

The Board of Directors of Hillgrove Resources Limited (Hillgrove)
(ASX: HGO) reports for the quarter ended 31 July 2010

HIGHLIGHTS

- Drew Simonsen joins Hillgrove as CEO and Managing Director.
- Progress is being made on project finance for Kanmantoo, but more slowly than originally anticipated. Hillgrove is confident however that project financing will be achieved.
- Surplus SAG mill and ancillary equipment to be purchased by Conquest Mining Limited (CQT) for a cash price of \$6.95 million.
- Long term contract signed with the District Council of Mount Barker for the supply of recycled treated waste water for use as process water at the Kanmantoo Copper Mine.
- Drilling results confirm significant gold values in both the West and East Veins at Sumba, including high grade West Vein intersected as follows:
 - MADPH002: 1.85m @ 3.68g/t Au and 43.41g/t Ag from 38.9m;
 - MADPH003: 6.45m @ 4.14g/t Au and 7.71g/t Ag from 54.45m.
- Reconnaissance geological mapping and soil sampling at Masu Project, Sumba extends gold anomalism 8km to the north of the current drill targets; previous results to 17g/t Au in soils; confirms intense, widespread hydrothermal clay and silica alteration in association with elevated gold values.
- Rock chip sampling of surface silicification at Kanjilu prospect returns values up to 72g/t Au.
- New landowner agreement signed granting long term access to West Delta prospect area at Bird's Head, Indonesia.
- Remote sensing interpretation completed, identifying extensive prospective areas for bauxite mineralisation at Landak project.
- Edwin Zemancheff appointed as non-executive Director.
- Cash and investment portfolio totalled \$97.6 million at the end of the quarter.

KANMANTOO COPPER PROJECT, SOUTH AUSTRALIA **Mining Leases 5776 and 6345; Exploration License 4401** **(Hillgrove 100%)**

Subject to a Final Investment Decision (FID), Hillgrove is targeting the start-up of construction of the Kanmantoo Copper Mines processing plant in the next quarter.

Project Financing

Detailed discussions have continued with a small group of internationally reputed project finance banks during the quarter. Progress has been made, but much more slowly than originally anticipated. As a consequence, Hillgrove has been unable to meet its self-imposed timetable for a Final Investment Decision (FID) by the Board in July as we had

hoped. This has not only been a function of conservatism on the part of lenders in general, and project lenders in particular, but also domestic and international market conditions. However, Hillgrove is now engaged in advanced discussions with two banks regarding securing a project finance facility to assist with the funding of the development of the project.

The Board and management of Hillgrove believe that the Kanmantoo project revenues should be supported by a judicious copper price hedging strategy, particularly in the early years. Project financing is important to Hillgrove because project finance lenders will typically take project security in support of copper price hedging. Project security avoids the necessity for Hillgrove to post initial and variation margin against hedging transactions – without project security, an equity financed project could need to post millions of dollars in margin against hedged positions with any rises in the price of copper. With several months between price rises and hence margin calls today, and ultimate receipt of revenue for product shipments, the cash flow impact could be catastrophic and has many Australian and international mining cadavers as spectres. Such risks will not be countenanced by your management and Board. The Kanmantoo project needs price hedging, and price hedging needs project financing for a single mine company of Hillgrove's size. FID will remain dependent on the provision of satisfactory committed financing and hedging facilities.

With current progress being made, we have confidence that we will be able to conclude project financing, and subject to Board approval, be able to announce FID and start construction within the next quarter. With a 12 month construction period, this would indicate plant commissioning and ramp up from the third quarter of 2011.

Processing Plant

The complex business of dismantling the decommissioned Lennard Shelf Pillara Mine's process plant facility in Western Australia and transporting the various components by truck has been completed, with all components having now arrived safely on site at the Kanmantoo Copper Mines lay-down area as of last week. A total of 293 truck-loads were involved – a major logistics exercise by any measure.

Abesque Engineering Limited was the contractor for the dismantling and transportation aspects, and they are also our nominated process plant constructor. Abesque is well advanced with the detailed design and critical procurement activities associated with the conversion of the Pillara plant to Hillgrove's requirements at Kanmantoo. Once a FID is made, the Process Plant Construction and Commissioning Contract will be entered into with Abesque.

Surplus SAG Mill Sold

On the 9th August, just after the end of the quarterly reporting period, Hillgrove announced it had agreed to sell its surplus SAG mill to Conquest Mining Limited for a cash price of \$6.95 million.

The SAG mill and ancillary equipment were ordered as long lead items prior to Hillgrove's purchase of the second hand process plant and associated equipment of the Lennard Shelf Pillara mine. Following that purchase and a full assessment of both mills, Hillgrove determined that retaining the larger Lennard Shelf SAG mill provided the Kanmantoo Copper Mines project with upscale opportunities for additional throughput and the new mill became surplus to Hillgrove's requirements.

The sale will be completed by early September 2010 and completes the sale of all our current surplus equipment.

Diamond Drilling Confirms Pit Design

The resource drilling programme completed earlier this year looks to have confirmed the suitability of the current pit design for the development of the Kanmantoo Copper Mines. The primary objectives of the drilling programme were to confirm the current geological interpretation and resource model, as well as for geotechnical analysis (Appendix 1).

The manual interpretation of the drilling results provided a high level of confidence that the current pit design is appropriate for the optimal extraction of the known near surface resource. Mineralisation remains open at depth.

Updating of the resource block model, together with further pit optimisation studies, will be completed before the commencement of mining in order to confirm the manual interpretations.

A list of significant intersections from the recent programme are shown in Appendix 2.

This work also enabled an updated Ore Reserve for the Kanmantoo Copper Mines which Hillgrove announced very early in the quarter on May 4 and reported in our previous Quarterly Report (see table below). The new Ore Reserve showed an increase in both the reserve confidence and contained metal when compared to the December 2007 Ore Reserve reported as an output of the 2007 Definitive Feasibility Study. The total Ore Reserve now stands at 14.8Mt at

0.85% copper, 1.7g/t gold and 3.1g/t silver for contained metal of 125k tonnes of copper, 81k ounces of gold (increase of 14.1%) and 1.5M ounces of silver (increase of 25.0%).

Table 1. Kanmantoo Ore Reserve – April 2010

Category	Tonnes Mt	Cu %	Au g/t	Ag g/t
Proved	2.3	0.87	0.13	3.2
Probable	12.5	0.84	0.18	3.1
Ore Reserve	14.8	0.85	0.17	3.1

The increase in the Ore Reserve underscores the growth potential of the Project and provides confidence of adding to the Project's life with further potential discoveries from continuing exploration within the extensive tenement area.

Analysis during the quarter also demonstrated a high degree of confidence in the conversion ratio from Inferred to Indicated to Measured resources as a result of the in-fill drilling undertaken since 2008.

A follow up drilling programme is now being designed.

Contract Signed for Recycled Treated Waste Water

In early June Hillgrove was able to announce that it had signed a long term contract with the District Council of Mount Barker (DCMB) for the supply of recycled treated waste water for use as process water at the Kanmantoo Copper Mines.

The arrangement is an innovative example of how mining companies and communities can cooperate to achieve an outstanding environmental outcome that benefits those at both the local and national levels. The innovative water contract will generate a revenue stream and cost savings for the District Council and, importantly, it also eliminates a new draw on the water resources of the Murray River system. From the community's point of view it results in significant benefits to local flora, fauna and the water quality of Mt. Barker Creek.

The contract commits Hillgrove to design and build a 16km buried pipeline from the DCMB's Brown Dam (Plate 1) to the Kanmantoo mine site. The pipeline will be constructed within road reserves and existing rights of way (see Appendix 3). Once completed, the infrastructure will vest with DCMB. The term of the water supply contract is five years with a three-year option and the right to renew the contract every three years thereafter while the mine operates. DCMB has allocated up to 750ML per year to the Kanmantoo Mine.

Plate 1. Brown Dam Under Construction



The Kanmantoo Mine's daily raw water requirement is forecast to be 2.1ML per day, which can be satisfied from the contract with DCMB for most of the year. The Kanmantoo Mine can also source water from the SA Water Scheme, existing ground water bores, water inflows into the open-cut and seasonal water harvesting.

