HILLGROVE RESOURCES

ASX RELEASE

Thursday, 19 January 2012

HILLGROVE RECEIVES FIRST REVENUE

Hillgrove Resources Limited (ASX: HGO) is pleased to advise receipt of first revenue from the sale of copper concentrate from the Kanmantoo Copper Mine in South Australia to J P Morgan Metals and Concentrates LLC (JPMMC), under the terms of a long term off-take agreement with JPMMC.

Hillgrove has received USD5.2 million, based on the Early Payment Facility within the JPMMC contract, which enables Hillgrove to invoice JPMMC for 75% of the value of the metal (copper, gold and silver) in concentrate stored in containers at the port, and awaiting shipment.

The Kanmantoo Copper Mine was commissioned in November 2011, and Practical Completion and plant handover from the construction contractor occurred in late December. The mine commenced trucking concentrate product in containers to storage facilities at Port Adelaide in December.

As at 13 January 2012 the total concentrate product inventory at the port was approximately 3,450 wet metric tonnes (wmt). Early Payment has been received for this quantity. The company is working closely with JPMMC and our ship broker to arrange the first shipment.

Hillgrove's Managing Director, Mr Drew Simonsen stated that "this is probably the most significant change any new company can experience – first revenue from product sales. We are not only in production, but we are now earning revenue that will provide financial support for the company's activities."

"The Kanmantoo Project continues to meet its ramp up targets in terms of mining and plant production rates, recoveries and concentrate production. We will also continue to provide regular updates on progress until steady state operations at or above design performance have been achieved," Mr Simonsen said.

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.

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Hillgrove's flagship development is the Kanmantoo Copper Mine, 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:

	Total (0.25% Cu cut off grade model)						
Class	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.

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