

Wednesday, 28 July 2010

**SIGNIFICANT GOLD MINERALISATION AT SUMBA**  
**FIRST PASS DRILLING AND TRENCHING AT MASU PROJECT**  
**ENCOUNTERS SIGNIFICANT GOLD MINERALISATION**

Hillgrove Resources Ltd (ASX:HGO) is pleased to announce results from initial drilling and ongoing soil, rock and trench sampling of gold targets at the Masu Project, Sumba Island, Indonesia.

The Masu Project comprises the Pahandanjal, Okajara and Kanjilu prospects located within a hydrothermal alteration system confirmed over an 8km strike length (Figure 1).

**Highlights**

- A total of 11 drill holes completed as part of the first pass reconnaissance drilling program;
- Drilling results confirm significant gold values in both the West and East Veins;
- First two holes completed on the high grade West Vein intersected:
  - **MADPH002: 1.85m @ 3.68g/t Au and 43.41g/t Ag from 38.9m**
  - **MADPH003: 6.45m @ 4.14g/t Au and 7.71 g/t Ag from 54.45m;**
- East Vein drilling confirmed broad gold intersections in trenching:
  - MADPH009: 18.7m @ 0.81g/t Au from 14.35m
  - MADPH011: 13.9m @ 0.67 g/t Au, from 33.45m
  - MADPH012: **25.8m @ 0.91 g/t Au;**
- Trenching at North Pahandanjal intersects significant gold values:
  - **16m @ 3.61g/t Au**
  - **5m @ 4.83g/t Au**
  - **11m @ 2.21 g/t Au**
  - **25m @ 0.97 g/t Au;**
- Second, larger rig mobilised to site;
- Reconnaissance soil sampling extends gold anomalism 8km to the north of the current drill targets, with previous results to **17g/t Au** in soils;
- Geological mapping confirms intense, widespread hydrothermal clay and silica alteration over 8km strike length, with supporting high grade rock chips;
- Rock chip sampling of surface silicification at Kanjilu prospect returns values up to **72g/t Au;**
- Numerous new epithermal vein occurrences recorded; sample results awaited.



Hillgrove CEO Drew Simonsen said *“For an initial drill campaign, we are certainly seeing the results we were hoping for. We continue to encounter gold mineralisation over a very large area at Masu and our initial scout drilling has confirmed the presence of gold at depth.”*

In addition to the quality of the drill results, this initial drilling campaign has also yielded valuable information on the style and nature of mineralisation.

*“We are dealing with quite a large system and typically for this type of exploration target, the discovery process is one of steadily increasing our knowledge and understanding of what we have encountered. With this in mind, we have mobilised a second, larger drill rig to target deeper positions, which will free up the scout rig to investigate the numerous targets in front of us. However one may choose to look at Masu, we feel we are on to something special,”* Mr Simonsen said.

## **Drilling**

First pass drilling beneath gold values encountered in trenching over the Pahandanjal West and East Veins has intersected gold mineralisation at depth.

Due to persistent wet weather, only two holes were completed on the higher grade West Vein before moving to the East Vein, where drill access is more straightforward and less affected by heavy rains.

Pahandanjal West Vein drill holes intersected significant gold mineralisation at shallow depths consistent with trenching gold values. Gold mineralisation is associated with north – south striking, steeply dipping banded epithermal quartz veins and sulphides and remains open along strike and down dip. Drilling will recommence on the West Vein as soon as weather conditions allow for safe site access. Drill hole locations and significant intercepts are presented in Table 2 and on Figure 2.

Results from nine holes completed on the East Vein target have confirmed the presence of a broad, north west – south east trending, shallow dipping, low gold grade breccia lode. The breccia zone is approximately 20m thick and contains grades of up to 2.81g/t Au and 30.3g/t Ag in drilling (see Table 2 and Figure 3).

The Company considers gold mineralisation within the East Vein encouraging as it demonstrates width and scale of mineralised structures present within the hydrothermal system. A key exploration target at Pahandanjal is the projected intersection of the higher grading West Vein with the broad, lower gold grading East Vein. This target area is north of the current drilling and is postulated to sit under shallow, post mineralisation cover.

## **Trenching**

Trenching over the North Pahandanjal and Okajara Prospects is continuing, with results for the first three North Pahandanjal trenches returning significant gold intersections as presented below in Table 1 and plotted on Figure 4.

The Company considers these trenching results very encouraging as they confirm the continuity of gold mineralisation to the north of the current drill targets, further reinforcing the Company's exploration model that the Masu Project is a large, gold-mineralised hydrothermal system.