Next Steps

The tender process is underway for construction of the treated waste water pipeline with the District Council of Mount Barker and Hillgrove is currently evaluating submissions. The Council has also given building consent for the erection of the storage tanks. Construction is expected to commence in September, followed by commissioning in November and handover to DCMB for operation and maintenance in December 2010.

The Mining Contract for Kanmantoo will be executed after FID. With the dismantling activities of our process plant from WA now complete and all the items now safely relocated to Kanmantoo site we are now entering the next phase of the project with the commencement of the process plant site bulk earthworks and the start of grade control drilling. Exact Mining have commenced assembling their equipment on site for the execution of these activities and subject to FID it is anticipated these activities will continue on into the commencement of pre-strip mining and construction of the Tailings Storage Facility (TSF).

The concentrate handling and transport contract is also ready to execute with Exact Mining and agreement with ElectraNet on the Kanmantoo Project Offer and Transmission Connection Agreement proposal is nearing completion.

Copper production from the SAMR Project’s heap leach operations will continue until the SAMR site needs to make way for the new open cut mine. This mini production programme continues to exceed production forecasts and achieves a small profit heartening us for bigger things to come.

INDONESIAN GOLD AND GOLD/COPPER EXPLORATION

Hillgrove is currently exploring three major projects across the archipelago (Plate 2).

Plate 2. Exploration Project Locations in Indonesia



On the island of Sumba, exploration on the Masu project is focused on defining gold mineralisation within a very large hydrothermal alteration system.

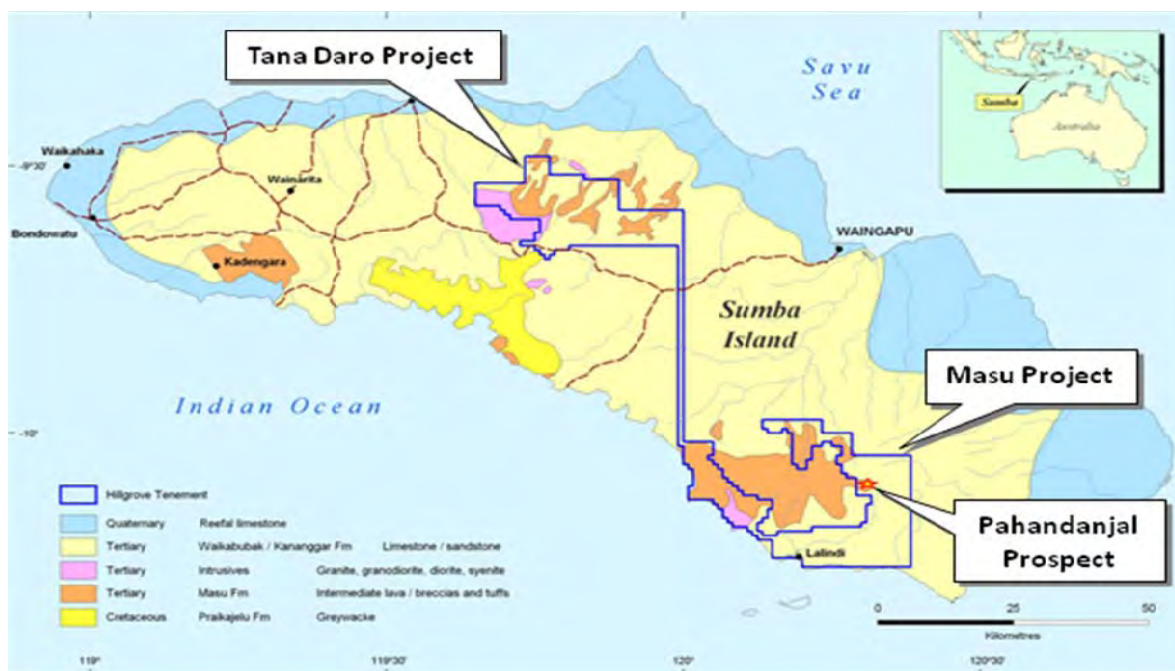
At Bird’s Head in West Papua, exploration is focussed on defining copper – gold mineralisation associated with an interpreted porphyry complex and associated extensive hydrothermal alteration system.

In West Kalimantan on the Landak project, exploration is targeting the definition of a large bauxite resource base.

**SUMBA GOLD PROJECT, INDONESIA
IUP 322/KEP/HK/2009
(Hillgrove 80%)**

Hillgrove is an 80% beneficial shareholder in PT Fathi Resources, which holds IUP322 on the island of Sumba. Hillgrove is responsible for the sole funding and management of all exploration and development activities, up to a decision to mine. The IUP Explorasi (Exploration and Mining Business Licence) covers 999km² for a period of six years (Plate 3).

Plate 3. Map Showing Basic Geology and IUP Boundary for Sumba



The Island of Sumba is covered in 'recent' shallow marine sedimentary units that have effectively masked and preserved underlying volcanic lithology considered highly prospective for epithermal gold and porphyry copper – gold mineralisation. The erosion of recent sedimentary cover has revealed windows of volcanic lithology where Hillgrove is focussing its exploration efforts.

Exploration activities this quarter focussed on the Masu Project area located in the southern region of the IUP, where trenching, soil sampling and diamond drilling proceeded with significant success. Soil sampling at Tana Daro also commenced this quarter.

Masu Project

Soil and Rock Chip Sampling

Soil sampling over identified hydrothermal alteration zones and projected structural corridors favourable for gold mineralisation continued this reporting period.

A total of 6.2 line kilometres of sampling on 12.5m composite sample spacing (sampling every 12.5m and compositing 2 samples for analysis, giving an average assay over 25m) on 100m line spacing has continued to identify strongly anomalous gold values to 17g/t Au along the Masu corridor, now extending over 8km in a northerly direction.

Anomalous gold is strongly associated with elevated arsenic (As), antimony (Sb) and barite (Ba) values.

Post-mineralisation sedimentary cover obscures underlying prospective volcanic lithology in many places, making the surface geochemistry picture somewhat patchy. Notwithstanding variable exposure, a strong gold anomalism trend associated with widespread hydrothermal alteration over the entire sampled Masu corridor is clearly evident.

In addition to trenching, reconnaissance mapping and prospecting has continued over the Masu corridor, with selected rock chip and channel samples collected where appropriate (see Appendix 4). Sampling continues to identify mineralised structures along the entire corridor, with better results of 72g/t Au at Kainjilu confirming the continuation of gold mineralisation to the north.

Trenching

Trenching over gold soil anomalies continued this quarter at North Pahandanjal, identifying new mineralised structures assaying up to 11.25g/t Au (Table 2). Gold intersections in trenches are typically associated with quartz veins and hydrothermal alteration, and are interpreted to be epithermal in nature.

Planning is in hand to undertake first pass reconnaissance drill testing of better, accessible intersections.

Table 2. North Pahandanjal Trenching Significant Intercepts

Trench ID	UTM E Z51L	UTM N Z51L	TO	UTM E Z51L	UTM N Z51L		INTERVAL	Gold g/t	Silver g/t
FT36	204094	8882585		204231	8882583	zone 1	2m	0.56	1.50
							10m	1.04	0.78
FT37	204156	8882509		204360	8882504	zone 1	6m	1.20	8.27
						zone 2	4m	1.50	7.10
						zone 3	25m	0.97	0.42
FT38	204145	8882425		204385	8882420	zone 1	16m	3.61	11.25
						including	4m	11.25	29.10
						zone 2	5m	4.83	4.20
						zone 3	11m	2.12	3.16
including	2m	6.32	9.80						
FT39	204147	8882344		204342	8882336			NSI	

Note:

Gold analysis by 50gm fire assay

Gold values presented as average of up to three repeat analyses

Silver assays determined by ICP method

Intercepts calculated as weighted average using a 0.5g/t Au cutoff, maximum of two metres of consecutive internal waste.

Analyses conducted by Intertek Laboratories of Jakarta, Indonesia

Drilling

Diamond drilling at the Pahandanjal prospect commenced this quarter.

A total of 11 holes for 1,284.8m were completed on the Western and Eastern Vein targets. Drilling of the Western Vein beneath better trenching results, which included 9m @ 6.51g/t Au, 34m @ 2.1g/t Au and 4m @ 10g/t Au (Appendix 5), was limited to just two completed holes before site safety concerns caused by extremely wet weather prompted the Company to relocate to the more accessible Eastern Vein targets (Appendix 6).

