

Wednesday, 21 January 2009

SUMBA GOLD MINERALISATION EXPANDED

Hillgrove Resources Limited (ASX: HGO) is pleased to announce that further gold mineralisation has been identified on the Sumba license (Kuasa Pertambangan, "KP") (Hillgrove 80%) in Indonesia. The project is highly prospective for epithermal and porphyry style mineralisation and covers identified zones of gold mineralisation (Figure 1).

Previous work had identified significant epithermal gold mineralisation within the Masu Project at Pahandanjal Prospect (peak values up to 25.27g/t gold and 71g/t silver in rock chip samples) and Okajara Prospect (peak values of 8.96g/t gold and 6.2g/t silver in rock chip samples).

Towards the end of the 2008 field season the focus of fieldwork shifted to other regional areas within the Masu Project and across to the Tanah Daro Project area in Central Sumba.

The complete set of results for the 2008 field season have now been received and reviewed.

Highlights from the end of the field season include:

- **Significant 200 x 200m gold in soil anomaly peaking at 0.67g/t defined at Pahandanjal prospect.**
- **Potential mineralised corridor at Okajara Prospect extended to 1.5km in length.**
- **Two additional prospects discovered within the Masu Project that host epithermal gold-silver mineralisation (Pandanjara and Kanjilu).**
- **Two new prospects within the Tanah Daro Project area that host epithermal gold-silver mineralisation (Pelitalira and Langela).**
- **A high grade rock chip sample from Pelitalira Prospect which returned 37.13g/t gold, 406g/t silver and 0.97% lead.**

David Archer, the Managing Director of Hillgrove Resources said today "the 2008 field season for Sumba didn't commence until late August and the focus up to this point has been largely on conducting due diligence and gauging the project's potential. Even with this short programme, the results have been highly encouraging and Sumba is shaping up to be a very exciting gold project with numerous zones of gold mineralisation".

Hillgrove's Indonesian partner, PT Fathi Resources has been granted an extension for General Survey activities within the Sumba Exploration License for a further year. An Indonesian subsidiary of Hillgrove will undertake exploration work and feasibility studies if justified in return for an indirect 80% interest.

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Project Update

Masu Project

The Masu Project is located in South East Sumba and has been the principal focus for exploration activities in 2008. Prospect locations are shown in Figure 2 and significant results from rock chip sampling programs are shown in Table 1.

Pahandanjal Prospect

Results from the soil program at Pahandanjal have now been received and reviewed. The program was conducted on a detailed 50 x 25m grid with 1kg samples collected every 12.5m and composited as a 2kg sample at 25m.

The results have defined a very significant 200 x 200m gold in soil anomaly which peaked at 0.67g/t gold.

The soil anomalism corresponds well with both current rock chip work and from the historical IP surveys and trench sampling conducted by BHP (see Figure 3).

The peak gold anomaly coincides with a change in strike of mineralisation from approximately North to a North West direction and this is clearly evidenced by outcropping reefs. The change in strike and corresponding anomalism is possibly an indication of a favourable dilational zone and will be the focus for detailed mapping and trenching activities in 2009.

Okajara Prospect

Mineralisation at Okajara is hosted in quartz reefs and breccia zones within andesite volcanics. Additional sampling at Okajara returned more significant assays with one sample returning 1.98g/t gold and 40.2g/t silver.

Based on BHP trenching and IP anomalies it was initially believed that at least two reefs were present striking North West for 500m. However, anomalous rock chips have now been sampled a further one kilometre away to the North West indicating a potential mineralised corridor of 1.5km (see Figure 4).

Pandanjara Prospect

Pandanjara is a new prospect located 3km NE of Pahandanjal and 800m south east and along strike from Okajara. Mineralisation at Pandanjara is hosted within andesitic volcanics and rock chip sampling has returned results up to 8.56g/t gold and 2.7g/t silver

Further exploration is required to understand potential dimensions; however the down strike location from Okajara may be significant.

Kanjilu Prospect

Kanjilu is a new prospect located 2km North West and along strike from Okajara. Mineralisation at Kanjilu is hosted within andesitic volcanics and rock chip sampling has returned results up to 1.05g/t gold, 5.5g/t silver and 0.89% zinc.

Tanah Daro Project

The Tanah Daro Project is located in Central Sumba, west of the 120 degree longitude zone boundary which has been selected as a project boundary for GIS purposes. At this stage work on the project has been restricted to reconnaissance rock chip sampling with two prospects discovered so far that have returned significant mineralisation. Significant results from the rock chip sampling at Tanah Daro Project are presented in Table 2.

