

HILLGROVE RESOURCES

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High Grade Polymetallic Mineralisation at Wheal Ellen

Individual Assay Results Up to 20.5% Zinc, 17.6% Lead, 34.2g/t Gold, 10.5% Copper and 210.6g/t Silver

Hillgrove Resources Limited's (ASX:HGO) on going exploration program in the Kanmantoo district has identified high grade polymetallic Broken Hill style mineralisation at the Wheal Ellen prospect (EL 3232 - 100% Hillgrove) located 40 kilometres south east of Adelaide. A first pass nine hole (569 metre) RC drilling programme intersected mineralised zones up to 10 metres wide. Peak individual (1 metre) drill assays included 13.08% lead, 5.43% zinc, 8.88g/t gold and 258g/t silver.

These initial results are thought to be very significant and suggest there is potential for mineralisation at Wheal Ellen similar in style to that of the nearby Angas deposit (3.04Mt 8.0% zinc, 3.1% lead, 34.0g/t gold, 0.5 g/t silver and 0.3% copper).

Planning is now underway for a second round of drilling which has been scheduled to be completed over the coming months.

The area around Wheal Ellen is considered to be very prospective for base metal mineralization with the Wheal Ellen prospect one of 11 high priority magnetic targets (Figure 1) outlined by a recent airborne magnetic survey, all of which will be the subject of follow up exploration.

About Wheal Ellen

The Wheal Ellen Prospect is named after the historical high grade Zinc-Lead-Silver mine at the centre of the tenement which was worked primarily in the 1850's and produced an estimated 75,000 tons at a grade of around 25% zinc, 20% lead and 12oz/ton silver.

The Wheal Ellen prospect is located about 10km to the north of Terramin's Angas deposit, occurs in a similar stratigraphic horizon and has seen only minor modern exploration with the last drilling activity at the old workings occurring in 1952.

Geological mapping has identified a gossanous horizon 1-3 metres in width, with a series of old workings along its length, which totals over 200 metres in strike. Initial mullock samples (Figure 2 and Table 1) taken from along this gossanous horizon confirmed the presence of high grade polymetallic mineralization with peak individual grades of 17.55% lead, 20.53% zinc, 34.15g/t gold, 10.52% copper and 210.6g/t silver (not the same sample).

Preliminary geological reconnaissance has indicated that the polymetallic mineralisation occurs in plunging shoots similar to the nearby Angas deposit.

A first pass exploratory nine hole (569 metre) RC drilling programme (Table 2) designed to identify and test plunge extensions of the mineralised shoots associated with the old workings intersected polymetallic mineralisation in a garnet-biotite-andalusite schist with chlorite alteration with mineralised zones up to ten metres in width. Initial work suggests the mineralisation is plunging to the south, although a greater drilling density is required to confirm this.

Significant intercepts are outlined in Table 3. Better results include:

- **1m @ 6.92% lead, 5.43% zinc, 0.38g/t gold and 196g/t silver from 47m in WHRC002**
- **1m @ 13.08% lead, 8.88g/t gold and 258g/t silver from 29m in WHRC006.**

These initial results are thought to be very encouraging and demonstrate the potential of the Wheal Ellen prospect to host significant base metal mineralisation.

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 General Manager – Exploration and Operations of 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 Ferguson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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 974km² in the Kanmantoo Trough and the Gawler Craton, two of the most prospective regions of South Australia, for copper and gold.

Hillgrove has successfully completed 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 28MT grading 0.94% copper and 0.20g/t gold, containing 262,000 tonnes of copper and 177,200 ounces of 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.

Hillgrove has a strategic alliance with Sempra Metals & Concentrates, a subsidiary of Fortune 500 Company Sempra Energy, involving a \$10 million equity and debt package to assist the development of Kanmantoo.

The Company has an initial strategic 19.9% shareholding in Eastern Star Gas Limited (ASX:ESG), an integrated natural gas and electricity production company, which has a focus on developing its gas resources for the major Eastern Australian market.

Hillgrove has a 31% shareholding in InterMet Resources Limited (ASX:ITT) which has an extensive portfolio of exploration interests in South Australia targeting IOCG deposits, gold, nickel and uranium.