Drilling encountered mineralised epithermal veins of similar width and grade to adjacent trenching intersections including:

- MADPH002: 1.85m @ 3.68g/t Au, 43.4g/t Ag from 39.9m
- MADPH003: 6.45m @ 4.14g/t Au, 7.71g/t Ag from 54.45m.

Drilling of the Eastern Vein targets under trench results including 78m @ 0.89g/t Au, 14m @ 6.97g/t Au and 46m @ 1.01g/t Au encountered broad zones of anomalous gold mineralisation associated with a moderately east-dipping siliceous breccia zone:

- MADPH009: 18.7m @ 0.81g/t Au from 14.35m
- MADPH011: 13.9m @ 0.67g/t Au, from 33.45m
- MADPH012: 7.45m @ 1.47g/t Au, 11.41g/t Ag from 12.4m and 15.20m @ 0.79g/t Au, 7.17g/t Ag from 23m.

Gold was intersected in banded epithermal quartz and siliceous breccias as well as in strongly clay altered zones thought to be hydrothermally altered faults.

As a first-pass reconnaissance drilling programme, the results are considered very encouraging, confirming broad, modest grade gold mineralisation with higher grade internal grade distribution. Sampling shows very good analytical repeatability, indicating an absence of coarse gold. Elevated base metal values indicate that the exposed Eastern and Western Veins may have formed in a deeper portion of an epithermal system. Following the Masu corridor to the north from Pahandanjal, topography rises a further 400m to over 1,100m in elevation where hydrothermal alteration intensity increases with altitude and also appears to broaden out laterally. Both the West and East Veins trend beneath the sedimentary cover and potentially converge in an area of strong resistivity defined by an earlier IP geophysical survey conducted by BHP in the 1990's.

A second drill rig is now stationed at Masu with greater depth capabilities, where it will test the down-dip extension of mineralisation along the East Vein. Drilling will refocus on the West Vein as and when site conditions become acceptable from a safety perspective.

Drilling results are presented in Appendix 7.

The current drilling programme will test both the East and West Veins along strike and down dip where possible at Pahandanjal and also further north at Pahandanjal North and Okanjara South where significant gold values were intersected in trenching.

Tanah Daro Project

Located in the northern portion of the IUP, Tana Daro was identified by BHP in the 1990s, where soil and rock chip sampling encountered anomalous gold and base metal values.

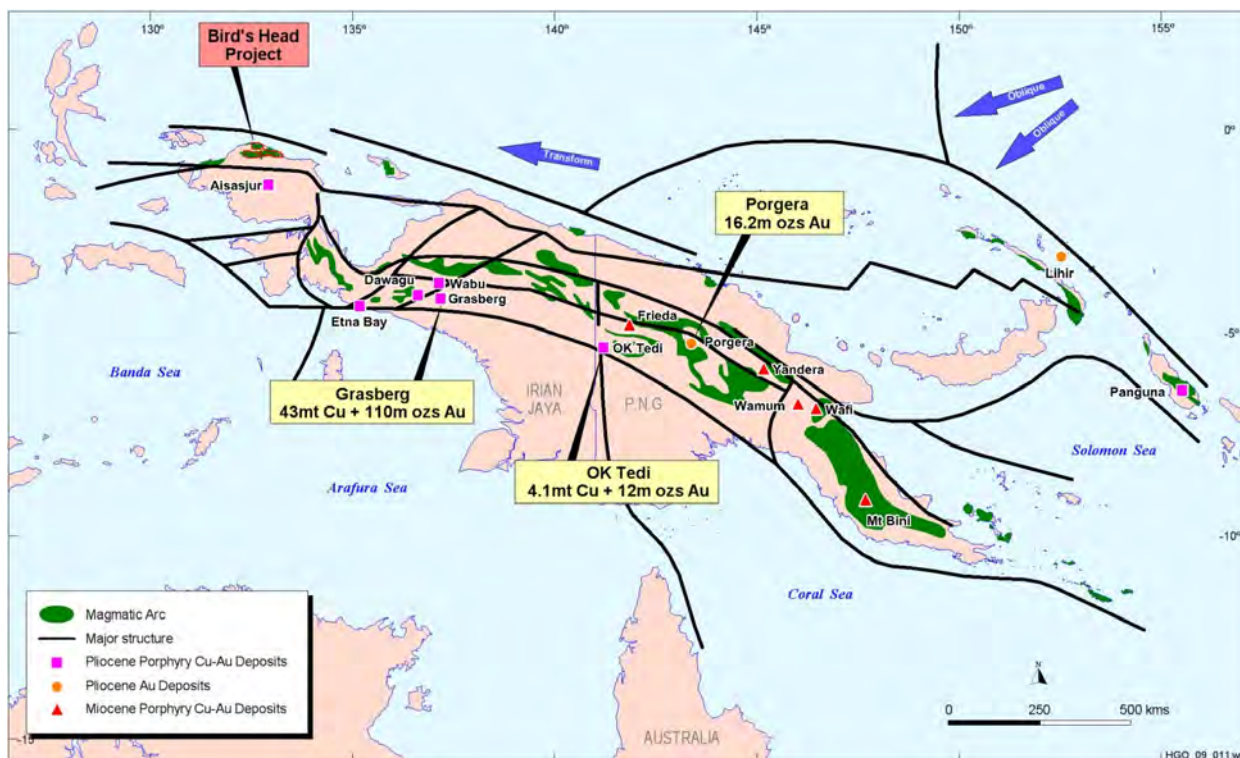
Hillgrove has completed local socialisation programmes and obtained relevant access permissions to undertake first-pass reconnaissance sampling over prospective volcanic lithology. Exploration conducted this quarter has included the establishment of a base camp and the collection of 150 soil samples at the Langela prospect, plus 220 samples from the Pelitilira prospect, with associated rock chip sampling in preparation for trenching and eventually drilling before the end of 2010.

Results from soil sampling are awaited.

BIRD'S HEAD COPPER/GOLD PROJECT, WEST PAPUA, INDONESIA IUP40/2010 (Hillgrove 80%)

Hillgrove is an 80% beneficial shareholder in PT Akram Resources which holds IUP40/2010 in the Bird's Head region of West Papua (Plate 4). Hillgrove is responsible for the sole funding and management of all exploration and development activities up to a decision to mine. The IUP Explorasi (Exploration and Mining Business Licence) covers 992.3km² for a period of six years.

Plate 4. Bird's Head Project in West Papua, Indonesia



Exploration activities this quarter have included the satisfactory completion of detailed landowner and community access negotiations for the West Delta target area and continued geological mapping and geochemical sampling of extensive porphyry – related alteration around West Delta.

Exploration at Bird's Head this quarter was slower than anticipated due to ongoing landowner negotiations centred on establishing continued and uninterrupted land access to the West Delta target area. Negotiations were successfully completed, granting PT Akram certainty of access to the West Delta target area and importantly, clearly identifying all affected landowners under an inclusive access and compensation agreement.

Geological mapping and sampling of monzonite at the Green Cliffs area continued this quarter, in conjunction with detailed geological mapping of the West Delta prospect.