Langela Prospect

The Langela Prospect is located in gentle to moderately sloping terrain that is easily accessible. It contains a number of epithermal quartz reefs and hydrothermal breccia zones within andesite and rhyolite volcanics that have been found to host medium grade gold and silver mineralisation.

The best result returned so far has been 3.29g/t gold and 43.4g/t silver.

Pelitalira Prospect

The Pelitalira Prospect is located at a prominent hill of the same name and was found to host medium to high grade gold and silver mineralisation along with low grade base metal mineralisation within andesitic volcanics. One sample returned 37.13g/t gold, 406g/t silver and 0.97% lead.

A return to field exploration activities in Sumba is scheduled for March.

About Hillgrove

Hillgrove is an Australian resources 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's portfolio includes an advanced exploration portfolio of 5,128km² in world class copper and gold terrains in eastern Indonesia targeting porphyry copper-gold and epithermal deposits.

Hillgrove's has a strategic, fully diluted, direct 22.6% shareholding in the leading New South Wales coal seam gas company, Eastern Star Gas Limited (ASX: ESG).

Hillgrove's most advanced project is the Kanmantoo Copper Gold Project, located less than 60km from Adelaide. 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 2010, Kanmantoo will be a 2Mt per annum 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 an Exploration 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.

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Figure 1. Map showing basic geology and tenement boundary for Sumba

