HILLGROVE
RESOURCES

Wednesday, 13 April 2005

KANMANTOO AWARDED "PACE" FUNDING

Hillgrove Resources Limited (ASX:HGO) is pleased to announce that Primary Industry and Resources South Australia (PIRSA) has committed to a $70,000 funding package for the Kanmantoo copper gold project through the PACE initiative.

PACE (Plan for Accelerated Exploration) is a South Australian State Government initiative, which provides co-funding for projects which are identified as having the potential to add significantly to the wealth of the State. The funding is provided for direct drilling costs and will be used to help accelerate exploration in the Kanmantoo area and test a number of well defined targets with a high probability to host discoveries over the next three months.

The funding will help test a number of newly identified structural targets in the immediate vicinity of the old Kanmantoo Mine open-cut. These new structural targets were generated by Hillgrove's recent structural studies, which have significantly advanced the understanding of the controls on the distribution of mineralisation in the area. The studies identified key structural controls over the Kanmantoo mineralisation and show significant new zones of mineralisation occurring at the intersections of north-south and south-east trending structures. The study identified six high priority targets within the vicinity of the mine, which will be drilled using PACE funding.

The PACE funding will also be used to drill a number of similar structural targets at the promising Kanappa and Kanappa South copper gold prospects and the Mt. Rhine gold prospect, within EL 3277 (replacement title for EL 2663) in which Argonaut Resources N. L. (ASX:ARE) holds a 10% joint venture interest.

The information in this report that relates to Exploration Results is based on information compiled by Mr Dale Ferguson, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Ferguson is the Exploration Manager of Hillgrove Resources and has sufficient 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'.

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About Hillgrove

Hillgrove is an Australian resources company listed on the Australian Stock Exchange which focuses on identifying resource opportunities that can either be brought into production readily or those where there is a clearly defined value adding route within a clearly understood risk environment.

Commodities that are of particular interest include copper, gold, silver, lead, zinc and natural gas.

Hillgrove is exploring a total of 974 km^2 in the Gawler Craton and the Kanmantoo Trough, two of the most prospective regions of South Australia for copper and gold.

The Company is also earning a 32.5% interest in the Gunnedah Joint Venture's PEL 238 Coal Seam Gas Project in the Gunnedah Basin in NSW. Four production test wells have recently been completed and are currently undergoing production testing. PEL 238 contains one of the largest onshore accumulations of natural gas in Australia.

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