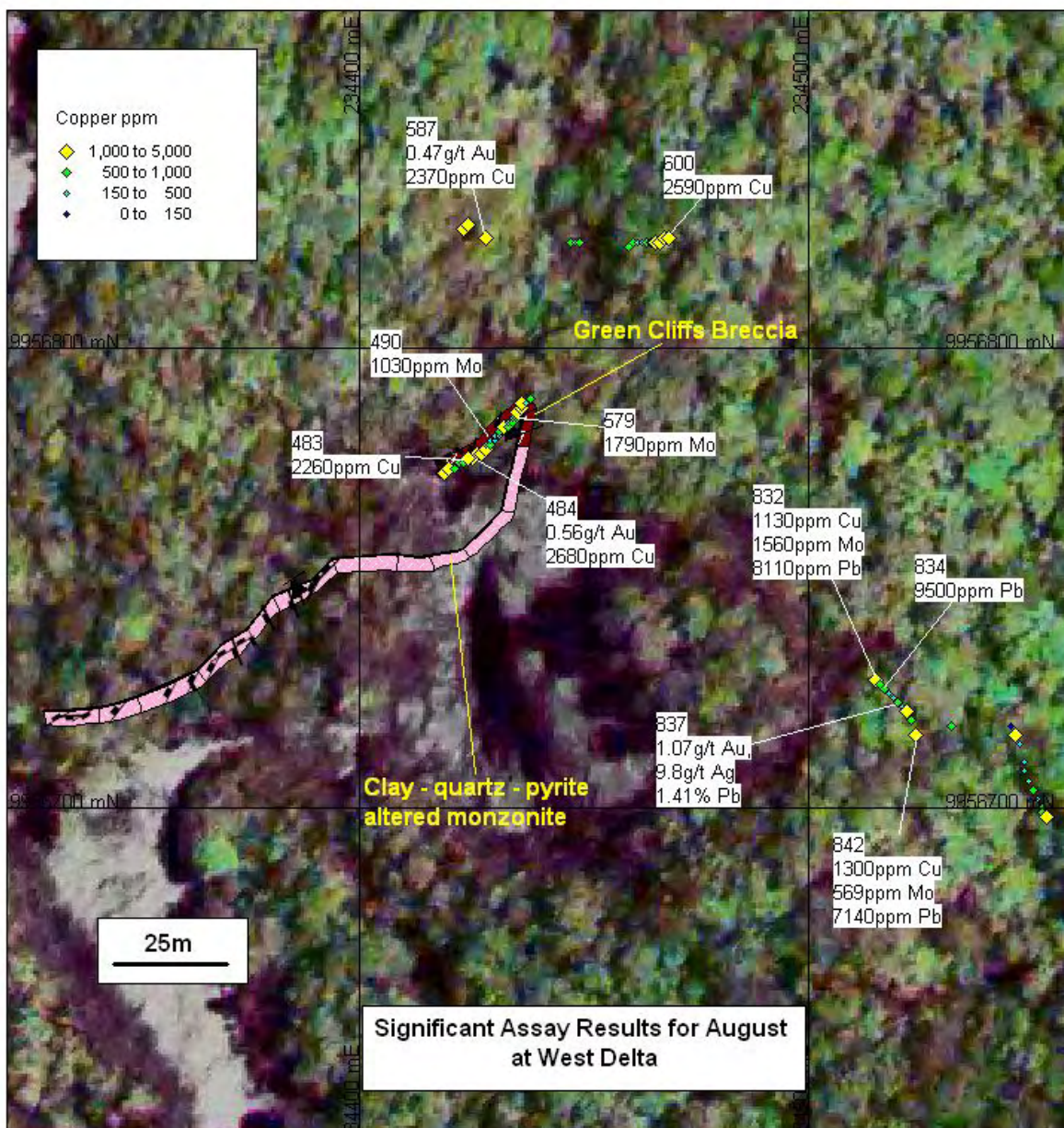
Rock chip samples from the Green Cliffs area were submitted, with assays presented below in Table 3 and Plate 5.

Table 3. Green Cliffs area rock chip sample results

Sample No.	Easting	Northing	Au ppm	Ag ppm	Cu ppm	Mo ppm
837	234520	9956723	1.07	9.8	635	342
484	234425	9956776	0.56	3.9	2680	260
600	234469	9956824	0.06	-0.1	2590	13
587	234428	9956824	0.47	5.4	2370	149
483	234424	9956776	0.24	1	2260	187
579	234435	9956785	0.22	0.2	789	1790
832	234515	9956728	0.03	4.8	1130	1560

Note: Gold analysis by 50gm fire assay
 Silver and base metal analysis by ICP
 Analysis by Intertek Laboratories, Jakarta, Indonesia

Plate 5. Green Cliffs rock chip sampling

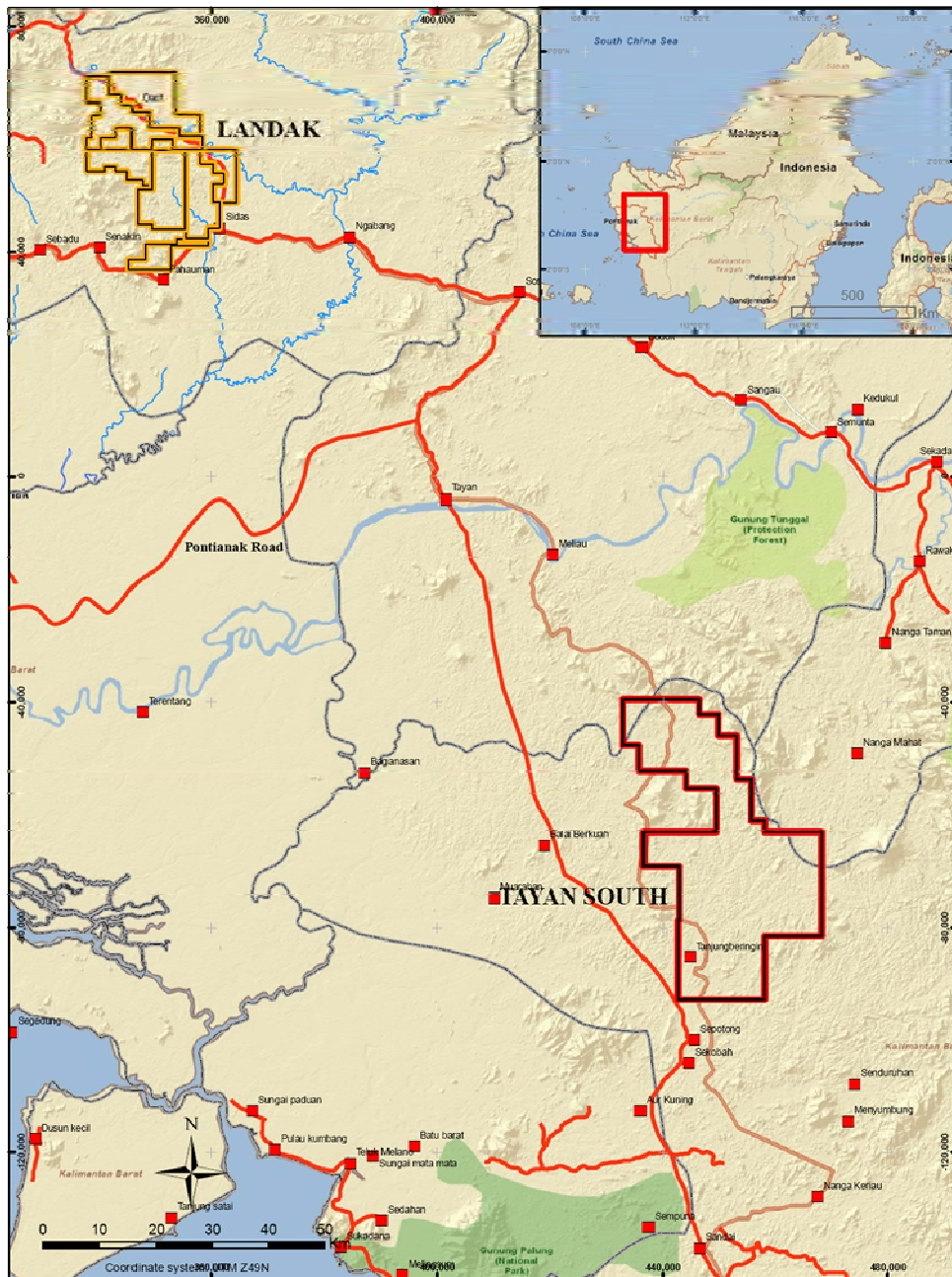


Sampling confirms copper – gold anomalism as well as elevated molybdenum values consistent with porphyry – related mineralisation. Sampling and mapping of the Green Cliffs and West Delta area will continue over the coming months in preparation for drill testing.

LANDAK/TAYAN SOUTH, KALIMANTAN, INDONESIA
(Hillgrove option to acquire 70%)

Hillgrove holds an option to acquire a 70% interest in companies holding granted IUP's over ~1400km² of tenure prospective for bauxite (Plate 6). A number of operating bauxite mines and established bauxite resources occur in close proximity to the project areas.

Plate 6. Landak and Tayan South location



Exploration over the Landak bauxite project this quarter included extensive socialisation of local landowners and communities ahead of reconnaissance test pitting.

Broadly-spaced test pitting targeted favourable geomorphologic features identified by detailed remote sensing interpretation of the Landak licences commenced in the southern portion of the Landak licences, close to existing infrastructure.

