



Thursday, 26 November 2009

## **Base Metal and Gold Mineralization Identified at Munderra Project**

Hillgrove Resources Limited (ASX:HGO) is pleased to advise InterMet Resources Limited (84.8% direct holding) has announced that recent fieldwork has confirmed the presence of an additional 380m of strike length to the copper mineralized gossan to the west of the old Mt Cardwell underground workings on EPM15481 (InterMet 100%). The project area is highly prospective for skarn and porphyry style mineralization.

Please refer to the attached announcement for further information.

### **About Hillgrove**

Hillgrove is an Australian mining company listed on the Australian Securities Exchange (ASX: HGO) focused on developing its Indonesian, South Australian and Queensland base and precious metals projects. The Company is targeting the discovery of world class epithermal gold and porphyry copper/gold deposits in Eastern Indonesia.

Hillgrove's flagship development is the Kanmantoo Copper Gold Project, located less than 60km from Adelaide in South Australia. Kanmantoo currently hosts a Mineral Resource of 32.2Mt (2.3Mt Measured, 22.5Mt Indicated and 7.4Mt Inferred) grading 0.9% copper and 0.20g/t gold, containing 292,200 tonnes of copper, 191,100 ounces of gold and 3,313,600 ounces of silver. With production targeted for the first quarter of 2011, Kanmantoo will be a 2Mt p.a. open-cut mine producing approximately 17,000 tonnes of copper in concentrate and 8,000 ounces of gold per annum.

The information in this announcement 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 announcement of the matters based on his information in the form and context in which it appears. The Mineral Resource estimate is based on information compiled by Mr Paul Payne, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Payne is Manager - WA Mining Consulting Runge Limited 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 Payne consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

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## **MUNDERRA PROJECT UPDATE BASE METAL AND GOLD MINERALIZATION IDENTIFIED**

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### **Highlights:**

- Field work has recommenced with drilling expected to begin this week.
  - Rock chip sampling around the old Mt Cardwell copper workings has returned grades up to 20.95% copper.
  - Detailed mapping in the area of the Mt Cardwell workings has confirmed 380m of strike length of iron – copper gossan.
  - Regional soil sampling over 3km of Chillagoe Formation outcrop has returned several base metal and gold anomalous zones.
  - Mapping and rock chip sampling at the Jean Prospect has outlined a broad area of gold and base metal anomalism.
  - The granted exploration license has over 5km strike length of the prospective Chillagoe Formation which hosts the Red Dome, Mungana and nearby Mt Garnet base metal deposits.
  - The Munderra EPM15481 is 15km NW of Kagara's Mt Garnet Operation; two hours drive SW of Cairns, North Queensland.
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InterMet Resources Limited (ASX: ITT) ('InterMet') is pleased to announce that recent fieldwork has confirmed the presence of an additional 380m of strike length to the copper mineralized gossan to the west of the old Mt Cardwell underground workings on EPM15481 (InterMet 100%). The project area is highly prospective for skarn and porphyry style mineralization.

From August through to October 2009, a field program was undertaken to determine the surface extent of the mineralizing system at Mt Cardwell outlined in the 2008 exploration program.

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Regional soil sampling was conducted over a large area of the prospective Chillagoe Formation and adjacent granitic intrusives with the aim of identifying base metal and gold style targets. A second phase of soil sampling is currently underway with final results to be received prior to commencement of drilling in late November 2009 (Figure 1).