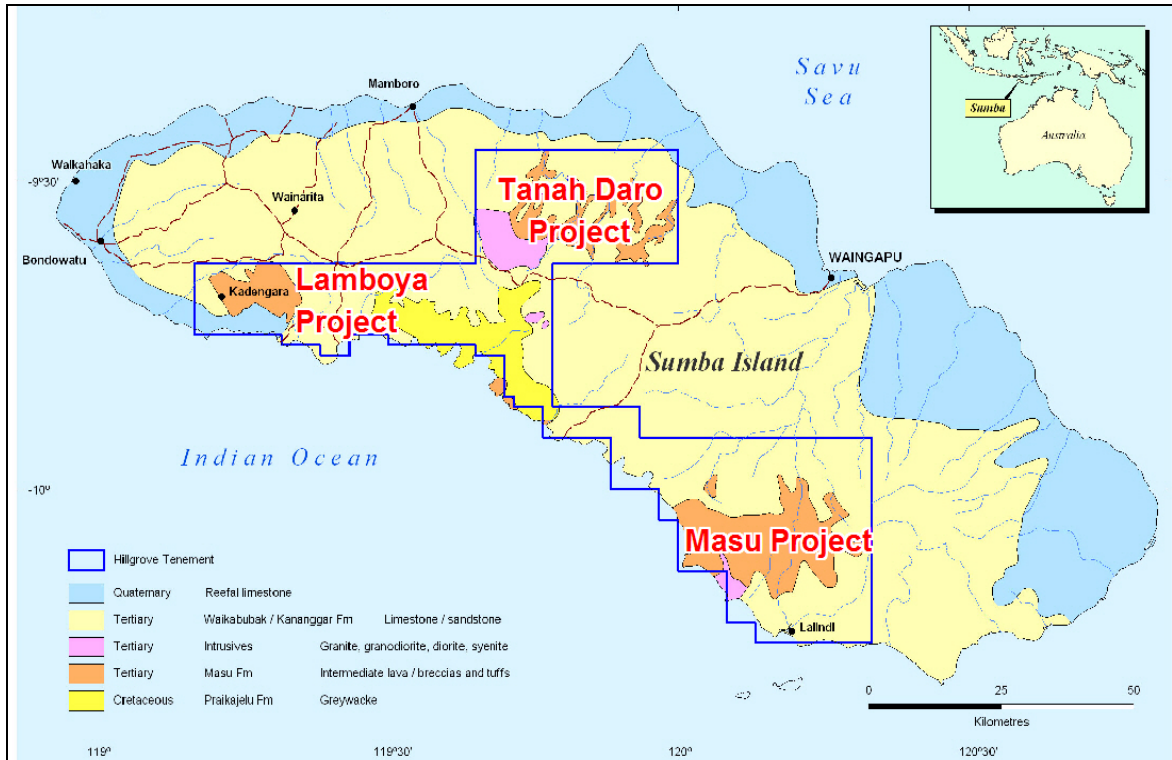


Figure 2. Prospect Locations

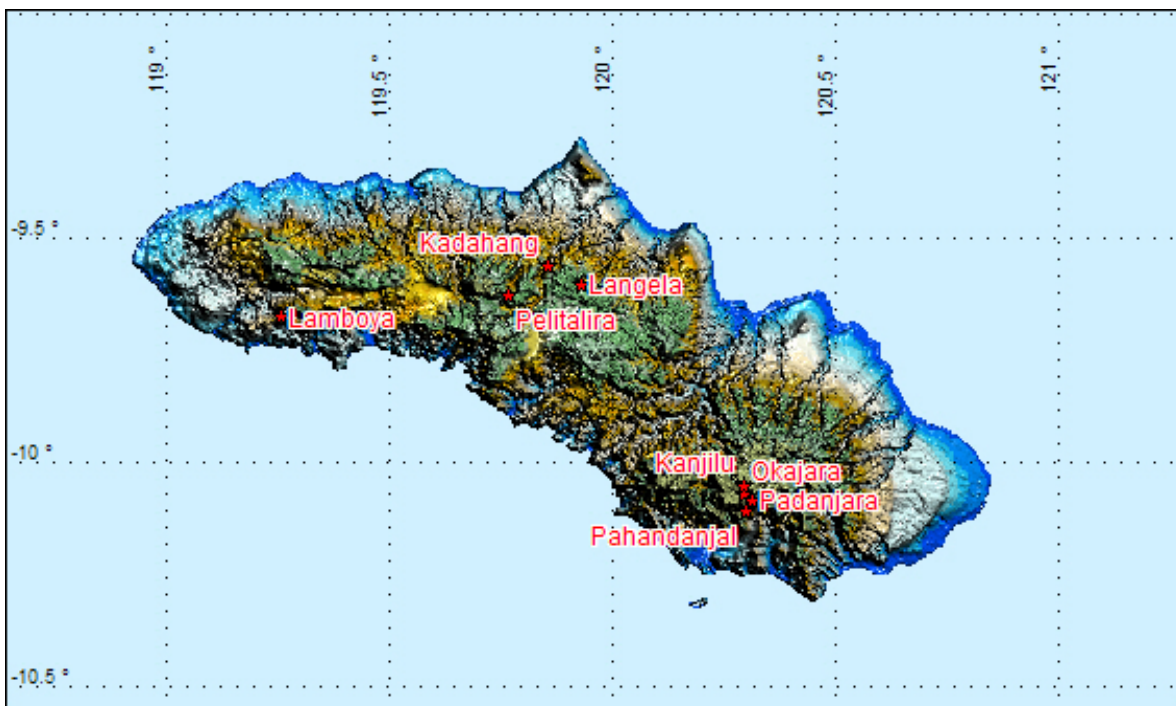


Figure 3. Soil Geochemistry by Gold at Pahandanjal Prospect

