HILLGROVE RESOURCES

Monday, 7 September 2009

SUMBA EPITHERMAL GOLD SYSTEM

Highlights:

- **On ground exploration has recommenced targeting drilling in early 2010.**
- **Compilation of exploration work completed by BHP has outlined a corridor of gold mineralisation 2km wide by 10km long.**
- **Hillgrove's sampling confirms high grade Western Vein system, striking approximately N-S and outcropping over about 250m, which returned assays up to 164 g/t Gold, and 71.7 g/t Silver.**
- **The discovery of a second high grade vein striking NE and outcropping over about 250m, which intersects the N-S trending Western Vein, returned assays up to 64 g/t Gold, and 254 g/t Silver *(not the same sample).***
- **Further encouraging rock chip results, from the area of Hillgrove's previously reported gold in soil anomaly, with rock chip assays up to 77 g/t Gold, and 43.3 g/t Silver.**
- **Historical trenching completed by BHP returned results up to 7m at 24.9 g/t gold and 46 g/t Silver (Trench PDL18).**

Hillgrove Resources Limited (ASX: HGO) ('Hillgrove') is pleased to announce that recent fieldwork has confirmed the presence of additional high grade gold and silver mineralisation on the Sumba license (Kuasa Pertambangan, "KP") (Hillgrove 80%). The project is highly prospective for epithermal and porphyry style mineralisation and covers identified zones of gold mineralisation (Figure 1).

In May-June 2009 a field program was completed with the focus of the work to sample BHP's previously identified outcropping high grade veins located approximately 400m to the west of Hillgrove's previously reported 200m x 200m gold in soil anomaly.

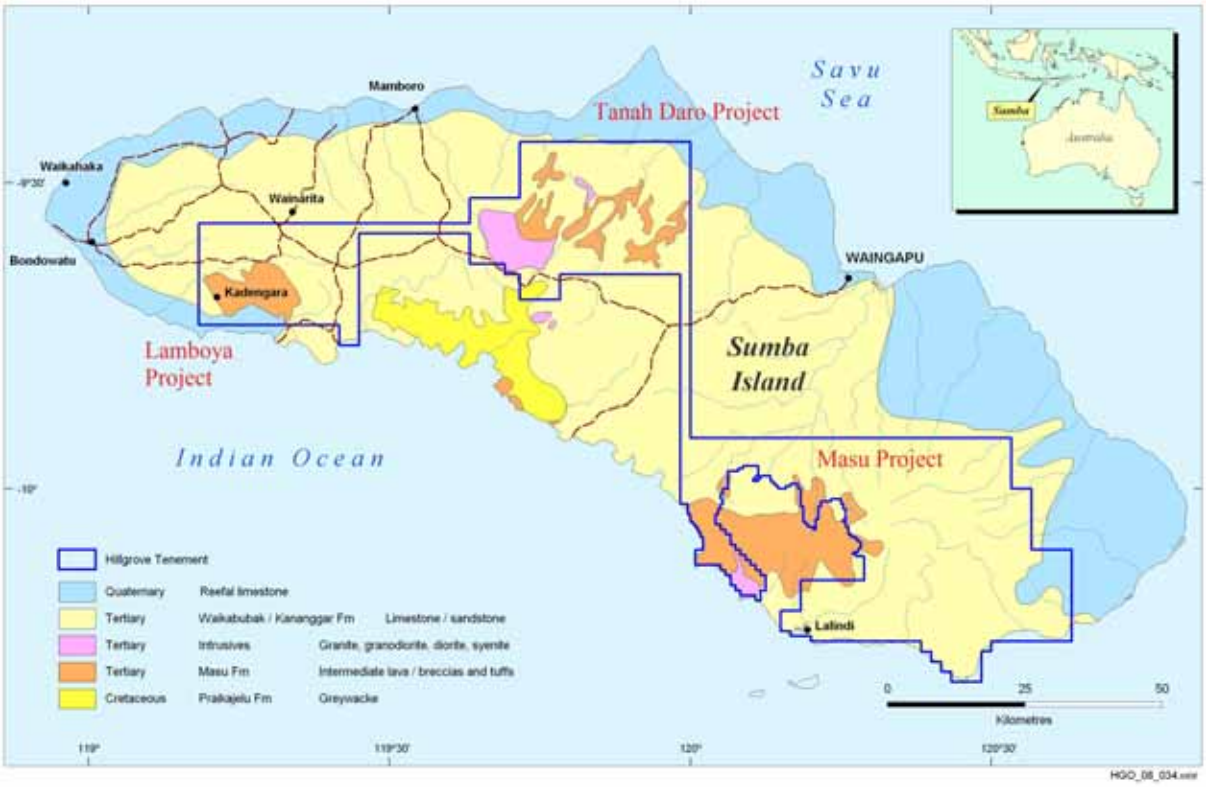
Results from rock chip sampling from May-June 2009 have now been received and reviewed with rock chip samples returning results up to 164 g/t gold.