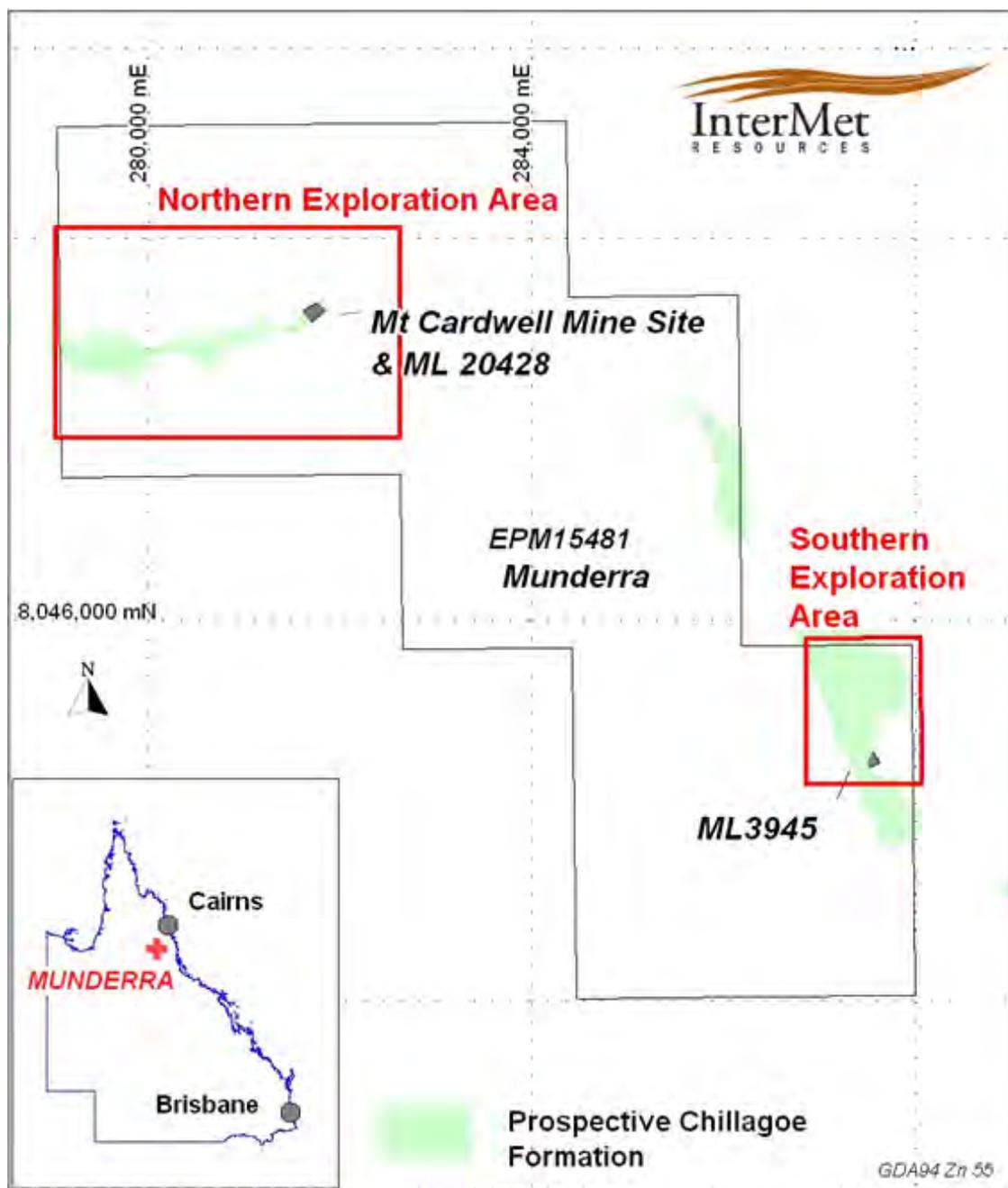