A total of 48 pits to an average depth of 7.9m on 200 – 500m spacing over approximately 12km² area encountered average overburden thickness of 4.2m and bauxite thickness of 3m. No assays are available from this sampling yet.

Hillgrove has agreed to transfer these options to its 84.8% owned subsidiary, InterMet Resources Limited subject to Board and shareholder approval.

KHARTOUM PROJECT, QUEENSLAND

EPM1479

(80% of copper, lead, zinc, nickel and 50% of gold-silver deposits discovered in JV with Auzex)

In January 2010 Hillgrove entered into a farm-in with Autex Resources Limited whereby it may earn up to 80% of all copper, lead, zinc and nickel deposits plus 50% of all gold-silver deposits discovered within EPM14797, located 20km north of the mining town of Mt Garnet, Queensland. InterMet Resources Limited, majority owned by Hillgrove, has an option to purchase mining lease application MLA20424 ('Ann'), located within the Khartoum licence.

Field work this quarter included soil sampling, field mapping and rock chip sampling of an extensive portion of Chilagoe Formation lithology within the licence. Analysis of soil samples collected from both the Khartoum and Ann licences failed to identify any significant anomalism in either base or precious metals.

The Company is currently considering its future focus with respect to both licences.

HILLGROVE CORPORATE

Board Changes

Edwin Zemancheff was appointed to the Board of Directors on the 23 June 2010 as an independent non-executive director, bringing significant commercial, corporate and legal experience to the board having been an International partner of the global law firm, Baker & McKenzie. This legal experience has proved to be a valuable addition to the skill set of the Board.

David Archer resigned as Managing Director effective 30 June and as a non-executive director on the 19 August. David arranged the corporate reconstruction of Hillgrove in early 2003 and has been the Managing Director since. In that time he has led the growth of the company into a well established and profitable company which is now poised to develop its flagship asset, the Kanmantoo Copper Mine, a strong balance sheet and holding exciting new exploration projects in Indonesia. Having worked for over eight years with Hillgrove David is now looking to spend more time with his family and finding new challenges closer to his European home.

On the 18 August the interim CEO, Drew Simonsen, was appointed as Managing Director following an extensive assessment process involving an international recruitment agency. Drew brings excellent experience to the role as he is a mining engineer, financier and a non-executive Director of Highlands Pacific Limited. He was the Global Head of Energy & Resources, Telecommunications & IT for Westpac Banking Corporation where he worked for over 15 years. Prior to Westpac, he worked for Bank of America for 10 years. Drew also worked for CRA Limited (now Rio Tinto) in mining engineering roles.

Drew brings his financing experience to Hillgrove at a very opportune time. He has been involved with many resource project financings in Australasia and North America and has been actively involved in the progression of project financing for Kanmantoo which Hillgrove hopes to complete soon. He has also cast a keen eye over the group and has instituted a strategic review which will see Hillgrove focus on its key assets and competitive advantage in seeking future growth.

Alford (EL3969)

During the quarter Hillgrove Resources Limited elected to relinquish its 20% holding in the Alford tenement EL3969 in South Australia. A farm-in agreement was in place with Argonaut Resources to earn a 70% holding through exploration expenditure within a defined period. It was determined however that results to date did not warrant any additional expenditure or exploration.

Cash and Investments

Cash on hand as at 31 July 2010 was \$93.6 million.

The market value of Hillgrove's investment portfolio as at 31 July 2010 was approximately \$4.0 million.

On 2 August 2010 Hillgrove made a payment of \$19.5 million to the Australian Taxation Office as the final instalment for tax payable for the year ended 31 January 2010. This payment is not reflected in the cash balance for Hillgrove as at the end of the quarter.

ABOUT HILLGROVE

Hillgrove is an Australian mining company listed on the Australian Securities Exchange (ASX: HGO) focused on developing its Indonesian and Australian 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 Mines, located less than 55km 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 completion of construction targeted for 2011, Kanmantoo will be a 2.4MT per annum open-cut mine producing approximately 20,000 tonnes of copper in concentrate and 10,000 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.

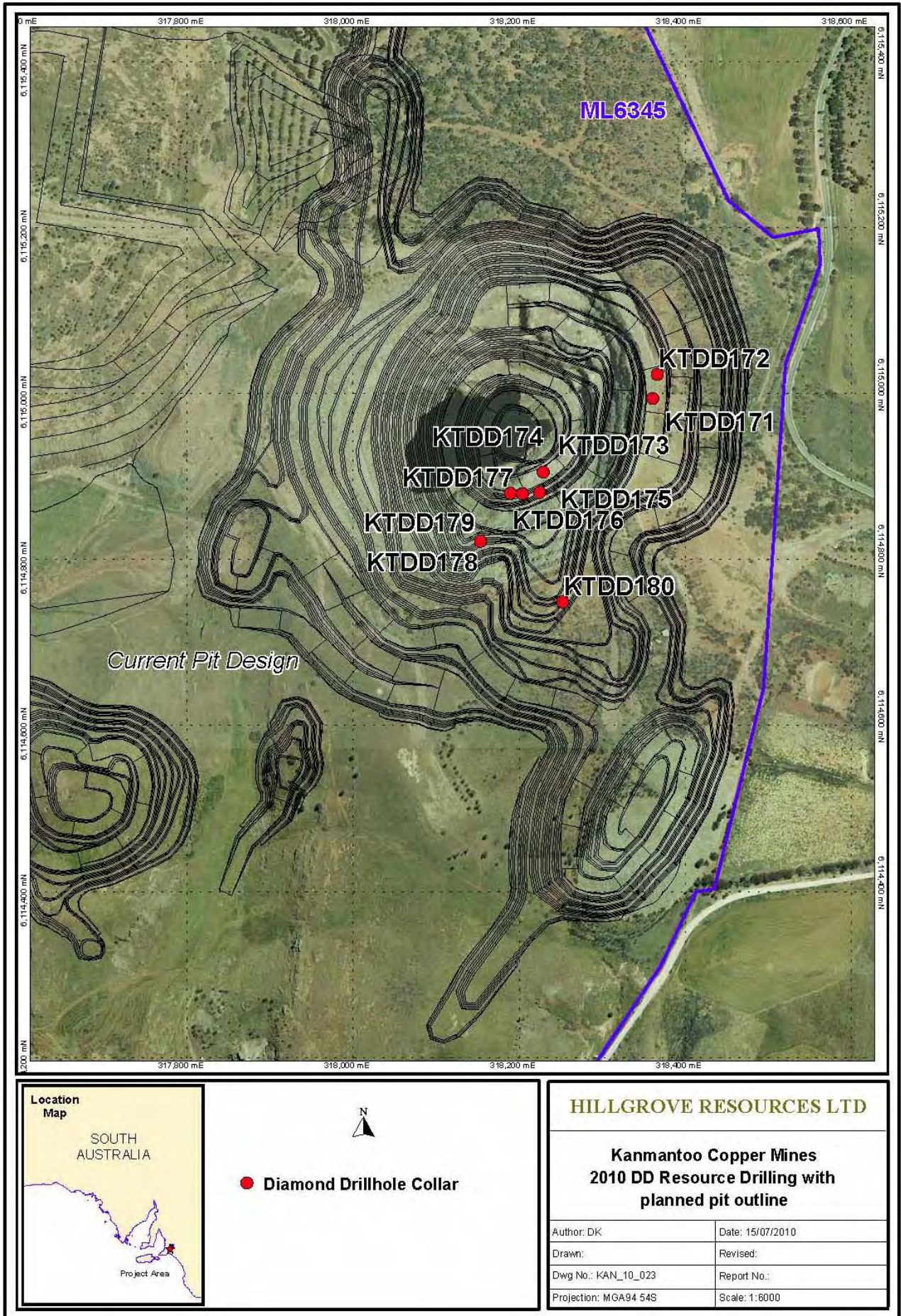
For more information contact:

Drew Simonsen
Managing Director
Tel: +61 (0)2 8221 0404

Russell Middleton
Company Secretary
Tel: +61 (0)2 8221 0404



Appendix 1. Kanmantoo Copper Mines Resource Drilling with Planned Pit Outline



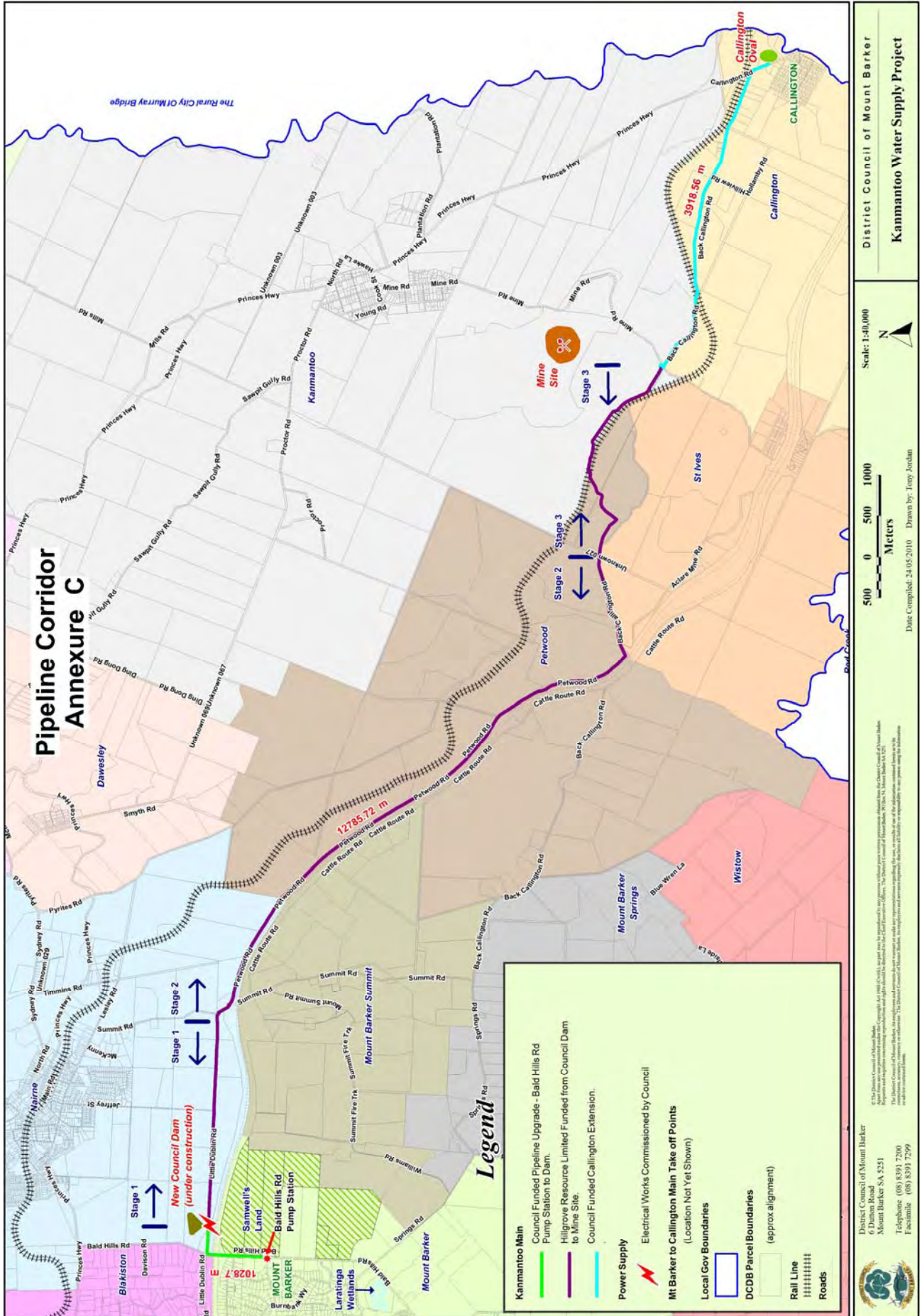
Appendix 2. Highlights from Diamond Drill Resource Drilling Program

Hole Id	Title	Depth From	Depth To	Interval	Cu %	Au gpt	Ag gpt
KTDD171	Cu>0.3%	118	121	3	0.73	0.03	2.10
	Cu>0.3%	140	156	16	0.97	0.01	2.78
	incl Cu>0.8%	145	154	9	1.26	0.01	3.98
	Cu>0.3%	162	176	14	1.68	0.09	3.38
	incl Cu>0.8%	169	176	7	2.92	0.17	5.63
	Cu>0.8%	246	248	2	1.13	0.48	3.85
	Cu>0.3%	282	285	3	0.74	0.16	1.53
KTDD172	Cu>0.3% & Au>0.5gpt	170	172	2	1.48	0.82	3.30
	Cu>0.3%	205	209	4	0.64	0.44	1.25
	Cu>0.3%	253	257	4	1.70	0.59	3.43
	incl Cu>0.8%	254	256	2	2.68	1.18	5.10
	Cu>0.3%	260	263	3	2.32	1.38	4.90
	incl Au>0.5gpt & Cu>0.8%	261	263	2	3.32	2.07	7.05
KTDD173	Cu>0.3%	122	128	6	0.59	1.22	1.65
	incl Au>0.5gpt	123	127	4	0.67	1.80	1.90
	Cu>0.3%	132	139	7	1.47	0.00	3.03
	incl Cu>0.8%	132	138	6	1.66	0.00	3.42
KTDD174	Cu>0.8%	45	47	2	1.71	0.00	4.50
	Cu>0.3%	117	119	2	0.78	0.20	3.10
	Cu>0.3%	121	131	10	1.28	0.04	2.76
	incl Cu>0.8%	124	129	5	2.06	0.07	3.80
	Cu>0.3%	219	223	4	0.33	0.00	0.78
KTDD176	Cu>0.3%	114	116	2	0.69	0.12	1.80
	Cu>0.3%	123	128	5	0.51	0.05	1.26
KTDD177	Cu>0.3%	109	112	3	0.42	0.18	1.13
	Cu>0.3%	115	122	7	0.45	0.00	1.29
	Cu>0.3%	149	151	2	0.50	0.00	0.85
KTDD178	Cu>0.8%	48	50	2	1.07	0.00	2.05
	Cu>0.3%	123	128	5	0.81	0.20	1.78
	incl Cu>0.8%	124	126	2	1.49	0.51	3.50
KTDD179	Cu>0.3%	128	134	6	0.68	0.07	1.43
	incl Cu>0.8%	130	132	2	1.15	0.20	2.45
KTDD180	Cu>0.3%	6	18	12	0.89	0.00	4.38
	incl Cu>0.8%	6	9	3	0.84	0.00	4.97
	incl Cu>0.8%	13	18	5	1.39	0.00	5.32
	Cu>0.3%	23.65	25	1.35	0.96	0.00	3.75
	Cu>0.3%	31	54	23	1.07	0.04	2.39
	incl Cu>0.8%	35	40	5	1.69	0.00	2.64
	incl Cu>0.8%	42	44	2	1.43	0.20	2.80
	incl Cu>0.8%	48	55	7	1.32	0.08	4.30
	Cu>0.3%	57	61	4	0.33	0.00	1.70
	Cu>0.3%	76	84	8	0.72	0.23	1.16
	Cu>0.3%	85	90	5	0.43	0.08	0.76
	Cu>0.3%	133	135	2	0.58	0.00	2.15
	Cu>0.3%	141	149	8	1.18	0.00	3.11
	incl Cu>0.8%	141	147	6	1.36	0.00	3.45
	Cu>0.3%	251	254	3	0.47	0.00	1.07

