

HILLGROVE RESOURCES

Thursday, 13 March 2008

HILLGROVE APPOINTS MERRILL LYNCH TO ARRANGE KANMANTOO PROJECT FINANCING

Hillgrove Resources Limited (ASX:HGO) is pleased to advise that it has appointed leading international investment bank Merrill Lynch (Asia Pacific) Limited ("Merrill Lynch") to arrange the financing of its Kanmantoo Copper/Gold Mine development in South Australia.

Hillgrove's Board considered a number of proposals from local and international banking groups and after analysis was pleased to appoint Merrill Lynch. Hillgrove believes Merrill Lynch has a strong local presence, superior distribution capability and strong investor relationships across the region.

Hillgrove's Managing Director, Mr. David Archer said today "Kanmantoo is coming to the market at an ideal time with copper and gold prices near all time highs. There is very keen interest in funding of resources projects in Australia which is seen to be a premier resources investment destination".

With long lead time items already ordered, Kanmantoo has a short 12 month construction period which will allow production of copper concentrates for the export market to commence in mid 2009.

The Kanmantoo Copper/Gold Mine is located 55 kilometres east of Adelaide in the Adelaide Hills. This is a very low cost setting with access to existing road and port infrastructure and grid power matched by it being a highly desirable employment destination. The current Definitive Feasibility Study ("DFS") Kanmantoo will be a 6.5 year, 2 million tonne per annum mine. Hillgrove expects to extend the life of the mine from identified zones of mineralisation within 500 metres of the proposed mine and at depth. The Kanmantoo project area comprises a 497 square kilometre exploration license within the highly mineralised Kanmantoo Trough.

Currently, Kanmantoo is one of only two new copper mines that will go into production in Australia between now and the end of the decade.

Meanwhile, global demand for copper is very strong with prices at record levels. Chronic underinvestment in new copper production capacity, matched with long development lead times and increasing capital costs of new production will continue to underpin the copper price over the next four to five years providing an excellent setting for Kanmantoo.

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About Hillgrove

Hillgrove is an Australian resources company listed on the Australian Stock Exchange (ASX: HGO) focused on developing its South Australian base and precious metals projects. The Company possesses an exploration portfolio covering over 970km² within the Kanmantoo Trough and the Gawler Craton, recognised among Australia's most prospective regions for copper and gold.

Hillgrove's key asset is the Kanmantoo Copper Gold Project, located less than 55km from Adelaide in South Australia. Kanmantoo currently hosts a JORC compliant Inferred Resource of 31.8Mt grading 0.9% copper and 0.20g/t gold, containing 297,000t of copper and 189,300oz of gold. With production targeted for mid 2009, Kanmantoo will be a 2MTPA operation producing approximately 19,000t copper in concentrate and 6,000oz of gold per annum.

Hillgrove also holds a number of strategic positions in emerging energy and resources companies, including a fully diluted 25.7% shareholding in coal seam gas company Eastern Star Gas (ASX:ESG), and a fully diluted 29.9% shareholding in iron ore, gold and uranium explorer InterMet Resources (ASX:ITT).

The investment portfolio had a market value of \$56 million as at 31 January 2008.

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