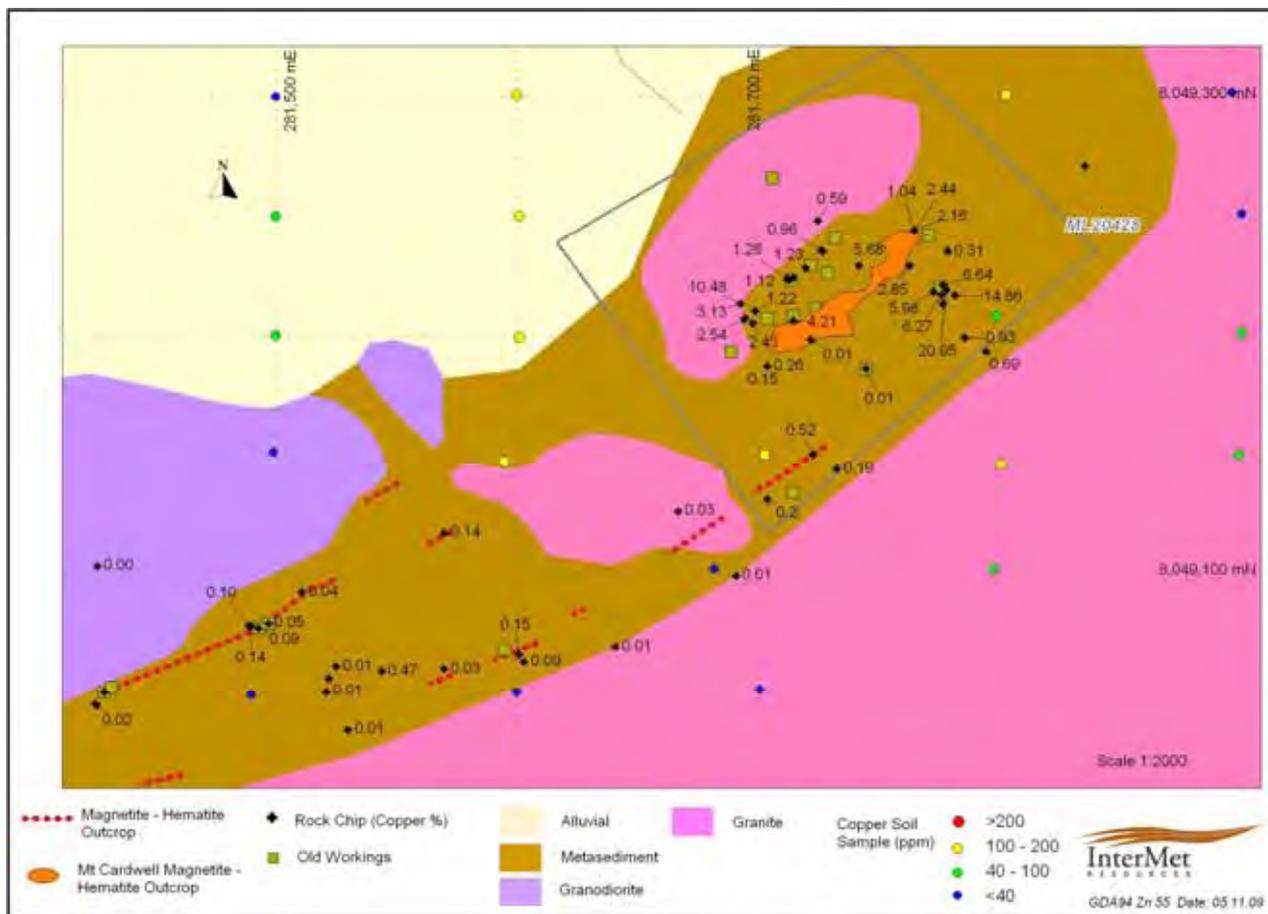