Mr David Archer, the Managing Director of Hillgrove said today that the company had completed due diligence work for Sumba and has confirmed that there is a significant zone of epithermal gold mineralisation in the Masu Project area.

Hillgrove Resources Limited
ACN 004 297 116
Level 41 Australia Square, 264 George Street, Sydney NSW 2000
Tel: 02 8221 0404 Fax: 02 8221 0407
www.hillgroveresources.com.au

"The gold mineralisation at Pahandanjal Prospect warrants detailed mapping and trenching programs, and we have also confirmed the presence of in situ gold mineralisation in quartz reefs as far as 10km north of the prospect. Our plans at this stage are to conduct trenching and mapping programs for the rest of the year and begin drilling in 2010," Mr Archer said.

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



Sumba KP

The Sumba KP is split into three project areas that coincide with the volcanic basement (Figure 1). These project areas were originally defined through exploration conducted by PT BHP Sumba Minerals as a joint venture between BHP Minerals International Exploration Inc (90%) and PT Sansaporindo Mandiri (10%), in which BHP was the operator.

Hillgrove intends fast-tracking exploration work in the area during 2009-2010, including undertaking more detailed mapping and trenching in the latter part of 2009, prior to potential drill testing in early 2010. Hillgrove will also selectively follow up specific zones already identified with additional soil sampling.

Hillgrove's Indonesian partner, PT Fathi Resources holds a permit for General Survey activities under its Sumba Exploration License.

Masu Project

The Masu Project is located in South East Sumba and has been the principal focus for exploration activities in 2008-2009. Significant results from the recent rock chip sampling programs are shown in Table 1 below.

Pahandanjal Prospect

Previously reported results from Hillgrove's 2008 field program included the identification of a 200m x 200m gold in soil anomaly peaking at 0.67g/t gold at the Pahandanjal Prospect. Follow-up rock chip sampling of this anomalous zone in May-June 2009 has returned further encouraging results (Figure 2 below).

Significant new rock chip results include:

- **77g/t Gold, 43.3 g/t Silver;**
- **13.25g/t Gold, 6.8 g/t Silver;**
- **11.7 g/t Gold, 6g/t Silver.**

This Eastern Vein system strikes approximately NNW and outcrops over at least 600m but exhibits variable strikes and dimensions which require more detailed mapping and trenching prior to drill testing.

Hillgrove's 2008 soil sampling program indicated a potential higher grade dilational zone about a change of strike along this vein which also corresponds with a NW trending magnetic low defined by BHP.

This area will be subjected to more detailed mapping and trenching in the latter part of 2009, prior to potential drill testing in early 2010.

Pahandanjal Western Vein

A high-grade outcropping vein zone previously identified by BHP has been sampled by Hillgrove during May-June 2009, located approximately 400m to the west of the eastern vein system (Figure 2).

This zone has previously returned significant gold and silver results in trenches dug by BHP in the 1990s, which include the following highly anomalous results which actually stopped in high grade zones and have never been followed up:

- ***Trench PDL18*: 7m at 24.9 g/t gold, 46 g/t Silver (stopped in grade of 62.3g/t Gold Au, 89 g/t Silver);**
- ***Trench PDL35*: 3m at 49.4 g/t Gold, 26 g/t Silver (stopped in grade on both sides in 79 g/t Gold, 32 g/t Silver and 18.56 g/t Gold, 21 g/t Silver);**
- ***Trench PDL17*: 5m at 8.7 g/t Gold, 6 g/t Silver (stopped in grade on both sides in 9.2 g/t Gold, 6 g/t Silver and 12.2 g/t Gold, 7 g/t Silver);**
- ***Trench PDL36*: 8m at 7.3 g/t Gold, 7.8 g/t Silver (stopped in grade of 4.01 g/t Gold, 5 g/t Silver).**

The Western Vein strikes approximately N-S, with an unknown but variable width and exhibits an outcropping strike length of approximately 250m, which has not been closed off either north or south.

Follow-up due diligence rock chip sampling of this anomalous zone by Hillgrove in May-June 2009 has returned further highly encouraging results.