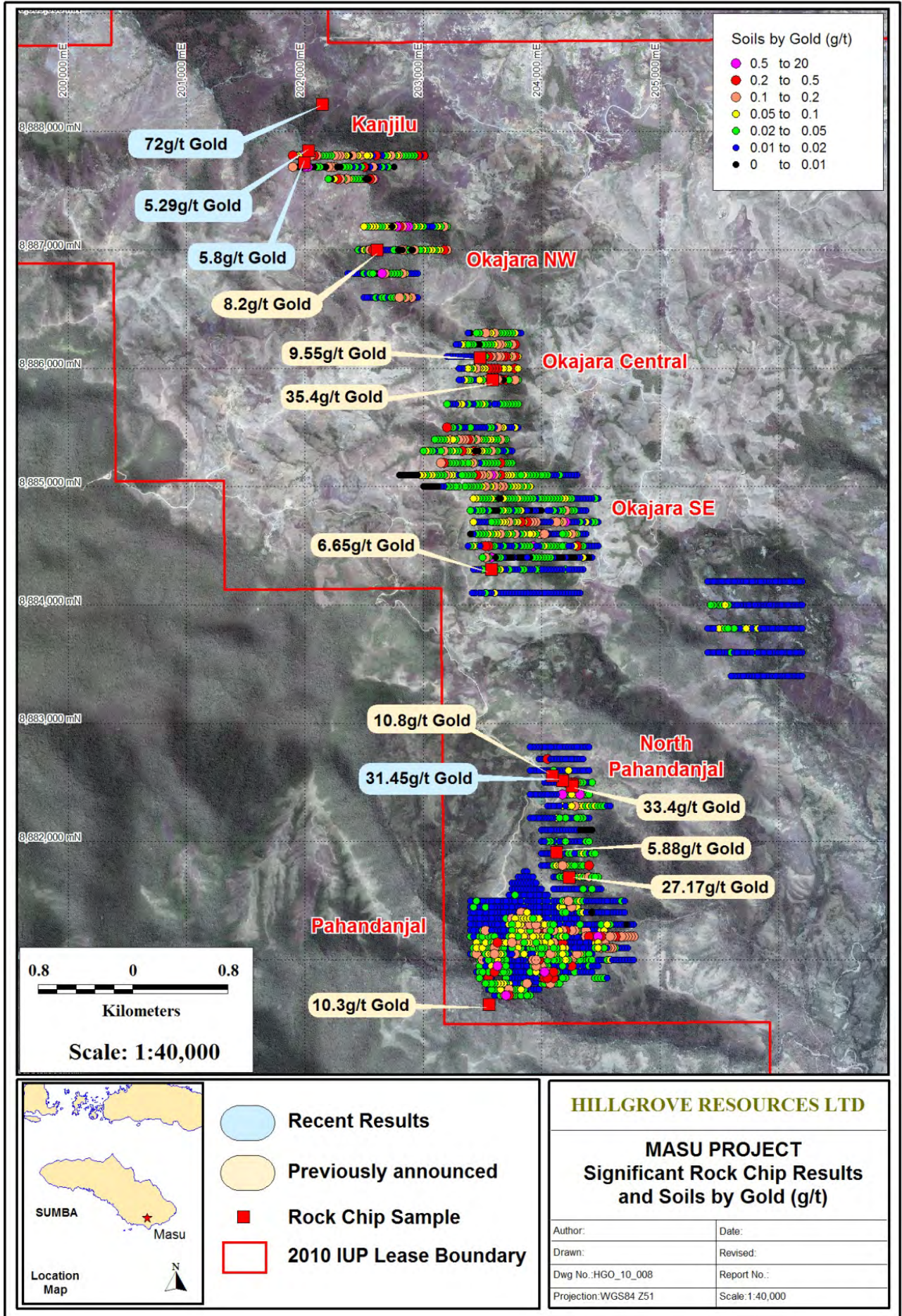
Note:

- Exploration Results Intersections (not outlined in bold) calculated using 0.3% copper cut off grade with maximum thickness of 4m internal dilution.
- High Grade Intersections (outlined in bold) are calculated using 0.8% copper cut off grade with maximum thickness of 2m internal dilution.
- Anomalous grades reported in table for Gold >0.10g/t and Silver >1g/t.
- All widths refer to down hole intersections.

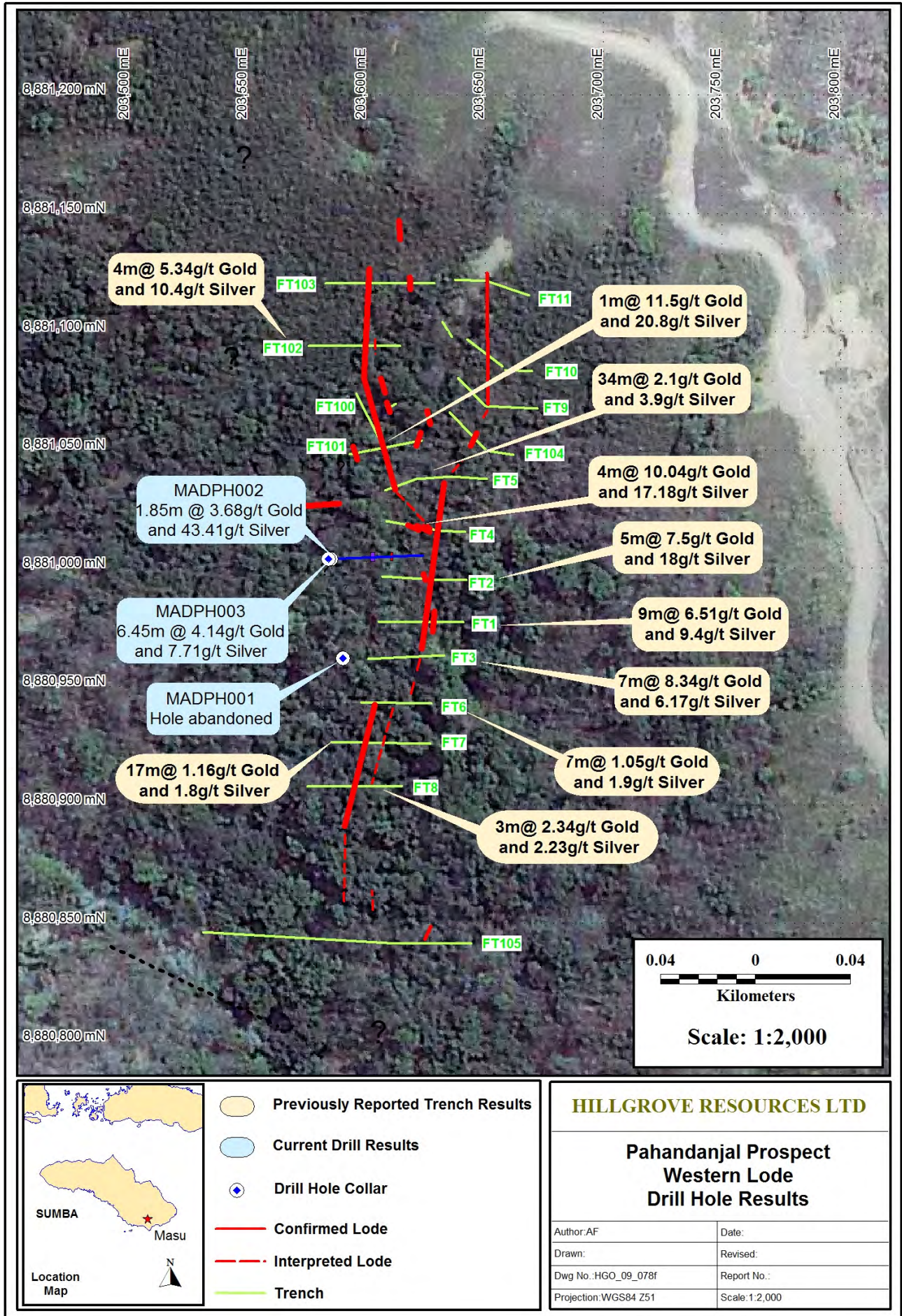
Appendix 3. Map of Planned Water Pipeline to Kamantoo Copper Mines