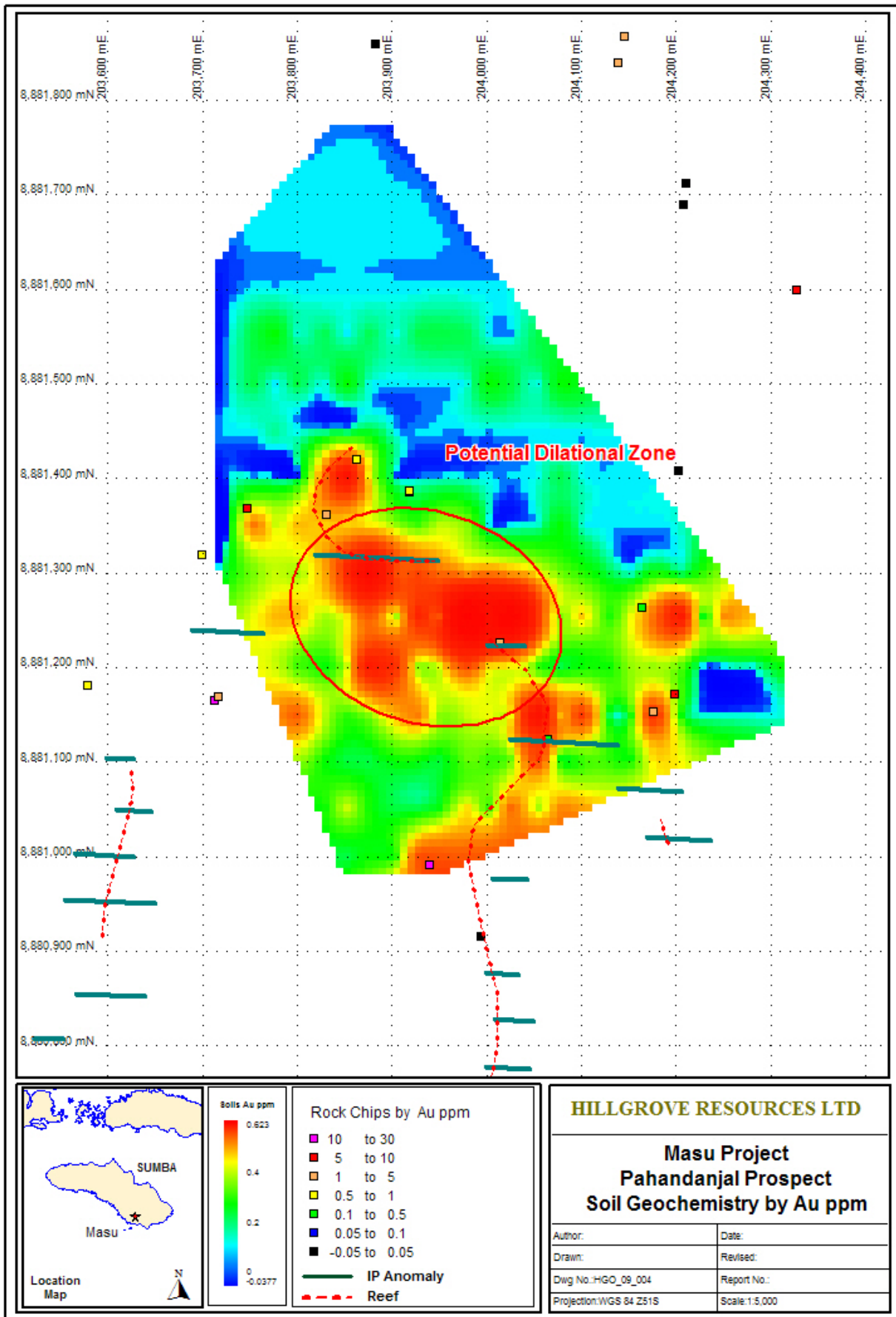


Figure 4. Prospect map showing rock geochemistry (by gold g/t) and historical activities