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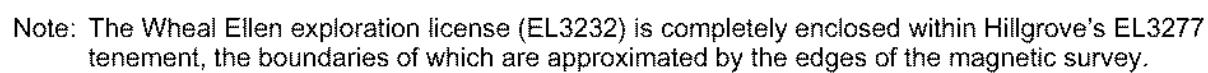


Figure 2. Significant Intercepts from RC Drilling and Rock Chip Results

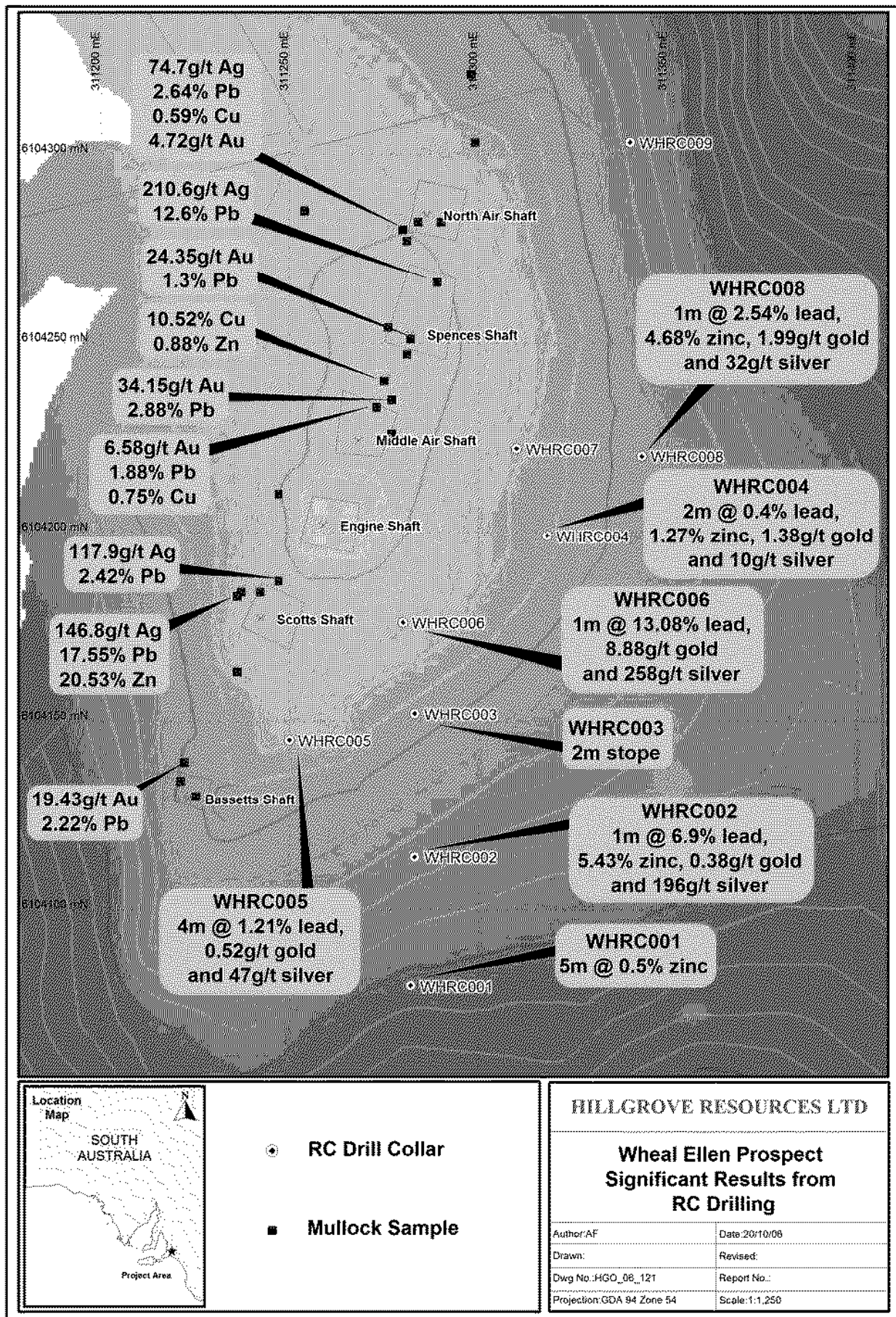


Table 1. Assay Results from Wheal Ellen Mullock Sampling Program

Sample ID	Gold g/t	Silver g/t	Copper %	Lead %	Zinc %
HG1165	5.88	10.1	0.20	0.97	0.15
HG1166	1.68	17	0.26	1.58	0.15
HG1167	>0.1	1.2	>0.1	>0.1	>0.1
HG1168	2.35	56.3	0.24	2.8	0.46
HG1169	>0.1	1.2	>0.1	>0.1	>0.1
HG1170	19.43	11.3	>0.1	2.22	0.17
HG1171	0.12	17.3	0.44	1.37	0.14
HG1172	1.53	146.8	>0.1	17.55	20.53
HG1173	0.49	14.3	0.15	1.36	0.51
HG1174	1.9	63	>0.1	3.39	0.53
HG1175	0.74	8	0.67	1.29	>0.1
HG1176	34.15	8.2	0.59	2.88	>0.1
HG1177	37.65	2.7	0.81	1.3	>0.1
HG1178	0.74	210.6	0.70	12.6	0.44
HG1179	0.26	0.4	0.13	>0.1	>0.1
HG1180	4.60	24.6	0.24	1.76	>0.1
HG1181	>0.1	0.5	0.14	>0.1	>0.1
HG1182	>0.1	2.3	>0.1	>0.1	>0.1
HG1183	>0.1	X	>0.1	>0.1	>0.1
HG1185	434	0.6	0.66	>0.1	>0.1
HG1186	>0.1	1	>0.1	>0.1	>0.1
HG1187	3326	120.3	>0.1	10.3	0.52
HG1188	>0.1	0.8	>0.1	>0.1	>0.1
HG1189	>0.1	0.4	>0.1	>0.1	>0.1
HG1197	>0.1	69.8	>0.1	3.06	>0.1
HG1198	>0.1	0.6	>0.1	>0.1	>0.1
HG1199	>0.1	0.3	>0.1	>0.1	>0.1
HG1200	>0.1	0.1	>0.1	>0.1	>0.1
HG1201	1.32	15.8	0.48	0.74	0.11
HG1202	4.99	74.7	0.59	2.64	0.14
HG1203	1.38	4.8	0.60	0.77	0.15
HG1204	0.18	1.7	>0.1	>0.1	>0.1
HG1205	0.92	0.2	0.40	1.03	0.31
HG1206	0.26	24.6	10.52	0.75	0.89
HG1207	6.58	4.9	0.75	1.88	0.14
HG1208	0.46	117.9	>0.1	2.42	0.20
HG1209	1.89	71.4	0.25	3.19	0.33
HG1210	0.49	17.3	>0.1	2.9	0.30
HG1211	0.37	15.9	>0.1	0.81	0.21
HG1212	>0.1	2.9	>0.1	0.25	>0.1