Figure 1. Regional View of Exploration Areas in the Munderra EPM14581

### Mt Cardwell Mine and Prospect (EPM 15481 and ML 20428 – 100% ITT)

The Mt Cardwell copper deposit was mined in the late 19<sup>th</sup> Century, with ore grade material transported to the Mt Garnet mill for processing. The small open cuts, two shafts and adit provided access to a skarn style deposit rich in chalcopyrite and bornite with minor galena, spalerite and silver ores. Work at the mine was relatively short lived, with closure of the mine in the early 20<sup>th</sup> century due to carriage costs and low metal prices.

The main target area at Mt Cardwell Prospect is a 90m long magnetite–hematite copper stained gossan averaging nine metres in width sited above the old workings. Copper has been observed in stockwork fracturing and sheeted quartz veins within skarn altered metasediments and fractionated acidic intrusives, as well as on the iron rich gossan. Additional iron +/- copper gossan outcrop has been mapped for some 380m along strike to the west from the old workings (Figure 2).



**Figure 2. Surface Geology and Rock Chip Samples of Mt Cardwell Prospect**

Rock chip samples taken from around the workings include grades up to 20.95% copper, 0.3% zinc, 0.3% lead, 0.48g/t gold and 63g/t silver (not same sample).

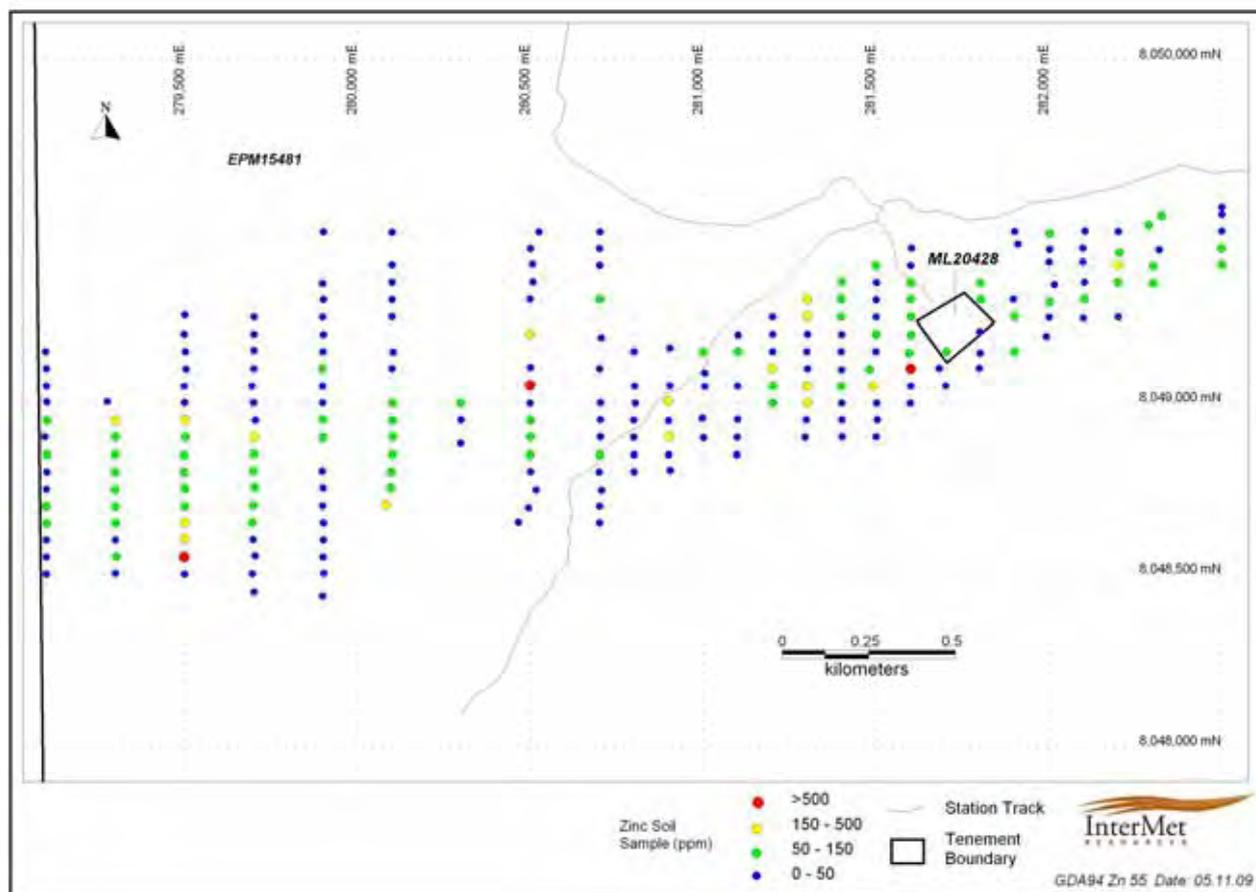
A second zone of parallel striking iron +/- copper gossan, approximately 50m south of the main target gossan unit, has been mapped for 320m strike length.

Additional gossanous outcrops, some with copper mineralization, have been mapped up to 850m to the west of the main target zone.

### North Munderra Area

Soil sampling was conducted to the west and east of the Mt Cardwell Prospect and in the SE section of EPM15481 to assess the potential of the exposed Chillagoe Formation and adjacent acidic intrusives. The work is targeted at identifying Red Dome and Mt Garnet styles of mineralization. The low order copper anomaly hosted by the coarse grained granite to the south of the old workings, provides evidence that a potential copper porphyry style deposit may be situated in the footwall granite of the old Mt Cardwell Mine. Significant base metal anomalism is present to the west of the Mt Cardwell Prospect for at least 700m. Of

additional interest, is the zinc anomalism associated with the boundary between the Chillagoe Formation and later granitic intrusives, as noted at the western end of the EPM (Figure 3).



**Figure 3. Northern Area of Soil Sampling on Munderra EPM15481 Showing Zinc**

A silver-lead-zinc anomaly centred at 279500E / 8048550N is hosted by a skarn altered (epidote-chlorite-garnet-magnetite) granite with small iron magnetite-hematite gossan. This style of mineralization is of significant interest, as it is hosted by granites over which there has only been little work.

A second phase of soil sampling and field mapping is currently underway targeting anomalies outlined in the first phase of soil sampling.

### **South Munderra Area**

Soil sampling was conducted on a regional 100m x 100m grid with zones of known mineralization sampled at 50m x 50m spacing. A 1.2km long gold-base metal anomalous zone was noted from results (Figure 4). Gold in rock chip samples from one area obtained results from a gossan and associated host unit, with grades of 4.06g/t and 2.62g/t gold respectively.

Limited exploration work in the 1970s and 1990s returned anomalous gold and base metal results from drilling in two areas. Massive sulphides were observed in some drill holes, though grades were below expectation.

