HILLGROVE
RESOURCES

25 July 2005

KANMANTOO CONTINUES TO GROW

Highlights

- Lengthy copper intersections of over 1.5% copper expand the key Main and South Eastern Zones.
- Diamond drilling (KTDD017) has identified a northern extension to the main ore-body which should materially add to the existing resource base under the old pit.
- Diamond drilling (KTDD015) identifies a possible link between the South Eastern and Main Zone that will significantly enhance the economics of any potential development.
- Significant drilling results include:
  - 47m at 1.13% copper **(including 22m at 1.58% copper)** in KTDD017;
  - 25m at 1.24% copper and 0.28g/t gold **(including 17m at 1.55% copper and 0.37g/t gold)** in KTDD015;
  - 15.6m at 1.25% copper in KTDD013.
- Recent Induced Polarisation (IP) survey results suggest the possibility of a 1,000m extension to the mineralisation in the **Kanmantoo Mine Corridor (KMC) to over 2.5 kilometres in length** with the zone of IP anomalism open to the north and south.
- Recent drilling results continue to highlight the possibility that the KMC may contain between 50-100Mt of mineralisation.

KANMANTOO PROJECT, SOUTH AUSTRLIA

Introduction

The Kanmantoo Project is located 55kms southeast of Adelaide in the Mount Lofty Ranges in South Australia. Hillgrove holds a 90% interest in EL 3277 (Argonaut Resources 10%) of 489 km^2 and 100% of Mining Lease 5776, Mineral Claim 3510 and Exploration License 3298 covering an area of 246 hectares around the former Kanmantoo Copper Mine. The Mine produced a total of 4.05 million tonnes of ore grading 1.1% copper and unknown gold.

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Mineralisation currently extends over 1,320 metres and covers the Emily Star satellite ore body 500m south of the Kanmantoo open pit (best intersection 14m @ 4.46% copper), O'Neil (39m @ 1.38% copper), Main (26m @ 2.04% copper) and South East (16m @ 2.81% copper and 0.48g/t gold) and North East (41m @ 1.28% copper and 18 m @ 2.02% copper) zones. Significant potential exists to further expand the mineralization in all five zones, which remain open along strike and down dip.

Potential Resources Expansion

Resource drilling targeted at a number of tested and untested zones along a 1,500m strike length of the Kanmantoo Mine Corridor has been completed. Further results from the diamond drilling program have now been received (Figure 1 and Table 1-2), with results from the final two holes still pending. Significant results received include:

- 47m at 1.13% copper **(including 22m at 1.58% copper)** in KTDD017, Main Zone;
- 25m at 1.24% copper and 0.28g/t gold **(including 17m at 1.55% copper and 0.37g/t gold)** in KTDD015, South Eastern Zone;
- 15.6m at 1.25% copper in KTDD013, Emily Star.

The results, together with earlier results in the programme of 30m at 1.62% copper and 0.41g/t gold **(including 10m at 2.74% copper and 0.4g/t gold)** in KTDD010 and 23m at 1.52% copper and 0.93g/t gold **(including 11m at 2.82% copper and 1.63g/t gold)** in KTRC 151, should further expand the existing Kanmantoo resource of **18.37Mt at 1.1% copper and 0.2g/t gold.**

Diamond drilling from the bottom of the old open pit has intersected what has been interpreted as a previously untested northern extension to the main ore zone. Drilling intersected a zone of over 100m of intermittent chalcopyrite mineralisation with associated garnet and chlorite, with a best result of 47m at 1.13% copper **(including 22m at 1.58% copper)** in KTDD017 (Figure 2). Drilling and in pit geological mapping suggests that this zone may extend 80m further to the north than previously thought. This potential new discovery is seen to be very significant as it could add more than 1 million tonnes of additional mineralisation to the current resource. Further drilling is now required to determine the full extent of this northerly extension.

Further drill testing of the potential northern extension of the South Eastern zone has led to the discovery of a broad zone (over 50m) of chalcopyrite mineralisation, with a best result of 25m at 1.24% copper and 0.28g/t gold **(including 17m at 1.55% copper and 0.37g/t gold)** in KTDD015. The discovery of this new zone of mineralisation suggests a possible link to the main zone, which will significantly enhance the economics of any potential development. Further drilling is now required to determine the exact relationship between the South East Zone and the Main Zone.

A full interpretation of all the results will be made once the results from the final two have been received.

Resource and Exploration Drilling

The next round of resource and exploration is due to commence in the second half of August depending on ground conditions at site following the winter rains. The next round of drilling is planned to focus on testing a number of newly identified IP targets as well as further resource expansion drilling.

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'.