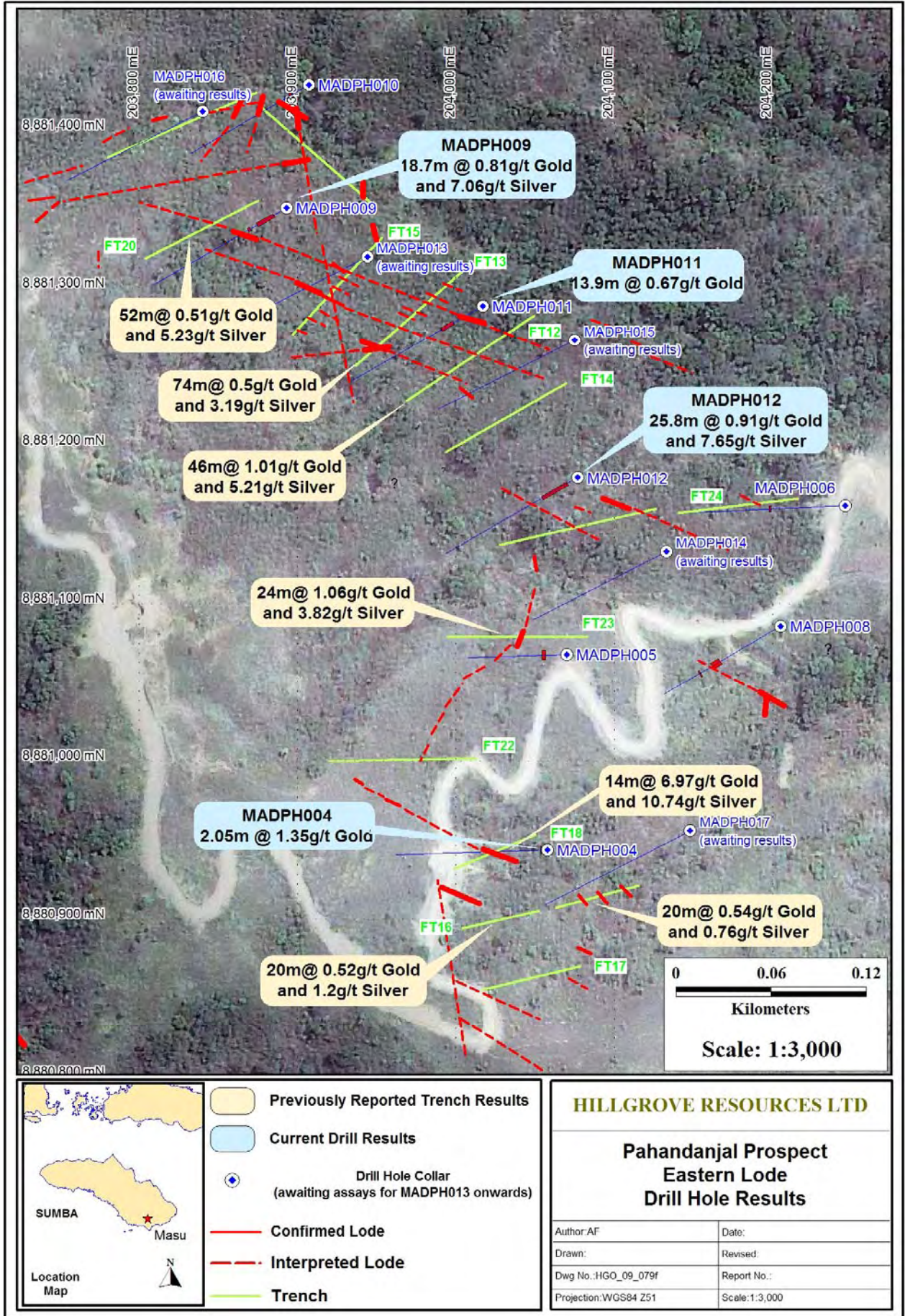
Appendix 4. Masu Corridor Soil and Rock Chip Sampling



Appendix 5. West Vein Drill Hole and Trenching Location and Intercepts



Appendix 6. East Vein Drill hole location and intercepts



Appendix 7. Pahandanjal drill hole location and significant intercepts

Hole ID	Easting Z51L	Northing Z51L	RL (m)	Azimuth (°)	Inclination (°)	Final Depth (m)	Intercept			Au (g/t)	Ag (g/t)
							From (m)	To (m)	width (m)		
MADPH002	203585	8881004	630	90	-50	60.45	38.90	40.75	1.85	3.68	43.41
					including		38.90	40.00	1.10	5.18	62.50
MADPH003	203584	8881004	630	90	-72	96.75	54.45	60.90	6.45	4.14	7.71
					including		54.45	55.00	0.55	6.02	47.50
							56.00	58.00	2.00	6.30	5.00
MADPH004	204058	8880944	604	270	-50	150.00	4.95	7.00	2.05	1.35	4.34
					including		4.95	5.25	0.30	1.87	19.40
							6.00	7.00	1.00	2.12	2.40
MADPH005	204070	8881068	590	270	-50	100.00	20.05	24.70	4.65	0.94	11.55
					including		23.00	23.90	0.90	2.80	23.40
MADPH006	204246	8881162	552	270	-52	150.00	76.00	77.75	1.75	0.61	3.75
MADPH008	204205	8881086	564	240	-48	127.60	66.60	67.00	0.40	0.61	3.00
							69.80	71.60	1.80	0.70	2.67
							74.10	75.20	1.10	0.89	14.47
							87.80	88.35	0.55	1.10	24.50
MADPH009	203893	8881351	668	240	-50	150.00	14.35	33.05	18.70	0.81	7.06
					including		14.95	15.60	0.65	0.95	6.20
					and		15.60	17.30	1.70	1.64	11.70
					and		28.03	29.00	0.97	1.41	7.10
					and		30.05	31.00	0.95	2.24	30.30
							41.52	42.40	0.88	0.64	7.00
							67.90	68.85	0.95	1.26	13.40
MADPH010	203907	8881429	658	240	-55	150.00	21.45	22.30	0.85	0.64	8.80
							54.90	55.88	0.98	1.03	27.50
MADPH011	204017	8881289	605	240	-50	150.00	33.45	47.35	13.90	0.67	4.92
					including		35.60	36.60	1.00	1.04	7.80
							41.40	42.00	0.60	1.13	6.20
							46.00	47.35	1.35	1.11	7.50
MADPH012	204077	8881180	584	240	-50	150.00	12.40	19.85	7.45	1.58	16.38
					including		12.40	17.00	4.60	1.91	13.67
							23.00	38.20	15.20	0.80	7.17
					including		30.00	31.00	1.00	1.92	13.40
					and		36.00	37.00	1.00	1.17	7.60

Note:

- Gold analysis by 50gm fire assay
- Gold values presented as average of up to three repeat analyses
- Silver assays determined by ICP method
- Intercepts calculated as weighted average using a 0.5g/t Au cutoff, maximum of two metres of consecutive internal waste.
- Analyses conducted by Intertek Laboratories of Jakarta, Indonesia

Appendix 5B

Mining exploration entity quarterly report

Name of entity

Hillgrove Resources Limited

ABN

73 004 297 116

Quarter ended ("current quarter")

31 July 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	962	2,121
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(2,008) (6,345) (375) (2,556)	(4,097) (21,689) (872) (5,662)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1,868	3,060
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		(8,707)
Net Operating Cash Flows	(8,454)	(35,846)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(229) (33)	(620) (33)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	1,337 (180)	24 1,337 (390)
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	895	318
1.13 Total operating and investing cash flows (carried forward)	(7,559)	(35,528)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(7,559)	(35,528)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	160	1,318
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		(2,500)
1.18	Dividends paid	(4)	(67)
1.19	Other (provide details if material)		
	Net financing cash flows	156	(1,249)
	Net increase (decrease) in cash held	(7,403)	(36,777)
1.20	Cash at beginning of quarter/year to date	100,980	130,354
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	93,577	93,577

**Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	1,653
1.24	Aggregate amount of loans to the parties included in item 1.10	1,305

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,500
4.2 Development	6,000
4.3 Production	400
4.4 Administration	1,500
Total	9,400

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	92,439	100,742
5.2 Deposits at call	1,138	238
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	93,577	100,980

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EL3969	Owned	100%	0%
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.


	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	482,553,890	482,553,890		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,000,000 416,667	1,000,000 416,667	\$0.16 \$0.00	\$0.16 \$0.00
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	ESOP ExSOP ESOP ExSOP ESOP ExSOP ESOP ExSOP ESOP ExSOP ESOP ExSOP ESOP ExSOP ESOP ExSOP Unlisted Unlisted	200,000 300,000 500,000 890,000 1,500,000 200,000 65,000 295,370 10,000,000 8,000,000	Exercise price \$0.40 \$0.55 \$0.575 \$0.38 \$0.26 \$0.24 \$0.145 \$0.00 \$0.30 \$0.40	Expiry date 22/5/2012 13/6/2012 27/6/2012 15/8/2012 22/1/2013 28/4/2013 10/2/2014 1/7/2014 24/10/2011 30/9/2010
7.8 Issued during quarter				

+ See chapter 19 for defined terms.

7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
(Company Secretary)
Print name: Russell Middleton

Date: 31 August 2010

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.