

HILLGROVE RESOURCES

Tuesday, 12 September 2006

PEL 238 FRACTURE STIMULATIONS PROGRESSING

Hillgrove Resources Limited (ASX:HGO) is pleased to advise the Bibblewindi fracking program being undertaken by Eastern Star Gas Limited, the Operator of the PEL 238 Gunnedah Basin Coal Seam Gas Joint Venture, is progressing successfully with four of the planned eight wells fracture stimulated over the last 10 days.

Each of the fracs on Bibblewindi 3, 6, 7 and 8 have been successful in placing either the planned or a greater volume of sand than anticipated. Once the wells have been cleared up by flow back they will be equipped with pumps, and sequentially placed on production test with all wells likely to be in production in November.

For more details please refer to the attached announcement from Eastern Star Gas Limited.

About the Gunnedah Basin Gas Project - *"Delivering Gas Independence to NSW"*

The Project is located in Petroleum Exploration License 238 between Narrabri and Gunnedah in New South Wales covering 9,100 kms² of the Gunnedah Basin. The PEL contains one of the largest onshore natural gas accumulations in Australia alone totaling 17,000 PJ (17 TCF) of gas-in-place within two thick coal seams. The Bohena Project Area, which covers 260 kms² within PEL 238 and contains up to 3,700 PJ (3.7 trillion cubic feet) of gas-in-place, is the focus for early commercial development to serve local power and industrial consumers and, ultimately, the Newcastle and Sydney markets. The Project is managed by Eastern Star Gas Limited and is owned by the Gunnedah Basin Gas Project (Coal Seam Gas) Joint Venture which comprises:

- Eastern Star Gas Limited (ASX: ESG) – 32.5%
- Gastar Exploration Limited (TSX: YGA) – 35%
- Hillgrove Resources Limited (ASX: HGO) – 32.5%.

About Hillgrove

Hillgrove is an Australian resources company listed on the Australian Stock Exchange which focuses on identifying resources 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, uranium and natural gas.

Hillgrove is exploring a total of 974 km² in the Kanmantoo Trough and the Gawler Craton, two of the most prospective regions of South Australia, for copper and gold. Additionally, Hillgrove has a 31% shareholding in InterMet Resources Limited (ASX:ITT) which has over 6,000 km² of ground in the Gawler Craton prospective for copper, gold, nickel and uranium.

Hillgrove is currently undertaking a pre-feasibility study of the Kanmantoo Copper Mine, a potential mid-tier copper producer, where it has established an Indicated and Inferred Resource of 25.375 MT grading 1.0% copper and 0.2 g/t gold. Additionally, the copper/gold mineralisation is associated with what is thought to be a World Class resource of garnet which has application as an abrasive.

In October 2005 Hillgrove announced the conclusion of a strategic alliance with Sempra Metals, a subsidiary of Fortune 500 Company Sempra Energy, involving an \$8 million equity and debt package to assist the development of Kanmantoo.

The Company has a 32.5% interest in the Gunnedah Basin Gas Joint Venture's PEL 238 Coal Seam Gas Project in New South Wales. The Joint Venture currently has five wells in test production with a nine well production pilot currently being drilled. PEL 238 contains one of the largest onshore accumulations of natural gas in Australia totalling 17,000 PJ's (17 TCF) of gas-in-place within two thick coal seams.

For more information contact:

Ian Kirkham
Chief Financial Officer
Hillgrove Resources Limited
Tel: +61 2 8221 0404



12th September, 2006

**PEL 238 - FRAC PROGRAM ADVANCES RAPIDLY
GUNNEDAH BASIN COAL SEAM GAS PROJECT**

Eastern Star Gas Limited ("ESG") is pleased to advise that the Bibblewindi fracing program is successfully progressing with 4 of the planned 8 wells fracture stimulated over the last 10 days. The next well, Bibblewindi 5, is planned for fracing tomorrow and the whole program is likely to be completed within 2 weeks.

To date each of the fracs on Bibblewindi 3, 6, 7 and 8 have been successful in placing either the planned or a greater volume of sand than anticipated. Once the wells have been cleared up by flow back they will be equipped with pumps, and sequentially placed on production test with all wells to likely be in production in November.

About the Gunnedah Basin Gas Project (Coal Seam Gas Joint Venture)

"Delivering Gas Independence to NSW"

The Project is located in Petroleum Exploration Licence 238 between Narrabri and Gunnedah in New South Wales covering 9,100 kms² of the Gunnedah Basin. The PEL contains one of the largest onshore natural gas accumulations in Australia alone totaling 17,000 PJ (17 TCF) of gas-in-place within the two coal seams that are over 10 metres thick in each of two coal bearing formations. The Bohena Project Area covers 260 kms² within PEL 238 and contains up to 3,700 PJ (3.7 trillion cubic feet) gas in place within coal seams of the Late Permian Black Jack Formation and the Early Permian Maules Creek Formation. The Project is managed by Eastern Star Gas Limited and is owned by the Gunnedah Basin Gas Project (Coal Seam Gas) Joint Venture comprising:

Eastern Star Gas Limited (ASX: ESG)	65.0%* (Operator)
Gastar Exploration Limited (AMEX: GST & TSX: YGA)	35.0%

ESG: currently 32.5% and subject to ESG shareholder approval will move to 65%

Company contacts:

Dennis Morton	or	David Casey	Telephone: 02-9251 5599
(Managing Director)		(Executive Director - Operations)	

Patrick Sam Yue
Company Secretary