**Table 1: North Pahandanj Trenching Mineralised Intervals**

Trench ID	UTM E Z51S	UTM N Z51S	TO	UTM E Z51S	UTM N Z51S	INTERVAL	Gold g/t	Silver g/t
FT36	204094	8882585		204231	8882583	2m	0.56	1.50
						10m	1.04	0.78
FT37	204156	8882509		204360	8882504	6m	1.20	8.27
						4m	1.50	7.10
						<b>25m</b>	<b>0.97</b>	<b>0.42</b>
FT38	204145	8882425		204385	8882420 including	16m	3.61	11.25
						<b>4m</b>	<b>11.25</b>	<b>29.10</b>
					5m	4.83	4.20	
					11m	2.12	3.16	
					including	<b>2m</b>	<b>6.32</b>	<b>9.80</b>

Note: Gold assays determined by averaging up to 3 repeats using 50gm Fire Assay method  
Silver values calculated from multi element sweep using ICP analytical method  
Intervals calculated as a weighted average using 0.5g/t Au lower cutoff, maximum 2m internal waste  
East Sumba datum: WGS84 Zone 51 Southern Hemisphere

### Soil and Rock Chip Sampling

Soil and rock chip sampling has continued throughout the Masu Project area, with soil gold anomalism now confirmed over 8km of strike length. The northern-most soil sampling line at the Kanjilu prospect encountered strongly anomalous gold values to 17g/t Au, clearly indicating the Masu gold system remains open along strike to the north.

Scout rock chip sampling in the Kanjilu prospect area returned values of **5.29g/t Au** and **5.8g/t Au**, with an outlying rock chip sample collected 500m north of Kanjilu returning **72g/t Au, 31.7g/t Ag** (Figure 1).

Additional soil sampling, mapping and trenching is planned at Kanjilu in due course.

Mr Simonsen said Hillgrove will maintain the current focus of the exploration and drilling program, with an expanded scope and impetus. *“This is a substantial project opportunity for Hillgrove, and we are committed to fully exploiting this through a ramped-up drilling program with the second rig and further investment in exploration, including geophysics,”* Mr Simonsen said.

*“The Hillgrove team has been undertaking a diligent and methodical approach to a carefully structured work program. As we continue to assess the big picture in light of ongoing results, we will also reassess the level of resources applied. The size of the mineralised system we have encountered looks very promising and we are responding accordingly.”*

### About the Sumba Project

Sumba is located in the province of East Nusa Tenggara and is south of the islands of Flores and Sumbawa in Indonesia. An Exploration Mining Business License (in Indonesian, an Izin Usaha Pertambangan or ‘IUP’) has been awarded to Hillgrove’s Indonesian joint venture partner, PT Fathi Resources. The IUP (322/KEP/HK/2009) has been granted for a term of six years and permits exploration for metals, gold and other associated minerals over an area of 999km<sup>2</sup>. Hillgrove has an 80% economic interest in the Project. The IUP encompasses highly prospective ground which has been shown to contain identified zones of gold and base metal mineralisation.

## 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. 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 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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**Table 2: Pahandanj Drill Hole Location and Significant Intercepts**

Hole ID	Easting Z51L	Northing Z51L	RL (m)	Azimuth (°)	Inclination (°)	Final Depth	Intercept			Au (g/t)	Ag (g/t)
							From (m)	To (m)	width (m)		
MADPH001	Abandoned					2.6					
MADPH002	203585	8881004	630	90	-50	60.45	38.90	40.75	<b>1.85</b>	<b>3.68</b>	<b>43.41</b>
					<b>including</b>		38.90	40.00	<b>1.10</b>	<b>5.18</b>	<b>62.50</b>
MADPH003	203584	8881004	630	90	-72	96.75	54.45	60.90	<b>6.45</b>	<b>4.14</b>	<b>7.71</b>
					<b>including</b>		54.45	55.00	<b>0.55</b>	<b>6.02</b>	<b>47.50</b>
							56.00	58.00	<b>2.00</b>	<b>6.30</b>	<b>5.00</b>
MADPH004	204058	8880944	604	270	-50	150	4.95	7.00	2.05	1.35	4.34
					<b>including</b>		4.95	5.25	<b>0.30</b>	<b>1.87</b>	<b>19.40</b>
							6.00	7.00	<b>1.00</b>	<b>2.12</b>	<b>2.40</b>
MADPH005	204070	8881068	590	270	-50	100	20.05	24.70	4.65	0.94	11.55
					<b>including</b>		23.00	23.90	<b>0.90</b>	<b>2.80</b>	<b>23.4</b>
MADPH006	204246	8881162	552	270	-52	150	76.00	77.75	1.75	0.61	3.75
MADPH007	204508	8881210	423	250	-50	120	RESULTS PENDING				
MADPH008	204205	8881086	564	240	-48	127.6			NSI		
MADPH009	203893	8881351	668	240	-50	150	14.35	33.05	18.70	0.81	7.06
					<b>including</b>		14.95	15.6	0.65	0.95	6.2
							15.60	17.30	1.70	1.64	11.70
							28.03	29.00	0.97	1.41	7.10
							30.05	31.00	<b>0.95</b>	<b>2.24</b>	<b>30.30</b>
							67.90	68.85	0.95	1.26	13.40
MADPH010	203907	8881429	658	240	-50	150	54.90	55.88	0.98	1.03	27.5
MADPH011	204017	8881289	605	240	-50	150	33.45	47.35	13.90	0.67*	N/A
					<b>including</b>		35.60	36.60	1.00	1.04*	
							41.40	42.00	0.60	1.13*	
							46.00	47.35	1.35	1.11*	
MADPH012	204077	8881180	584	240	-50	150	12.4	38.2	<b>25.80</b>	<b>0.91</b>	<b>7.65</b>
					<b>including</b>		12.40	17.00	4.60	1.90	13.67
							30.00	31.00	1.00	1.92	13.40
							36.00	37.00	1.00	1.17	7.60