Significant new rock chip results include:

- **164 g/t Gold, 71.7 g/t Silver;**
- **29.75 g/t Gold, 47.8 g/t Silver;**
- **22.2 g/t Gold, 29.6 g/t Silver;**
- **15.4 g/t Gold, 46 g/t Silver;**
- **10.8 g/t Gold, 26 g/t Silver.**

A second NE striking vein has also been identified during recent field work which intersects the N-S trending Western Vein (Figure 2). This cross-cutting vein, which has not been previously recognised, outcrops over at least 250m and returned significant rock chip results including:

- **64 g/t Gold, 123 g/t Silver;**
- **43.7 g/t Gold, 254 g/t Silver;**
- **9 g/t Gold, 12.7g/t Silver.**

This vein appears to extend under a shallow unconformity towards the NE, where thin greywacke cover masks the NE continuation of the reef (Figure 2). As with the vein system to the east, the Western Veins exhibit variable strikes and outcrop dimensions which require more detailed mapping and trenching prior to drill testing.

The main vein systems at Pahandanjal exhibit minimal manganese in rock chips (<0.1%, Table 1), indicating that there is unlikely to be significant near-surface supergene enrichment, highlighting the excellent potential for the down dip continuation of the outcropping high gold-silver grades.

Both the Western Vein and the area of anomalous gold in soils and rock chips to the east will be the subject of an upcoming program of further soil sampling, mapping and trenching in the remaining part of 2009 which will aim to better define and understand the controls to mineralisation, prior to potential drill testing in 2010.

Hillgrove has already commenced a new soil program in the area of the Western Vein and its extensions.

Preliminary analysis suggests that the Pahandanjal Prospect has the potential to host multiple, high-grade. fracture-controlled vein systems of comparable grades and dimensions to high grade epithermal low sulphidation systems mined elsewhere in the Indonesian archipelago.

Masu Regional Work

Further work on the compilation and analysis of historical data indicates a significant corridor of epithermal mineralisation (2km x 10km) stretching from Pahandanjal in the south through to the Okajara and Kanjilu prospects in the north and northwest (Figure 3). This corridor of mineralisation is probably genetically related to large zones of previously identified porphyry mineralisation to the west by BHP. This corridor strikes approximately NNW-SSE and there is a suggestion of a large fracture system trending around to a more SSW direction in the south that exhibits several outcropping high grade zones, all of which require more detailed mapping and sampling prior to potential drill testing.

Previous exploration in the Masu area has been of a reconnaissance nature. The known high grade zones have not been adequately tested, followed-up or understood. An additional factor, as mentioned above, is that trenches have actually stopped in outcropping high grade mineralisation (e.g. 62.3 g/t Gold and 79 g/t Gold in different trenches), which have never been followed up.

Hillgrove's intention is to follow up these zones with mapping, soil sampling and trenching prior to drill testing in 2010.

About Hillgrove

Hillgrove Resources 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 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. 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.

For more information contact:

Mr David Archer
Managing Director
Hillgrove Resources Limited
Tel: +61 2 8221 0404
Mobile: 0414 737 767

Mr Dale Ferguson
General Manager – Exploration & Operations
Hillgrove Resources Limited
Tel: +61 8 9481 1433
Mobile: 0439 886 019