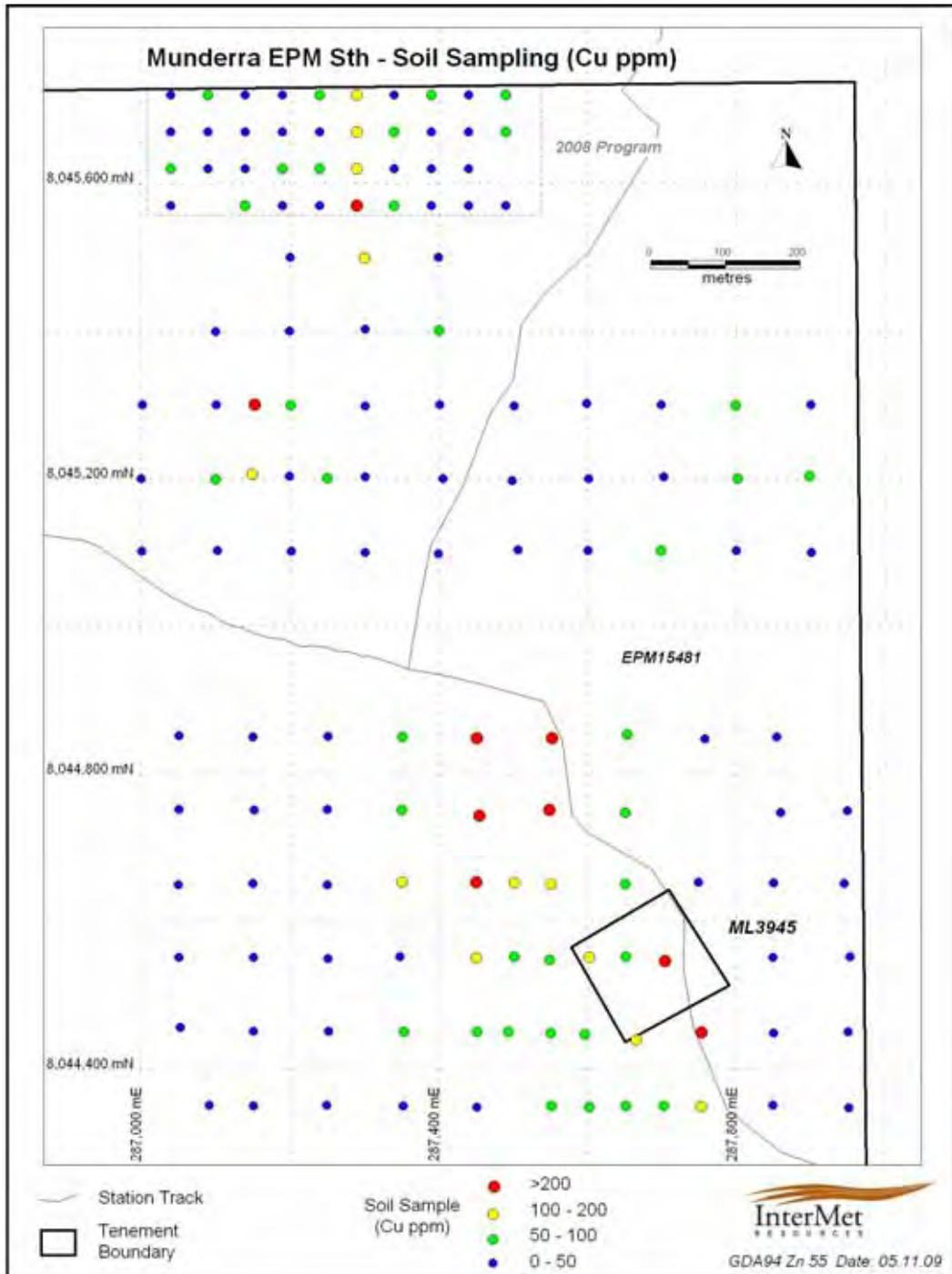


Figure 4. Munderra EPM15481 Southern Area Soil Sampling Results Showing Copper

### Follow Up Drilling

A 1000m RC drill program to test the mineralizing system associated with the Mt Cardwell copper workings and anomalous base metal and gold anomalies in the south-east of the EPM, is scheduled to commence in late November 2009.

Drill holes have been designed to test the depth extent of the copper mineralization noted on the surface in the area of the old workings. Additional holes will be drilled to test the mineralization potential along strike to the west and beneath the parallel gossan to the south of the main target. A significant copper soil anomaly to the north of the old workings will also be drill tested.

Drill holes are also planned to test the soil base metal anomaly and the gold anomalous zone as noted in rock chip sampling.

Drill results are expected by mid to late December 2009.

*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 InterMet 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.*

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