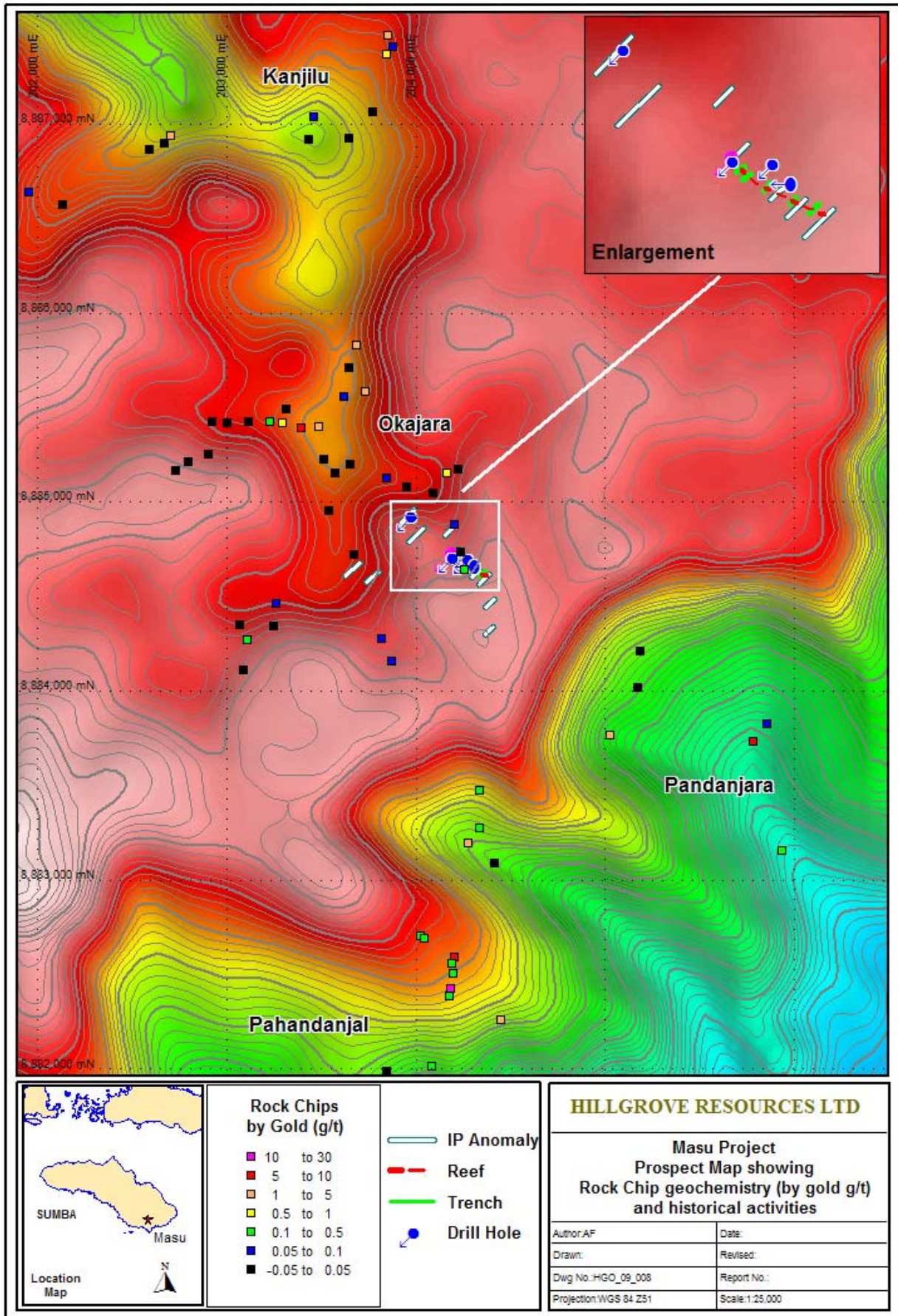


Table 1. Significant Rock Chip Results from Masu Project

Project	Prospect	Sample No	UTM E	UTM N	Au_ppm_Av	Ag_ppm	Pb_ppm	Zn_ppm
Masu	Padanjara	000287	205026	8883766	3.03	0.2	180	157
Masu	Padanjara	000289	205780	8883733	8.56	2.7	28	12
Masu	Okajara	000418	200934	8885742	1.98	40.2	369	232
Masu	Kanjilu	000423	202703	8886937	1.05	5.5	1230	8890
Masu	Kanjilu	000424	203847	8887471	1.29	0.7	37	192
Masu	Kanjilu	000426	203840	8887374	0.54	1	23	99

Note: Gold values are derived from an average of up to 5 repeats using fire assay method.
Silver, zinc and lead values are derived from a multi element sweep using ICP method.
Datum used for the East Sumba is WGS 84 Zone 51.

Table 2. Significant Rock Chip Results from Tanah Daro Project

Project	Prospect	Sample No	UTM E	UTM N	Au_ppm_Av	Ag_ppm	Cu_ppm	Pb_ppm
Tn. Daro	Langela	000025	821463	8937265	0.44	6.6	200	120
Tn. Daro	Langela	000079	820840	8937412	0.14	6.1	107	1610
Tn. Daro	Langela	000082	821690	8937191	1.89	1.9	39	1390
Tn. Daro	Langela	000085	821837	8936567	1	14	89	563
Tn. Daro	Langela	000389	820711	8937336	2.07	2.4	87	182
Tn. Daro	Langela	000390	820868	8937215	1.05	12.4	178	75
Tn. Daro	Langela	000101	820241	8937607	3.29	43.4	275	269
Tn. Daro	Pelitalira	000372	803861	8933801	6.1	76.4	3890	2670
Tn. Daro	Pelitalira	000374	803294	8934017	0.34	20.8	26	148
Tn. Daro	Pelitalira	000376	802518	8934371	0.72	7.3	49	181
Tn. Daro	Pelitalira	000377	802547	8934573	1.27	13.6	20	206
Tn. Daro	Pelitalira	000046	803876	8933773	1.17	41.5	1020	3630
Tn. Daro	Pelitalira	000048	803831	8933776	37.13	406	59	9730
Tn. Daro	Pelitalira	000049	803671	8933385	0.13	5.3	43	64
Tn. Daro	Pelitalira	000050	803593	8933840	0.1	11.2	146	289
Tn. Daro	Pelitalira	000051	803510	8933799	1.53	2.6	72	1200
Tn. Daro	Pelitalira	000052	803403	8933989	0.26	29	52	786
Tn. Daro	Pelitalira	000053	803319	8933418	0.18	21.5	29	124
Tn. Daro	Pelitalira	000054	803232	8933991	0.32	15.2	16	171
Tn. Daro	Pelitalira	000055	803089	8934098	0.14	2.4	214	191

Note: Gold values are derived from an average of up to 5 repeats using fire assay method.
Silver, copper and lead values are derived from a multi element sweep using ICP method.
Datum used for the Central Sumba is WGS 84 Zone 50.