Figure 2. 2009 Rock chip geochemistry by gold at the Pahandanjal Prospect

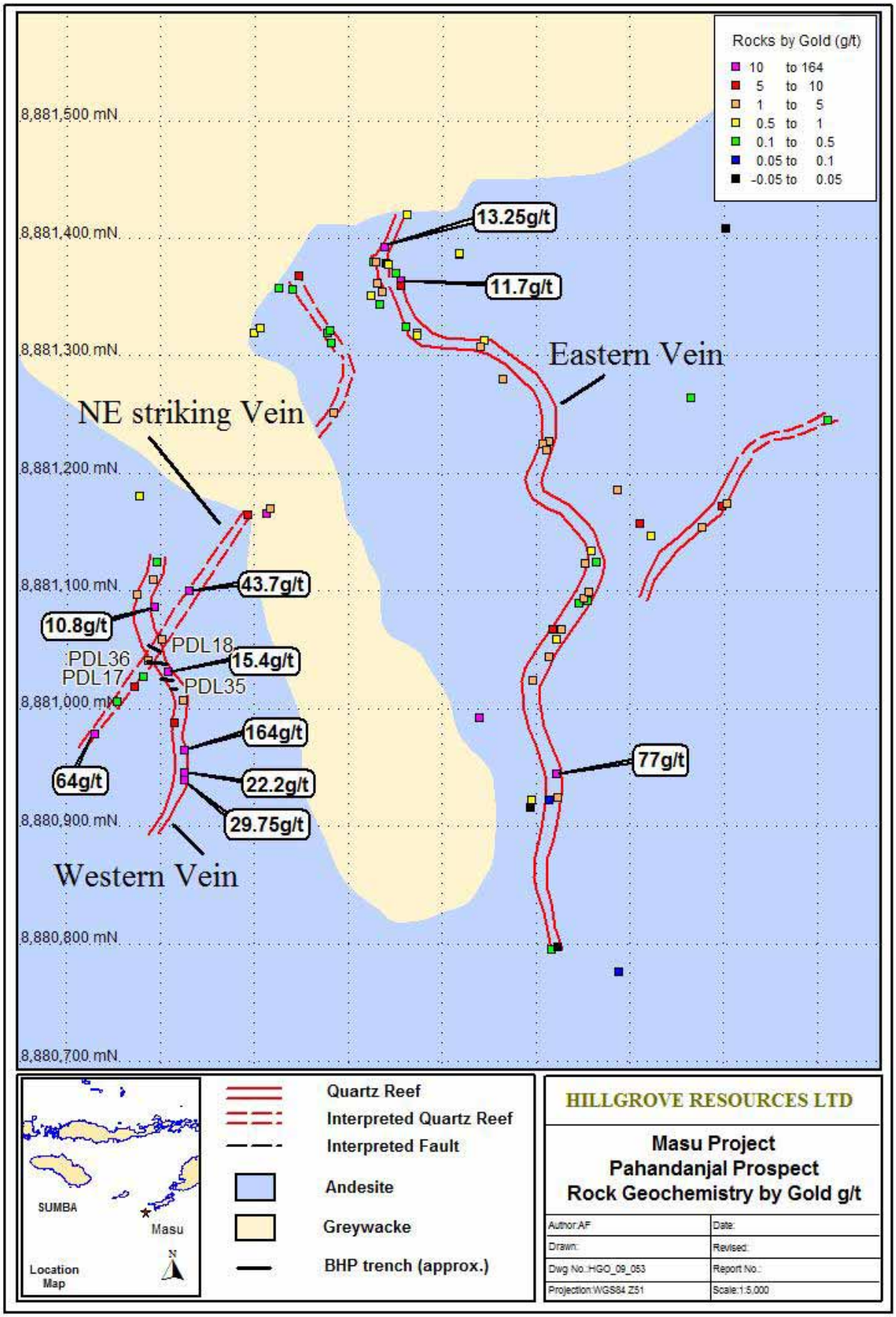


Figure 3: Masu Prospect map showing historical rock geochemistry (by gold g/t)

