HILLGROVE
RESOURCES

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Molybdenum/Cobalt/Uranium Hits at Alford

Hillgrove Resources Limited (ASX:HGO) advises that re-assaying of pulps from the 2004 diamond drilling program and the 2005/6 shallow aircore/mud rotary programme targeting copper at the key Netherleigh Park Prospect has identified significant polymetallic mineralisation associated with the copper mineralisation, with grades of up to 0.1% molybdenum* and 0.03% cobalt plus uranium in a mineralised zone 1.25kms long and 1km wide.

The best intercepts are outlined in Figure 1 and included:

- ALAC022 - 38m @ 0.7% copper and 24m @ 145.6g/t cobalt
- ALAC030 - 1m @ 1053g/t molybdenum
- ALAC041 - 6m @ 286.32g/t cobalt and 8m @ 264.4ppm molybdenum
- ALMR012 - 39m @ 0.63% copper and 40m @ 150.1g/t cobalt
- ALDDH005 - 30m @ 0.46% copper, 11m @ 208.43g/t molybdenum and 3m @ 230g/t uranium
- ALAC037 - 1m @ 359.73g/t uranium.

Assay results are awaited from a two hole 473m diamond drilling programme completed in May which targeted the main copper target zone at Alford.

Mr. David Archer, the Managing Director of Hillgrove, said today "Molybdenum and cobalt prices are both around USD$30 per lb which is some ten times that of copper with both metals experiencing high demand. This suggests that they can provide valuable credits to any potential copper production from Alford".

Molybdenum is a metallic element used mainly for alloying to give strength and corrosion resistance to stainless steel. Molybdenum is currently priced at USD$34 per lb and is experiencing increasing demand for use in stainless steels with low nickel contents balanced with higher manganese, nitrogen and molybdenum. The market is characterised by very low inventories, export restrictions in China and solid strategic and investment buying.

The major applications for cobalt include alloys, magnets, catalysts and electroplating. The cobalt price is USD28.50.

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 477km2 of the highly prospective Moonta- Wallaroo district of the Gawler Craton, which hosts the Olympic Dam deposit. Whilst the Moonta-

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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 haematite 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.

*Note: Assay Grades 0.1% = 1,000g/t

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).

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