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**NEWS RELEASE**

Hilltown Resources Inc.

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December 19, 2011– Vancouver, British Columbia.

**HILLTOWN PLANS IRON ORE PRODUCTION JOINT VENTURE  
IN BRAZIL**

Hilltown Resources Inc. CNSX: HLT (“Hilltown”) is pleased to announce the signing of a Letter of Intent (LOI) between Hilltown and Mineracao Siderurgia Socoimex Ltda (“Socoimex”) to form a joint venture (the “Joint Venture”) for the purpose of financing mine development, construction and operation for the commercial production of iron ore at the Capanema Iron Mine in Minas Gerais State, Brazil. (the “Capanema Iron Mine”).

The capital expenditure requirements for the Joint Venture are US\$52 million, to be used to build a plant, conveyor belt and mining equipment. Hilltown will contribute US\$30 million and Socoimex will be responsible for US\$22 million of the total capital cost. Socoimex, the operator of the Joint Venture, will provide its capital contribution by arranging and underwriting third party subcontracting and financing costs. Each party’s interest in the Joint Venture will be 50%.

Socoimex has won the bid to acquire from Companhia Vale do Rio Doce NYSE: VALE (“Vale”) the right to operate the Capanema Iron Mine. Included is a production contract (the “Production Contract”) to extract a minimum of 20 million tonnes of high-grade iron-ore (62% Fe) over thirteen years. There is a three year licensing and development/implementation plan and a ten year production plan. The production schedule is approximately two-million tonnes per year which may be increased to four-million tonnes per year at Vale’s option. Vale is currently the largest mining company in Brazil and the second largest mining company in the world. Vale is also the largest iron-ore producer and exporter, and the second largest nickel producer in the world.

The legal acquisition of the Capanema mineral and production rights by Socoimex will occur on or before March 1, 2012.

Pursuant to the Production Contract, Vale will purchase 95% of the ore produced by the Joint Venture at a guaranteed minimum set (“hedged”) price of approximately \$58 USD per tonne of ore. The Production Contract includes an annual inflation adjustment for the iron ore sale price. The remaining 5% of annual production (approximately 100,000

tonnes) may be sold to a third party at market prices. A royalty of approximately \$32.88 USD/tonne (at current exchange rates) will be paid to Vale.

The Production Contract requires the delivery of ore to Vale's plant and rail-head facilities at their Timbopeba Iron Mine, located some 12 kilometers from the Capanema Iron Mine. Ore will be hauled from the Capanema Iron Mine by truck for approximately 10-kilometers where it will be loaded on a ground-level conveyor belt for a roughly two kilometer transport down a steep grade to the Timbopeba Mine facilities. Construction of the conveyor belt is part of Hilltown's US\$30-million capital expenditure requirements, which includes construction of a crushing-classification plant at the Capanema Mine site. Sociomex will be responsible for all costs associated with acquisition of all additional mining equipment and contracting of all mining sub-contractors required to successfully meet the requirements of the Production Agreement. Sociomex estimates a \$17 USD/tonne production cost requirement for the proposed operations (at current exchange rates).

Annual profits will be initially paid out proportionally to Hilltown as to US\$3.0 million and to Socoimex as to US\$2.2 million (for a yearly total of US\$5.2 million) until each has been repaid their respective capital contribution. In the event the US\$5.2 million has been paid prior to the end of each fiscal year, the payment of profits for the balance of the fiscal year will be 50% each.

The Capanema Iron Mine is located in the prolific Iron Quadrilateral iron-ore mining district in the State of Minas Gerais, Brazil. Iron ore at the Capanema Mine occurs as banded iron formation (BIF), locally referred to as "itabirite", within the Paleo-Proterozoic Itabira Group - Caue Formation. The Capanema Iron Mine is owned by Vale and was previously operated from 1982 to 2003 by Vale as part of a joint venture agreement with the Japanese company, JFE Steel Corporation and six other Japanese partners. Production during that period totaled 190,000,000 tonnes of ore at a grade of approximately 64% Fe. The remaining non - 43-101 drill-defined resource at Capanema Iron Mine, as estimated and reported for Vale by Prominas Mining Projects and Services Ltd. ("Prominas")\*, at a 40% Fe cutoff grade, is approximately 1.164-billion tonnes of iron-ore containing an average grade of 51.9% Fe. Prominas, utilizing Minesite professional mine plan software, also calculated the location and dimensions of the 60% Fe cut off (non – NI43-101 compliant) drill-defined resource at Capanema, totalling 23,235,000 tonnes at 62.09% Fe, to be mined and beneficiated as part of the Production Agreement. Other assets potentially available for future development at the Capanema Mine Site includes a 16-million tonne stockpile of high-grade (67% Fe) "lump" iron-ore.