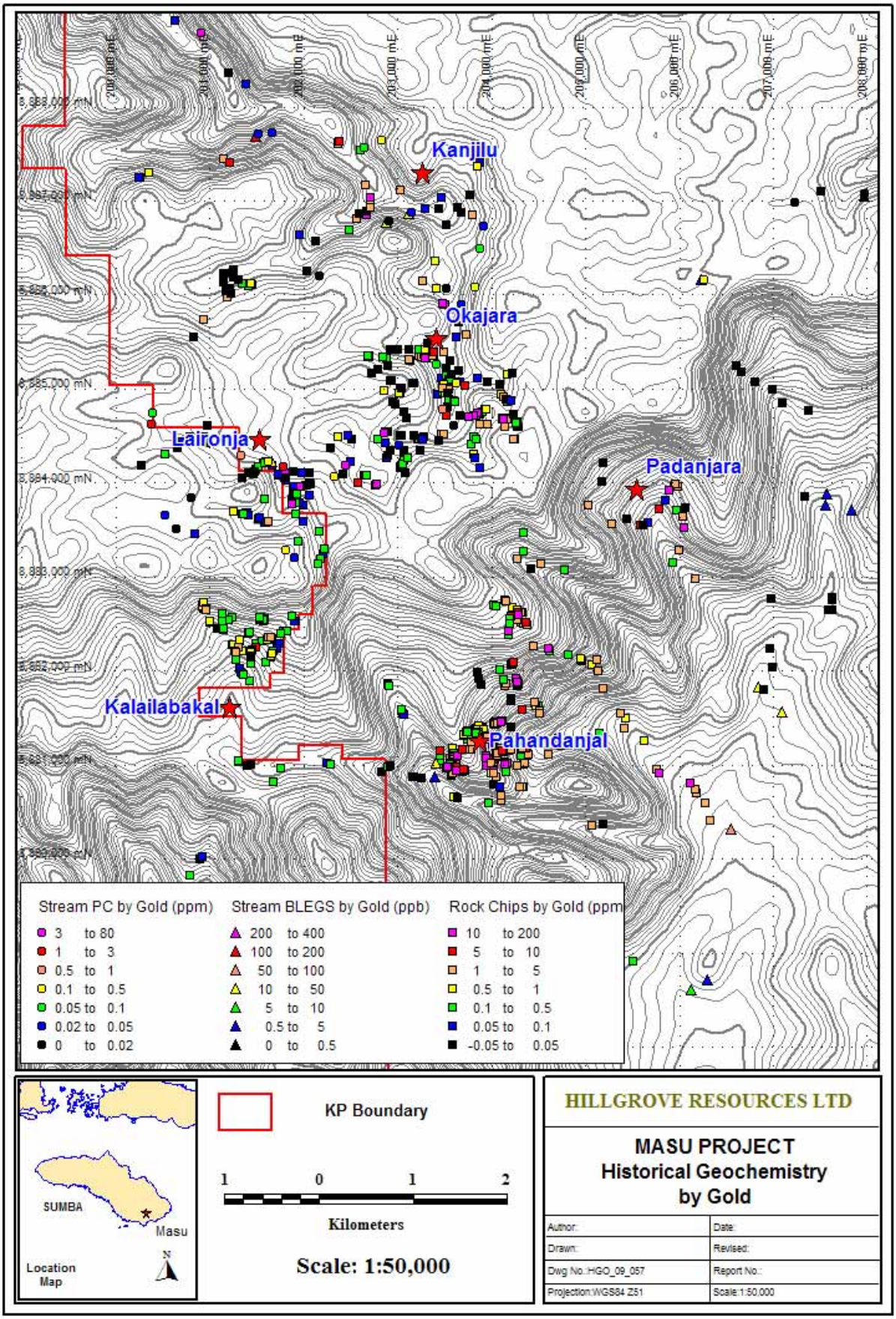


Table 1. Significant New Rock Chip Results from the Masu Project (2009)

Project	Prospect	Sample No	UTM E	UTM N	Au g/t	Ag g/t	Pb g/t	Mn %
Masu	Pahandanjal	000163	203625	8880965	164	71.7	291	0.0116
Masu	Pahandanjal	000139	204022	8880945	77	43.3	252	0.0101
Masu	Pahandanjal	000162	203530	8880979	64	123	1180	0.0109
Masu	Pahandanjal	000167	203630	8881100	43.7	254	1710	0.0226
Masu	Pahandanjal	000166	203626	8880939	29.75	47.8	409	0.0109
Masu	Pahandanjal	000165	203625	8880946	22.2	29.6	349	0.0120
Masu	Pahandanjal	000156	203608	8881031	15.4	46	379	0.0105
Masu	Pahandanjal	000173	203839	8881393	13.25	6.8	702	0.0156
Masu	Pahandanjal	000121	203855	8881364	11.7	6	1430	0.0375
Masu	Pahandanjal	000154	203594	8881087	10.8	26	1410	0.0201
Masu	Pahandanjal	000168	203693	8881165	9	12.7	98	0.0662
Masu	Pahandanjal	000146	204018	8881068	8.52	86.4	8140	0.0160
Masu	Pahandanjal	000181	204110	8881157	7.88	13.8	1800	0.0103
Masu	Pahandanjal	000160	203572	8881019	7.46	12.1	252	0.0186
Masu	Pahandanjal	000164	203615	8880988	7.07	10.5	2540	0.0173
Masu	Pahandanjal	000122	203855	8881360	5.35	4.4	147	0.098
Masu	Pahandanjal	000169	204052	8881124	4.89	41.5	13300	0.0348
Masu	Pahandanjal	000157	203624	8881007	4.7	6.7	225	0.088
Masu	Pahandanjal	000158	203587	8881041	4.36	8.9	308	0.0145
Masu	Pahandanjal	000170	204086	8881186	4.33	16.3	855	0.0220
Masu	Pahandanjal	000140	204023	8880925	4.27	14.1	997	0.0166
Masu	Pahandanjal	000153	203575	8881097	3.98	12.8	1620	0.0190
Masu	Pahandanjal	000127	204011	8881220	3.6	56	238	0.0607
Masu	Pahandanjal	000130	203941	8881308	3.32	26.9	48	0.0196
Masu	Pahandanjal	000150	204056	8881099	3.29	8.1	872	0.0367
Masu	Pahandanjal	000118	203836	8881354	3	24	270	0.091

Note: Gold values are derived from an average of up to 5 repeats using fire assay method.

Silver, lead and manganese values are derived from a multi element sweep using ICP method.

Datum used for East Sumba is WGS 84 Zone 51.