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, garnet, 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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Figure 1

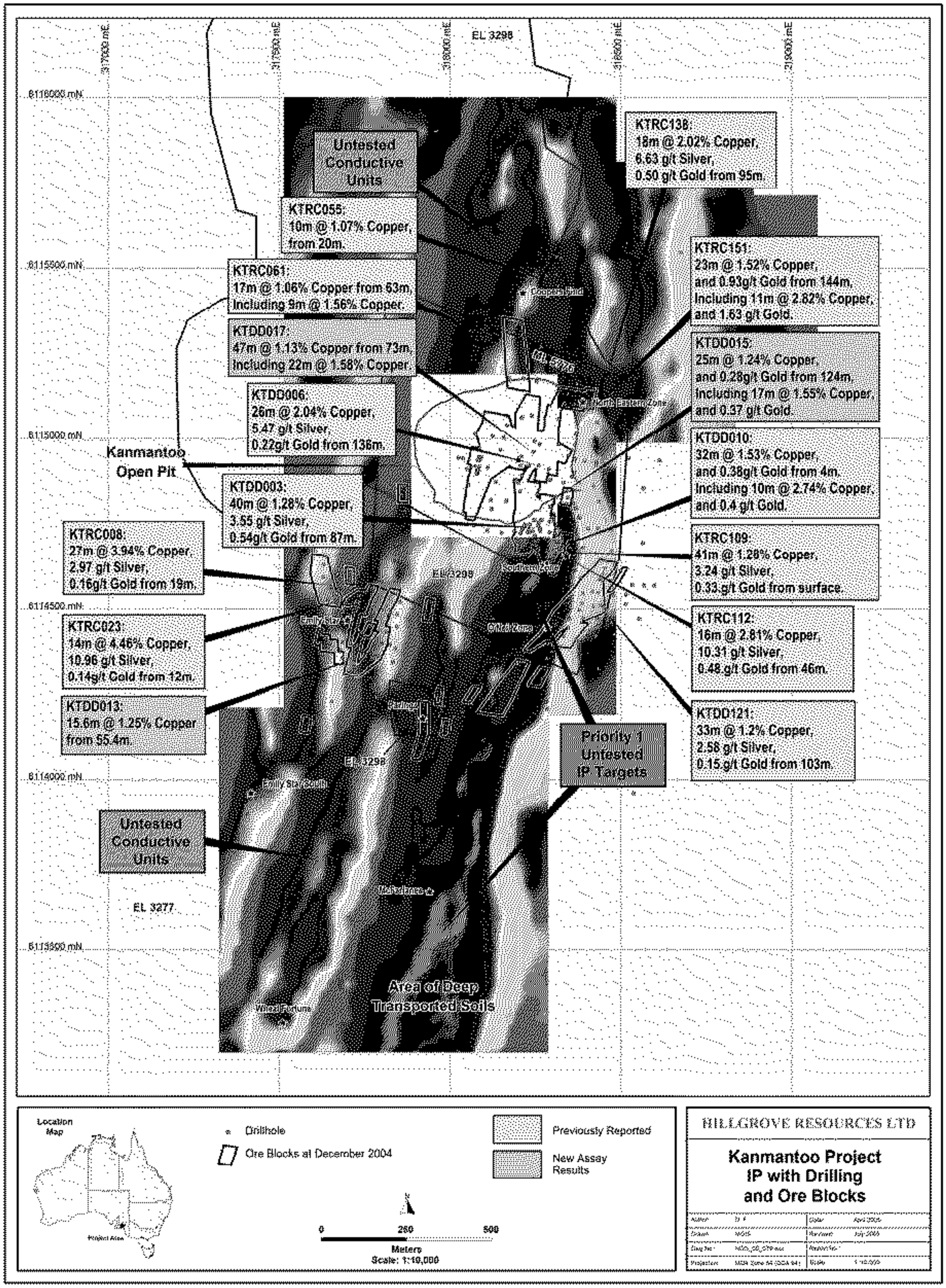
EL 3298
317000 mE
317500 mE
318000 mE
318500 mE
319000 mE
6116000 mN
6115500 mN
6115000 mN
6114500 mN
6114000 mN
6113500 mN
Untested Conductive Units
KTRC138: 18m @ 2.02% Copper, 6.63 g/t Silver, 0.50 g/t Gold from 95m.
KTRC055: 10m @ 1.07% Copper, from 20m.
KTRC151: 23m @ 1.52% Copper, and 0.93g/t Gold from 144m, Including 11m @ 2.82% Copper, and 1.63 g/t Gold.
KTRC061: 17m @ 1.06% Copper from 63m, Including 9m @ 1.56% Copper.
KTDD017: 47m @ 1.13% Copper from 73m, Including 22m @ 1.58% Copper.
KTDD015: 25m @ 1.24% Copper, and 0.28g/t Gold from 124m, Including 17m @ 1.55% Copper, and 0.37 g/t Gold.
KTDD006: 26m @ 2.04% Copper, 5.47 g/t Silver, 0.22g/t Gold from 136m.
KTDD010: 32m @ 1.53% Copper, and 0.38g/t Gold from 4m, Including 10m @ 2.74% Copper, and 0.4 g/t Gold.
Kanmantoo Open Pit
KTDD003: 40m @ 1.28% Copper, 3.55 g/t Silver, 0.54g/t Gold from 87m.
KTRC008: 27m @ 3.94% Copper, 2.97 g/t Silver, 0.16g/t Gold from 19m.
KTRC109: 41m @ 1.28% Copper, 3.24 g/t Silver, 0.33 g/t Gold from surface.
EL 3298
KTRC023: 14m @ 4.46% Copper, 10.96 g/t Silver, 0.14g/t Gold from 12m.
KTRC112: 16m @ 2.81% Copper, 10.31 g/t Silver, 0.48 g/t Gold from 46m.
KTDD013: 15.6m @ 1.25% Copper from 55.4m.
KTDD121: 33m @ 1.2% Copper, 2.58 g/t Silver, 0.15 g/t Gold from 103m.
Priority 1 Untested IP Targets
EL 3298
Untested Conductive Units
EL 3277
Area of Deep Transported Soils
Location Map
Project Area
Drillhole
Ore Blocks at December 2004
Previously Reported
New Assay Results
0
250
500
Meters
Scale: 1:10,000
HILLGROVE RESOURCES LTD
Kanmantoo Project
IP with Drilling
and Ore Blocks

