

Tuesday, 2 March 2010

Resource Extension Drilling Underway at Kanmantoo

Hillgrove Resources Limited (ASX:HGO) is pleased to announce that a 5,760 metre drilling programme to define further mineralisation at the Kanmantoo Mine is now underway.



David Archer, the Managing Director of Hillgrove, said today “our experience at Kanmantoo is that the more metres we drill the more we find. There is tremendous potential to continue to expand the resource base both in the envelope around the existing pits shells, but also within easy haul distance along strike to the south at the Emily Star South and Wheel Fortune prospects”.

The first element to the programme is specifically designed to identify further mineralisation that might be captured in expanded pit shells and can be added to the mine plan. Eleven diamond holes (Figure 1.) are planned to target mineralisation below the base of the proposed pit while 17 reverse circulation (RC) holes (Figure 2.) are targeted at potential shallow mineralisation adjacent to, but outside of current pit shells.

The diamond holes are targeting down plunge mineralisation in the main M1 and M2 lenses that could be captured with a deeper pit than currently designed. Holes will range from 100m to approximately 450m in length for a total of 2,590 metres.

The RC holes are designed to test for extensions of existing identified shallow mineralisation in five zones on the boundaries of the current pit shell. These holes will all be shallow to a maximum depth of 120m for a total of 1,730 metres.

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The second element to the programme is the identification of further potential satellite orebodies in the Southern Mine Corridor akin to Hillgrove's original Emily Star discovery. This will involve 14 holes (Figure 3.) for a total of 1,440 metres. Eleven holes will target historical workings around Emily Star South. The proximity to the Kanmantoo Mine, the presence of garnet-andulsite-biotite schist (identical to the Main Zone schist), a coincident IP and soil anomaly, gold rock chips up to 16g/t, with a strike extent up to 480m, make this a key target. Three holes will also target historical workings at Wheal Fortune which has a coincident soil and IP anomaly and has not been drill tested.

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. Richard Bradey, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Bradey is the Kanmantoo Project Geology 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. Bradey 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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Figure 1. Pit Diamond Drill Targets

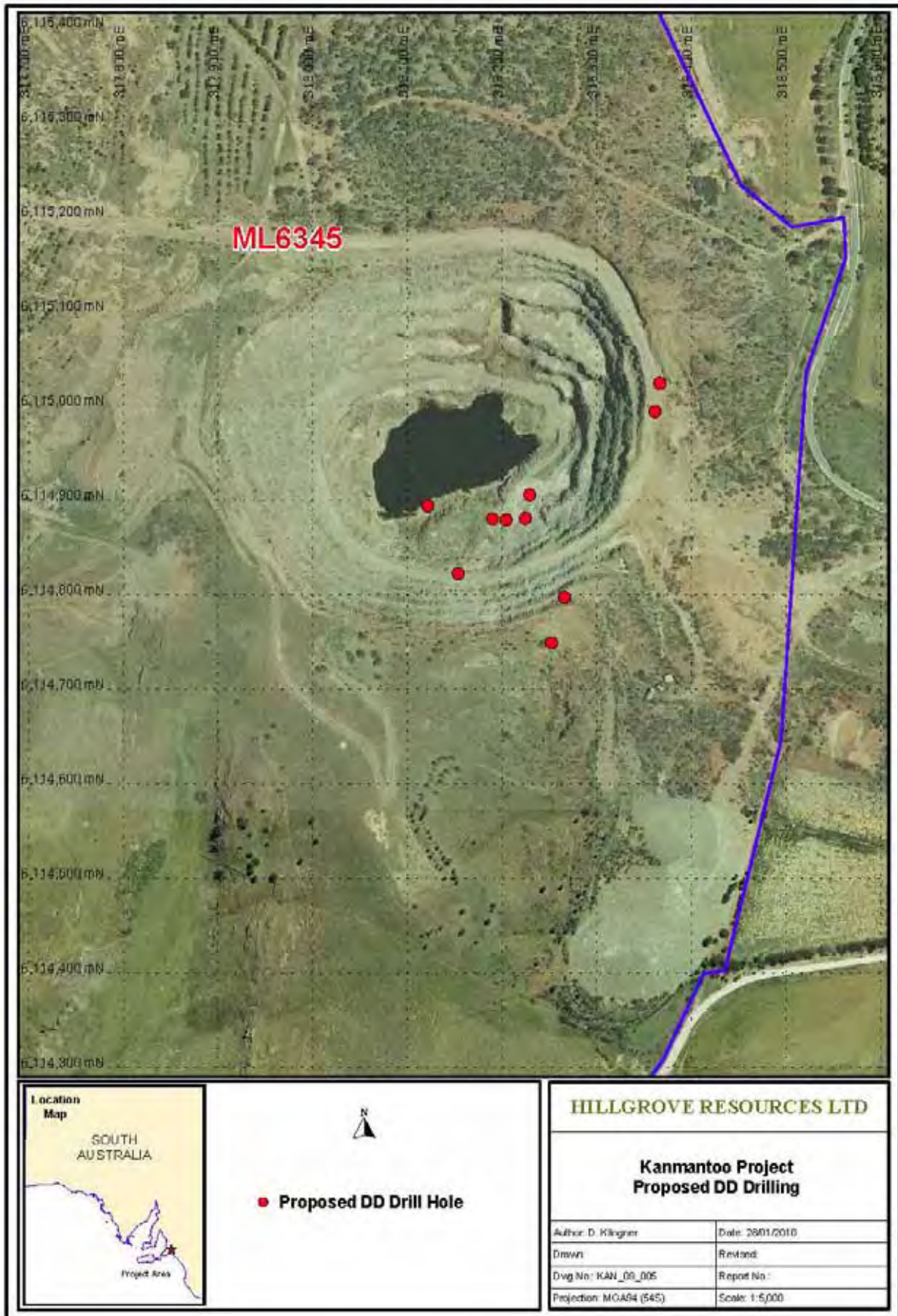


Figure 2. RC Periphery Targets



Figure 3. RC Targets for Potential Satellite at Emily Star South and Wheal Fortune