Note: Gold assays determined by averaging up to 3 repeats using 50gm Fire Assay method  
Silver values calculated from multi element sweep using ICP analytical method  
Intercepts calculated using 0.5g/t Au cutoff, maximum 2m internal waste  
East Sumba datum: WGS84 Zone 51 Southern Hemisphere  
NSI: "No Significant Intercept"  
N/A – Not Available  
\* preliminary assay only

Figure 1. Masu Project, Prospect Locations, Soil and Rock Chip Sampling

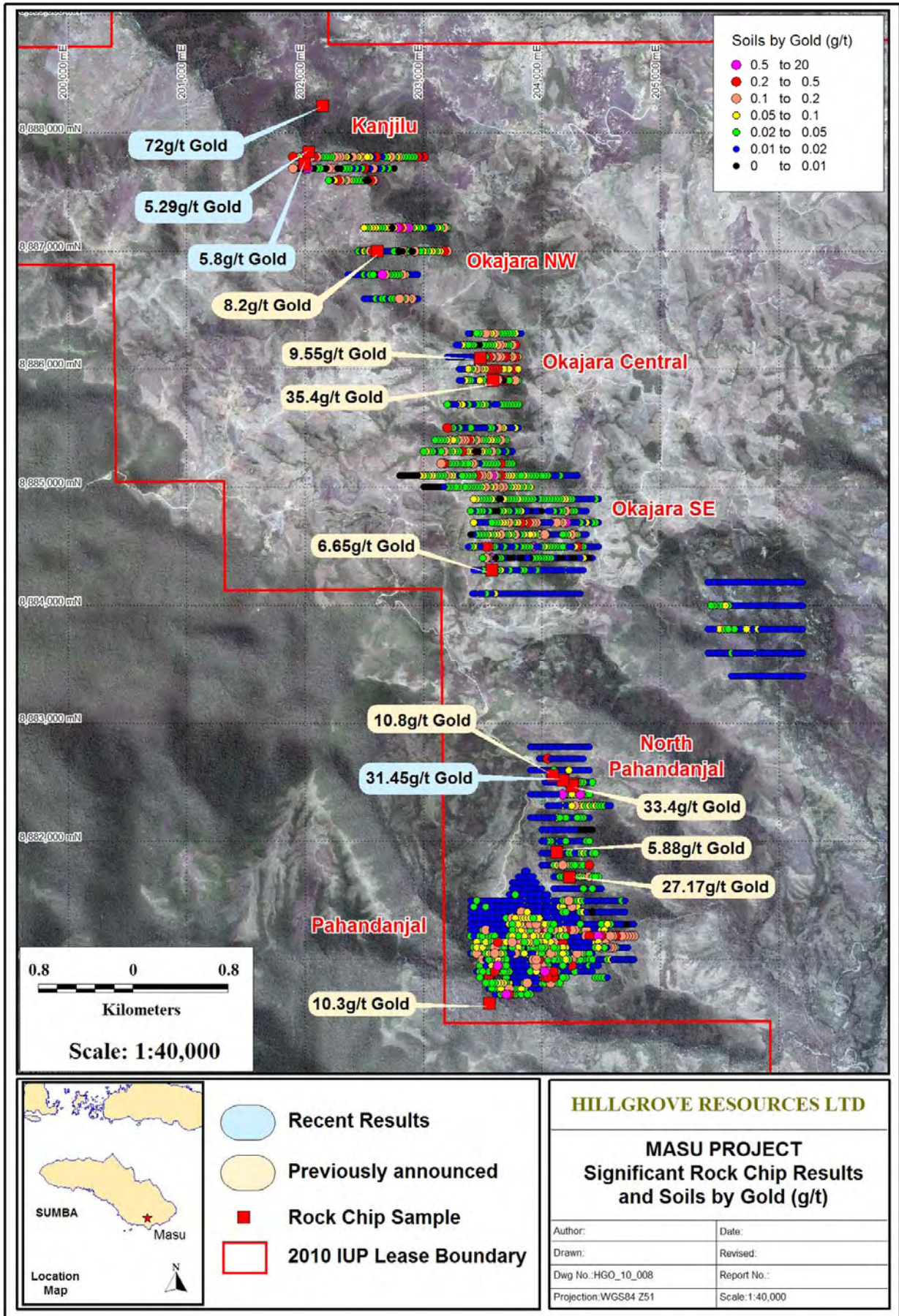


Figure 2. Pahandanjal West Vein Trenching and Drill Hole Location Plan