Figure 2

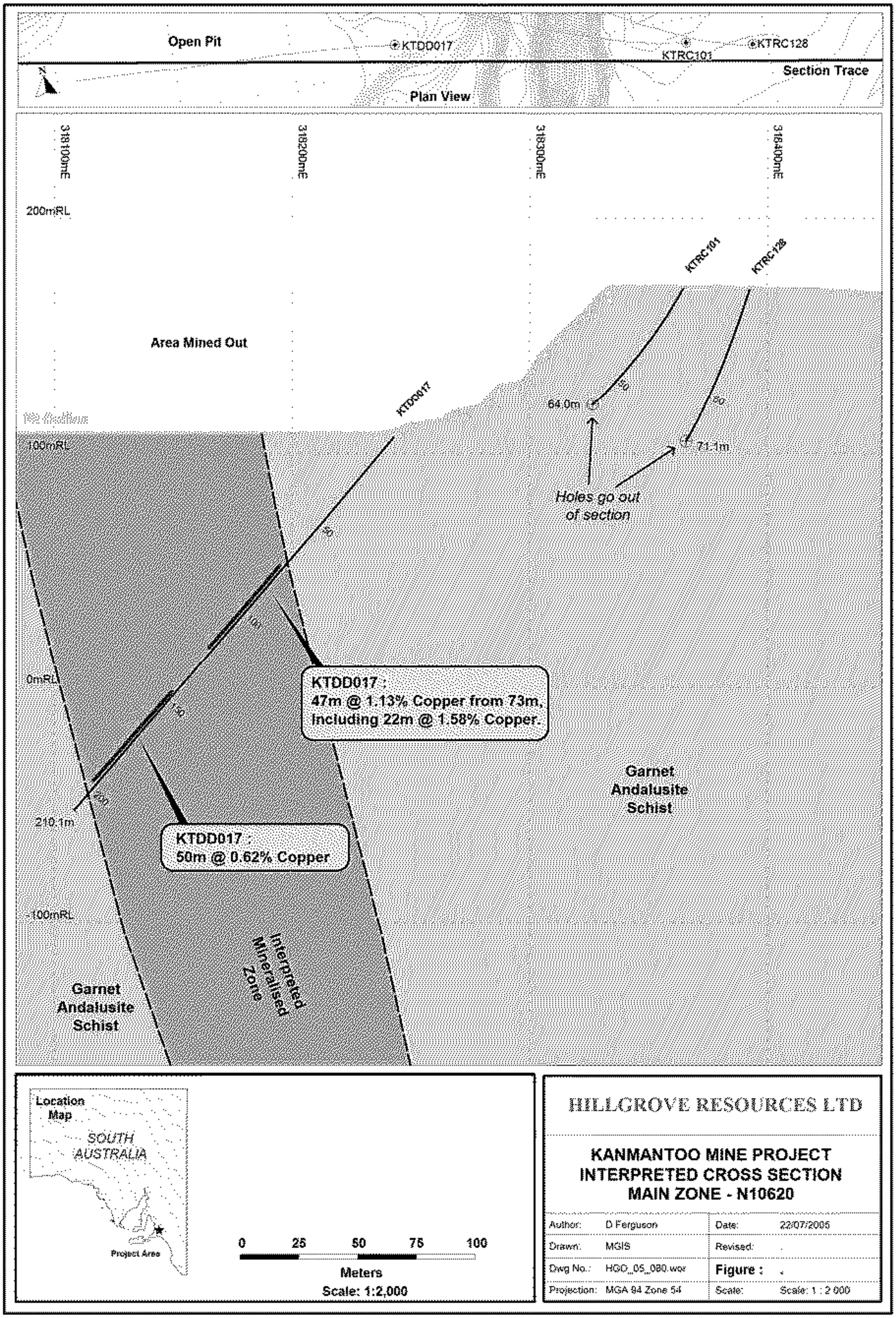
Open Pit
KTDD017
KTRC101
KTRC128
Section Trace
Plan View
318100mE
318200mE
318300mE
318400mE
200mRL
100mRL
0mRL
-100mRL
Area Mined Out
KTDD017
KTRC101
KTRC128
64.0m
71.1m
Holes go out of section
KTDD017 :
47m @ 1.13% Copper from 73m,
Including 22m @ 1.58% Copper.
KTDD017 :
50m @ 0.62% Copper
210.1m
Garnet Andalusite Schist
Interpreted Mineralised Zone
Garnet Andalusite Schist
Location Map
SOUTH AUSTRALIA
Project Area
0 25 50 75 100
Meters
Scale: 1:2,000
HILLGROVE RESOURCES LTD
KANMANTOO MINE PROJECT
INTERPRETED CROSS SECTION
MAIN ZONE - N10620
Author: D Ferguson
Date: 22/07/2005
Drawn: MGIS
Revised:
Dwg No.: HGO_05_080.wor
Figure :
Projection: MGA 94 Zone 54
Scale: Scale: 1 : 2 000