\*Prominas is a well-established Brazilian mining services consulting company which supplies geologic and engineering services to the mining industry in South America. Other Prominas clients include, among others, Alcoa Latin America, Anglo Ferrous Brazil, Arcelor Mittal, Gerdau Acominas, Kinross Gold Corporation and Rio Tinto Brazil.

Prominas produced a mine plan report for internal use by Vale, which includes the preceding resource calculations and detailed mine and mining operations plans, including projected pit locations and designs. The mine plan outlined in this report will guide future mine operations. Specifically, the approximately 23.235-million tonnes of 62.09% Fe will be mined from 6 mini-pits located within the larger existing Capanema mine pit as defined in the Prominas mine plan. Ore from the pits will be crushed and classified at the plant to be built at the Capanema Iron Mine site and transported via truck and planned conveyor belt to Vales' Timbopeba mine site for loading on rail cars. The Joint Venture's responsibilities end upon delivery of the ore at the end of the conveyor belt at the Timbopeba mine site. The Prominas Capanema Mine Plan Report will be made available in English (translated from Portuguese) on the Hilltown website <http://hilltownresources.com>.

An independent qualified person (QP) has not done sufficient work to classify the historic resource stated herein as a current NI 43-101 compliant resource. Therefore, Hilltown is not treating the historical estimate as a current NI 43-101 compliant mineral resource, and the historical estimate should not be relied upon. Further, a NI 43-101 compliant feasibility study has not been completed and there is no certainty that the proposed operation will be economically viable.

Socoimex has significant experience in Brazilian iron ore production, having operated for sixty years and produced in excess of 150 million tons of iron ore. Socoimex has a long history with Vale, having operated Vale properties under similar structures previously over twenty-four years.

Closing of this transaction is subject to Hilltown raising its portion of the qualifying expenditures. Hilltown continues pursuit of its primary business plan of identifying and acquiring quality iron ore deposits in Brazil, with specific deposit attributes of high grade iron (>50% Fe) and favorable logistics. Hilltown also continues an opportunistic strategy relative to acquisition of quality lower grade iron deposit opportunities with potential for significant tonnage upside (+ 1-billion tonnes) and favorable logistics.

The technical information disclosed in this press release has been reviewed, verified and compiled by Dr. Kent Ausburn, P. Geo. Dr. Ausburn is a qualified person as defined by National Instrument 43-101 (NI 43-101). Dr. Ausburn has over 30 years of mineral exploration experience and holds the following degrees and professional memberships:

- PhD. Economic Geology – University of North Carolina - Chapel Hill
- M.S. Economic Geology – Florida State University - Tallahassee
- B.S. Geology – Florida State University - Tallahassee
- Member - Society of Economic Geologists – 30 Years
- Registered Professional Geologist – State of California, USA – Since 1992

On behalf of  
HILLTOWN RESOURCES INC.

(Signed) “*Rudy de Jonge*”

Rudy de Jonge  
Chief Executive Officer

For additional information, please contact Rudy de Jonge at (604) 782-4191.

***THE CNSX HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ACCURACY OR ADEQUACY OF THIS RELEASE.***

*This news release includes certain statements that may be deemed “forward-looking statements” (within the meaning of applicable Canadian securities legislation). Such statements and information (together, “forward-looking statements”) relate to future events. All statements other than statements of historical fact may be forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions) are not statements of historical fact and may be “forward-looking statements”. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. The Company does not intend, and does not assume any obligation to update these forward-looking statements, except as required by applicable laws. These forward-looking statements involve risks and uncertainties relating to, among other things, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government or other regulatory approvals, actual performance of facilities, availability of financing on reasonable terms, and availability of third party service providers. Actual results may differ materially from those expressed or implied by such forward-looking statements. For more information on the Company and the risks and challenges of its business, investors should review the Company’s annual filings that are available at [www.sedar.com](http://www.sedar.com).*