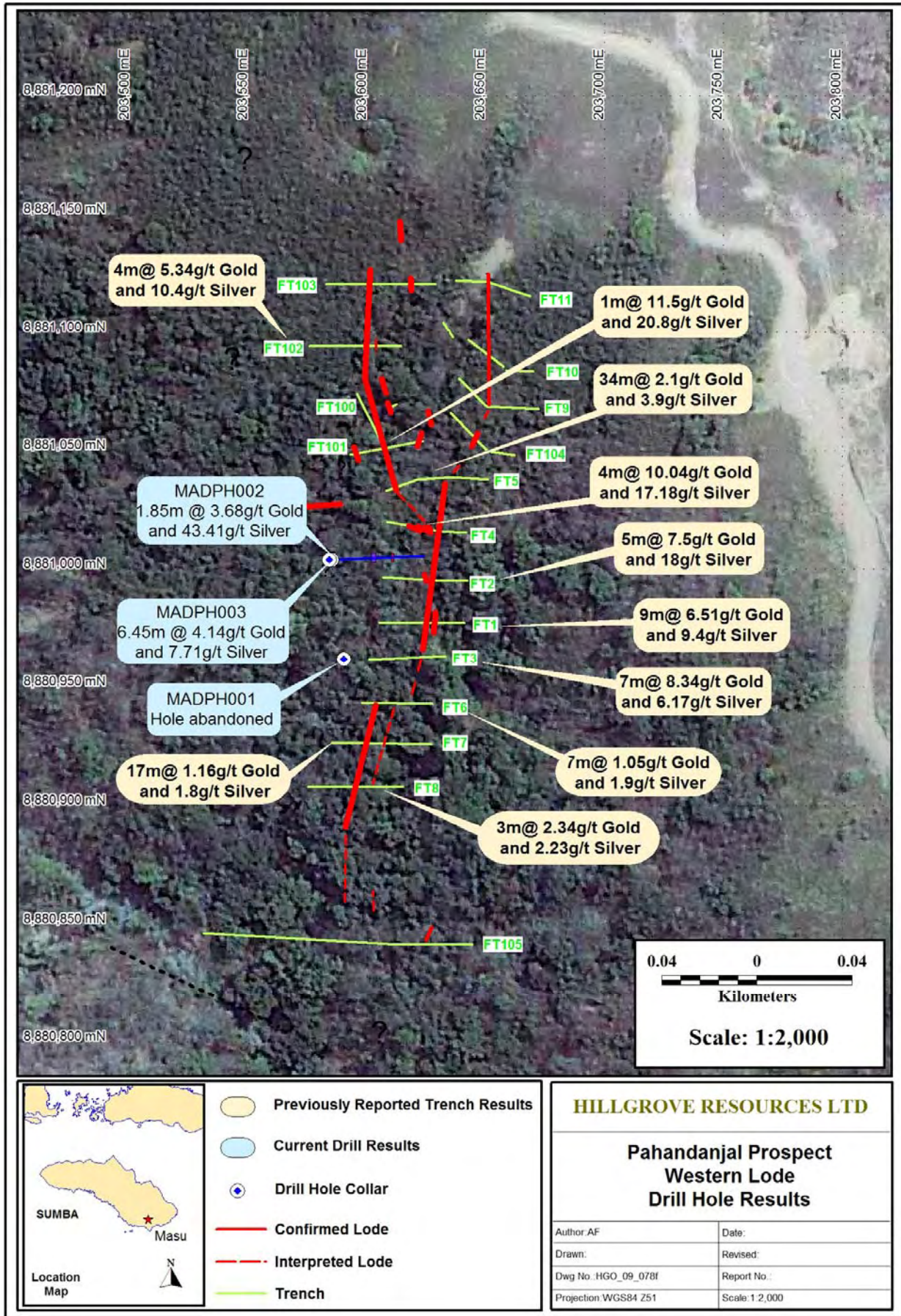


Figure 3. Pahandanjal East Vein Trenching and Drill Hole Location Plan

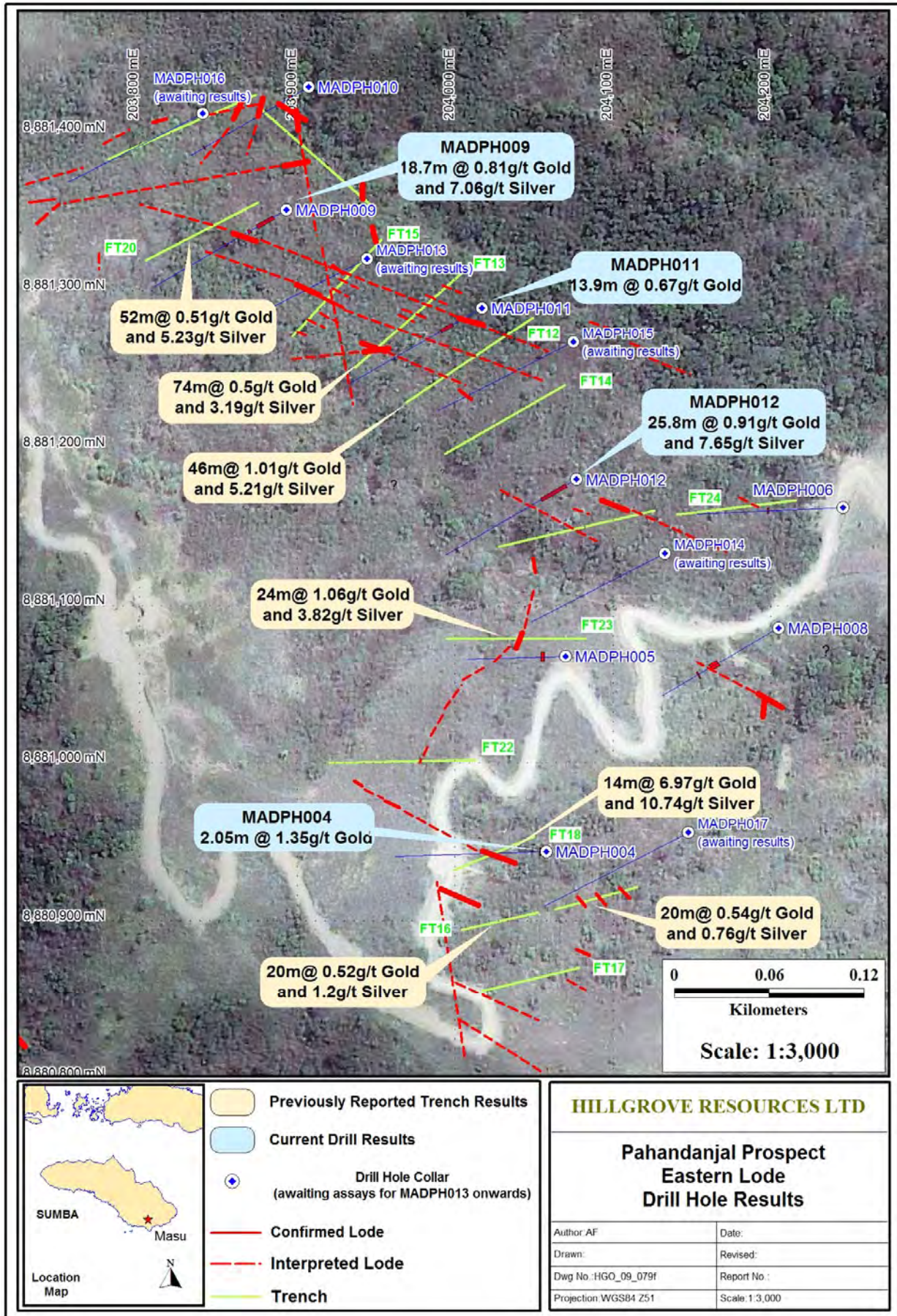


Figure 4. North Pahandanjal Trenching, Soil Sampling and Rock Chip Plan