HG1213	>0.1	0.7	4.24	>0.1	>0.1

Note: Table summarises maximum assay results returned

Table 2. Summary Drill Hole Collar Locations

Prospect	Hole	Azim (mag)	Inclination	MGA East	MGA North	R.L.	Total Depth (m)
Wheal Ellen	WHRC001	283	-70	311282	6104080	185	97
Wheal Ellen	WHRC002	286	-65	311283	6104114	187	69
Wheal Ellen	WHRC003	283	-65	311283	6104152	191	55
Wheal Ellen	WHRC004	283	-70	311318	6104199	191	69
Wheal Ellen	WHRC005	286	-65	311250	6104145	192	41
Wheal Ellen	WHRC006	286	-65	311280	6104176	193	55
Wheal Ellen	WHRC007	286	-65	311310	6104222	192	48
Wheal Ellen	WHRC008	286	-70	311343	6104220	189	80
Wheal Ellen	WHRC009	286	-65	311340	6104303	188	55

Note: WHRC = RC Drill Holes, Datum : GDA 94, Zone 54

Table 3. Summary of Significant Intercepts from Wheal Ellen RC Drilling

Hole ID	Intercept
WHRC001	5m @ 0.5% zinc from 64m
WHRC002	9m @ 1.04% zinc from 47m
	incl 2m @ 3.77% lead, 3.2% zinc from 47m
	incl 1m @ 6.92% lead, 5.43% zinc, 0.38g/t gold and 196g/t silver from 47m
WHRC003	encountered 2m stope
WHRC004	3m @ 1.51g/t gold from 53m
	2m @ 0.4% lead, 1.27% zinc, 1.38g/t gold and 10g/t silver from 53m
WHRC005	4m @ 1.21% lead, 0.52g/t Au and 47g/t silver from 12m
WHRC006	10m @ 2.62% lead and 1.59g/t gold from 28m
	incl 3m @ 7.5% lead, 4.61g/t gold and 147g/t silver from 28m
	incl 1m @ 13.08% lead, 8.88g/t gold and 258g/t silver from 29m
WHRC008	1m @ 2.54% lead, 4.68% zinc, 1.99g/t gold and 32g/t silver from 70m

Note: - Some check assays are still to be received, so some results may change slightly when checks are averaged in.
- All widths refer to down hole intersections.