Table 1 Drill Hole Locations

PROSPECT	HOLE ID	EASTING	NORTHING	AZIMUTH	INC.	DEPTH(m)	ASSAYED
Kanmantoo	KTDD013	317716	6114356	270	60	92.9	Yes
Kanmantoo	KTDD014	317709	6114298	270	60	79.4	Yes
Kanmantoo	KTDD015	318308	6114831	270	60	180.6	Yes
Kanmantoo	KTDD016	318266	6114294	270	60	87	Yes
Kanmantoo	KTDD017	318243	6114959	270	50	210	Yes
Kanmantoo	KTDD018	318199	6114340	270	70	93.4	No
Kanmantoo	KTDD019	318240	6114593	270	70	108.4	No

Note: Datum MGA Zone 54(GDA 94)

Table 2 Summary of Anomalous Down Hole Drill Results

Hole ID	From (m)	To (m)	Exploration Result Intercepts	Copper and Gold Equivalents
KTDD013	28	32	4m at 1.00% copper	4m at 1.00% copper or 2.25g/t gold
	38	43	5m at 0.62% copper	5m at 0.62% copper or 1.40g/t gold
	55.4	71	15.6m at 1.25% copper	15.6m at 1.25% copper or 2.81g/t gold
KTDD015	128	153	25m at 1.24% copper and 0.28g/t gold **Including 17m at 1.55% copper and 0.37g/t gold**	25m at 1.36% copper and 3.07g/t gold **Including 17m at 1.71% copper and 3.86g/t gold**
KTDD016	44	46	2m at 0.32% copper	2m at 0.32% copper or 0.72g/t gold
KTDD017	74	121	47m at 1.13% copper **Including 22m at 1.58% copper**	47m at 1.13% copper or 2.54g/t gold **Including 22m at 1.58% copper or 3.56g/t gold**
	145	195	50m at 0.62% copper	50m at 0.62% copper or 1.40g/t gold

Note.
- Exploration Results Intersections (not outlined in bold) calculated using 0.3 % copper cut off grade with maximum thickness of 5m internal dilution.
- High Grade Intersections (**outlined in bold**) are calculated using 0.8% copper cut off grade with maximum thickness of 2 m internal dilution.
- Gold and silver grades with copper were calculated over the same width as the copper intercept and averaged.
- Anomalous grades reported in table for gold >0.20g/t and silver >5g/t
- Some check assays are still to be received, so some results may change slightly when checks are averaged in.
- Equivalents calculated using metal prices of US$400/oz gold and US$ 2900/t copper.