friday, 8 October 2010

## OPTIONS ISSUE

Hillgrove Resources Limited (ASX:HGO) announces that it has reached agreement with J.P. Morgan Metals & Concentrates LLC (formerly RBS Sempra Metals & Concentrates LLC) on revisions to the concentrate offtake agreement for the Kanmantoo Copper Mines Project in South Australia. These revisions enhance the Kanmantoo Project economics relative to the previously amended agreement signed in 2007.

In return for J.P. Morgan Metals & Concentrates LLC agreeing to these revisions, and in accordance with the Appendix 3B notice lodged today, HGO has today issued 8,000,000 options with an exercise price of AUD0.40 and exercisable until 30 September 2011 to replace a tranche of options of the same number and exercise price which expired out-of-the-money on 30 September 2010.

### 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. 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 completion of construction targeted for 2011, Kanmantoo will be a 2.4MT per annum open-cut mine producing approximately 20,000 tonnes of copper in concentrate and 10,000 ounces of gold per annum.

*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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