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RESOURCES

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Potential Olympic Dam Style Mineralisation Intersected at Alford Copper Project, South Australia

Hillgrove Resources Limited (ASX:HGO) advises that diamond drilling of a potential Olympic Dam Iron Oxide Copper Gold Uranium (IOCGU) style target at the key Netherleigh Park prospect has now finished with two holes completed for a total of 473m. The holes have been geologically logged and are now being cut for analysis with results expected within the current quarter.

The Netherleigh Park prospect is located within the Alford Project, near Alford on the Yorke Peninsula, South Australia.

The Alford Project falls within the IOCG Potential Rank 1 Area as defined by GeoScience Australia – the highest potential for IOCGU mineralisation within South Australia's Gawler Craton.

Drilling intersected a thin (30-40m) sequence of transported sediments before encountering **brecciated and haematite altered basement rocks with variable amounts of sulphides including pyrite, chalcopyrite and galena** (Figure 1).

ALDDH007 was drilled to 172m and abandoned before its target depth of 300m due to swelling clays. The hole was collared in black shale and encountered strong haematite/silica alteration along with weak pyrite mineralisation. There were several major breccia zones encountered and numerous mafic dykes.

ALDDH008 was successfully drilled to its planned depth of 301m. It encountered a strongly haematite altered and brecciated series of metasediments for almost the entire length of the hole. In many cases, the original rock type was obscured by the intense haematite alteration. Mineralisation was characterised by common pyrite, with lesser chalcopyrite and minor galena in places. Although assays are still pending, this hole **visually appears to be the best diamond hole of eight drilled to date** at the Netherleigh Park prospect.

A more detailed interpretation of the drilling will be reported once the results have been received in four to six weeks.

Alford Copper Project – Background

The Alford Project (EL 3037 Hillgrove 20%, Argonaut 80%) in which Hillgrove can earn up to a 70% interest, is located in the northern part of Yorke Peninsula and is centred on the small township of Alford. The licence covers 477km^2 of the highly prospective Moonta-Wallaroo district of the Gawler Craton, which hosts the Olympic Dam deposit. Whilst the

Hillgrove Resources Limited
ACN 004 297 116
Level 41 Australia Square Tower, 264 George Street, Sydney NSW 2000
Tel: 02 8221 0404 Fax: 02 8221 0407
www.hillgroveresources.com.au

Moonta-Wallaroo area has historically been a large producer of copper in South Australia, with most mining conducted between 1860 and 1923, little modern exploration has been conducted in the region. The area has produced over 9.6Mt of ore at an average grade of 3.7% Copper, 3g/t gold, 5g/t silver, yielding 340,000 tonnes of copper.

The Alford region is extensively mineralised, with strongly developed copper mineralisation and lesser gold, lead, zinc and uranium. The project area shows some key similarities to Iron-Oxide-Copper-Gold-Uranium (IOCGU) deposits such as Olympic Dam, Prominent Hill and Carrapateena and falls within the IOCG Potential Rank 1 Area as defined by GeoScience Australia. Copper mineralisation is largely associated with a number of discrete gravity features, a key association for IOCGU deposits. Past exploration has defined a series of copper anomalies along the Alford Shear Zone for over 7km in strike. Past drilling has identified significant widths of copper mineralisation associated with heamatite alteration including **76m at 0.95% copper including 12m at 2.18% copper in ALDDH001.** The project also has significant uranium potential with past drilling returning excellent first pass with assay results up to 290ppm Uranium.

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 a listed Australian resources company on the Australian Stock Exchange (ASX: HGO) focused on developing its South Australian base and precious metals projects.

The Company possesses an exploration portfolio covering over 970km² within the Kanmantoo Trough and the Gawler Craton, recognised among Australia's most prospective regions for copper and gold.

Hillgrove's key asset is the Kanmantoo Copper Gold Project, located less than 60km from Adelaide on the site of a former mine. Kanmantoo currently hosts a JORC-compliant Inferred Resource of 33.4Mt grading 0.9% copper and 0.20g/t gold, containing 290,000t of copper and 216,900oz of gold. With first production targeting early 2009, Kanmantoo will be a 2Mtpa operation producing approximately 19,000t copper in concentrate and 6,000oz of gold per annum.

Hillgrove also holds a number of strategic positions in emerging energy and resources companies, including a fully diluted 29.1% shareholding in coal seam gas company Eastern Star Gas (ASX:ESG), and a 31.0% shareholding in South Australian-focussed explorer InterMet Resources (ASX:ITT).

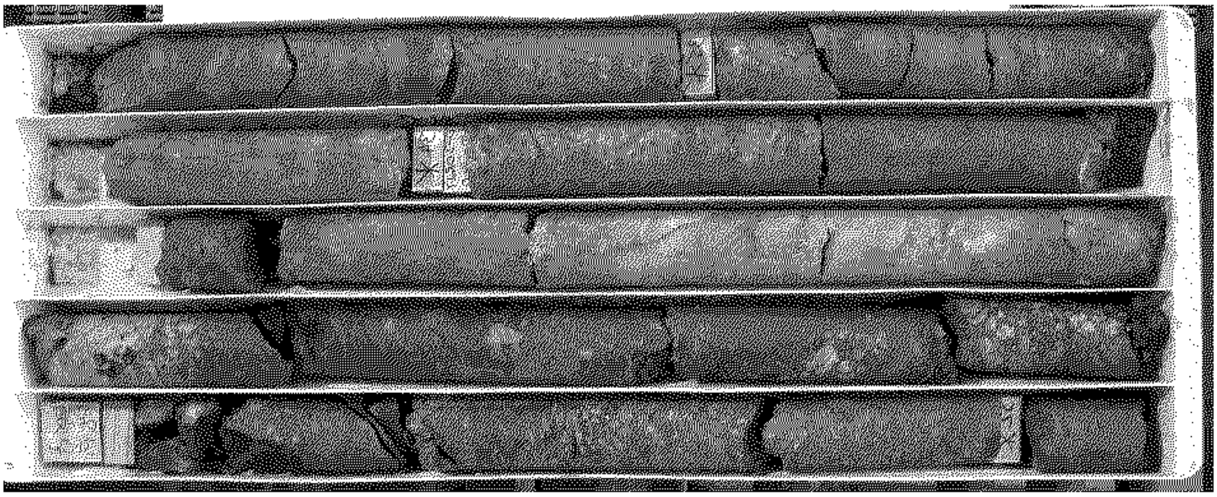
For more information contact:

Mr David Archer
Managing Director
Hillgrove Resources Limited
Tel: + 61 2 8221 0404
Mobile: 0414 737 767

Mr Dale Ferguson
Director – Exploration and Operations
Hillgrove Resources Limited
Tel: + 61 8 9322 6377
Mobile: 0439 886 019

Figure 1. Brecciated, Altered and Mineralised Core from Alford

Brecciated and haematite altered siltstones with
common pyrite and lesser chalcopyrite ALDDH008 138.6 – 143m



Strongly brecciated and haematite altered siltstones ALDDH008 27.9 – 32.5m