

**The Board of Directors of Hillgrove Resources Limited (Hillgrove)
(ASX: HGO) reports for the quarter ended 30 April 2009**

Hillgrove is set to undertake on-ground exploration of recently granted Indonesian tenements, with particular focus on its Bird's Head Project in West Papua where the company hopes to discover a world class ore body. Work continues on the licensing and financing of the Kanmantoo Copper Gold Mine Project. The Company raised a total of \$4.1 million from a share purchase plan and placement of 37,554,737 million shares at 11 cents each in February. At the end of the quarter Hillgrove's fully diluted 20.1% shareholding in Eastern Star Gas Limited was valued at \$131.9 million at the closing price of \$0.77 on 30 April 2009.

HIGHLIGHTS

- Hillgrove reported a full year profit of \$11.1 million for the Financial Year Ended 31 January 2009.
- \$4.13 million capital raised through share placement and share purchase plan completed in February.
- Work continues on licensing of the Kanmantoo Copper Gold Mine Project.
- Socialisation programme undertaken for Bird's Head Project in West Papua, Indonesia.
- Eastern Star Gas Limited (ASX:ESG) investment continued to grow with increasing interest in coal seam gas.
- Investment portfolio and cash totalled \$143.5 million at the end of the quarter.

KANMANTOO PROJECT, SOUTH AUSTRALIA

Hillgrove's near term objective for the Kanmantoo Copper Gold Project is to team with a well credentialed joint venture partner to assist the development, subject to financing and licensing, of the project. Kanmantoo is ideally positioned to be in production at the front end of the next major metals price cycle.

The main Kanmantoo deposit remains open at depth and along strike providing real potential to continue upgrades of the resource and reserves base as the project moves forward.

KANMANTOO MINE PROJECT, MINING LEASE 5776 AND EXPLORATION LICENSE 3277 (Hillgrove 100%)

Kanmantoo is located on the site of a former mine, which was operated in the 1970's (Plate 1). With road, rail, power and water infrastructure in place, and combined with the project's Adelaide Hills' setting, Kanmantoo possesses major operating and capital cost advantages to that of its more remote peers.

Work is progressing on licensing, completing the mining tender, electricity supply arrangements, preparation of ground works and receiving deliveries of long lead items ordered last year. High voltage switchgear for the Kanmantoo Mine switchyard and several major parts of the SAG Mill arrived during the quarter.



Plate 1. Kanmantoo and surrounds

MARP

Work on the final stages of licensing, the development of an agreed Mining and Rehabilitation Plan or MARP, is progressing. Draft sections have been submitted for review, but it is expected that the final documentation will be submitted to PIRSA this quarter with approvals likely to be granted early in the third quarter of 2009.

Project Financing

Hillgrove has been progressing discussions with several potential joint venture partners on the Kanmantoo Copper Gold Mine Project preliminary to project financing. Hillgrove's aim is to team with a well credentialed joint venture partner to assist the development while Hillgrove continues to manage it. The completion of financing of the project will start once all the licensing is completed.

Local and Community Activities

On a local level, community liaison continues with the recommencement of the Kanmantoo-Callington Community Consultative Committee (KCCCC) to monitor progress as the project approaches licensing and likely construction of the plant. A close working relationship with the community and other stakeholders will be maintained as work continues on the next phases of the project.

WHEAL ELLEN, SOUTH AUSTRALIA, EXPLORATION LICENSE 3232 (Hillgrove 100%)

The Wheal Ellen Prospect (EL 3232) is located 40km east south east of Adelaide and 10km north of Strathalbyn and 7km along strike from the Angus silver-lead-zinc mine. It is named after the historical silver-lead-zinc mine at the centre of the tenement which was worked primarily in the 1850's and produced an estimated 75,000 tons at an overall grade of 25% zinc, 20% lead and 12oz/t silver.

The review of exploration results has been completed as a prelude to further exploration work.

ALFORD, SOUTH AUSTRALIA, EXPLORATION LICENSE 3037

(Hillgrove 20% earning 70%, Argonaut 80% decreasing to 30%)

The Alford Project (EL3037) is located in the northern part of the Yorke Peninsula with a licence covering 477km² of the highly prospective Moonta-Wallaroo district, which is a part of the larger Proterozoic Copper-Gold province (Gawler Craton) that hosts the Olympic Dam Copper-Gold-Uranium deposit. 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. The Moonta-Wallaroo area was a large producer of copper in South Australia, with most mining conducted between 1860 and 1923. Total production from the area was 9.6M tonnes of ore at an average grade of 3.7% copper, 3g/t gold, 5g/t silver, and yielded 340,000 tonnes of copper.

No activity was undertaken at this tenement during the quarter.

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.

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 the Principal of Resource Evaluations Pty Ltd 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 the report of the matters based on his information in the form and context in which it appears.

INDONESIAN INITIATIVE

Hillgrove has undertaken a major new exploration initiative into the highly prospective Pacific 'Ring of Fire', a setting which hosts numerous large scale copper/gold porphyry systems and epithermal gold deposits. To date, Hillgrove has entered into two joint ventures over two areas: a large KP on the island of Sumba, adjacent to the Island of Sumbawa which hosts Newmont's major Batu Hijau copper-gold mine, and the Birds Head Project, in West Papua. The Bird's Head Project is located along the westward continuation of the New Guinea mineral belt that hosts Grasberg and Ertsberg in West Papua and Porgera and OK Tedi in Papua New Guinea (Plate 2-3).



Plate 2. Exploration project locations in Indonesia

This exploration initiative introduces Hillgrove to a new geological setting which hosts world class deposits and it is hoped that any major discoveries made will place Hillgrove in an excellent overall position to grow into a mid-tier resources group.

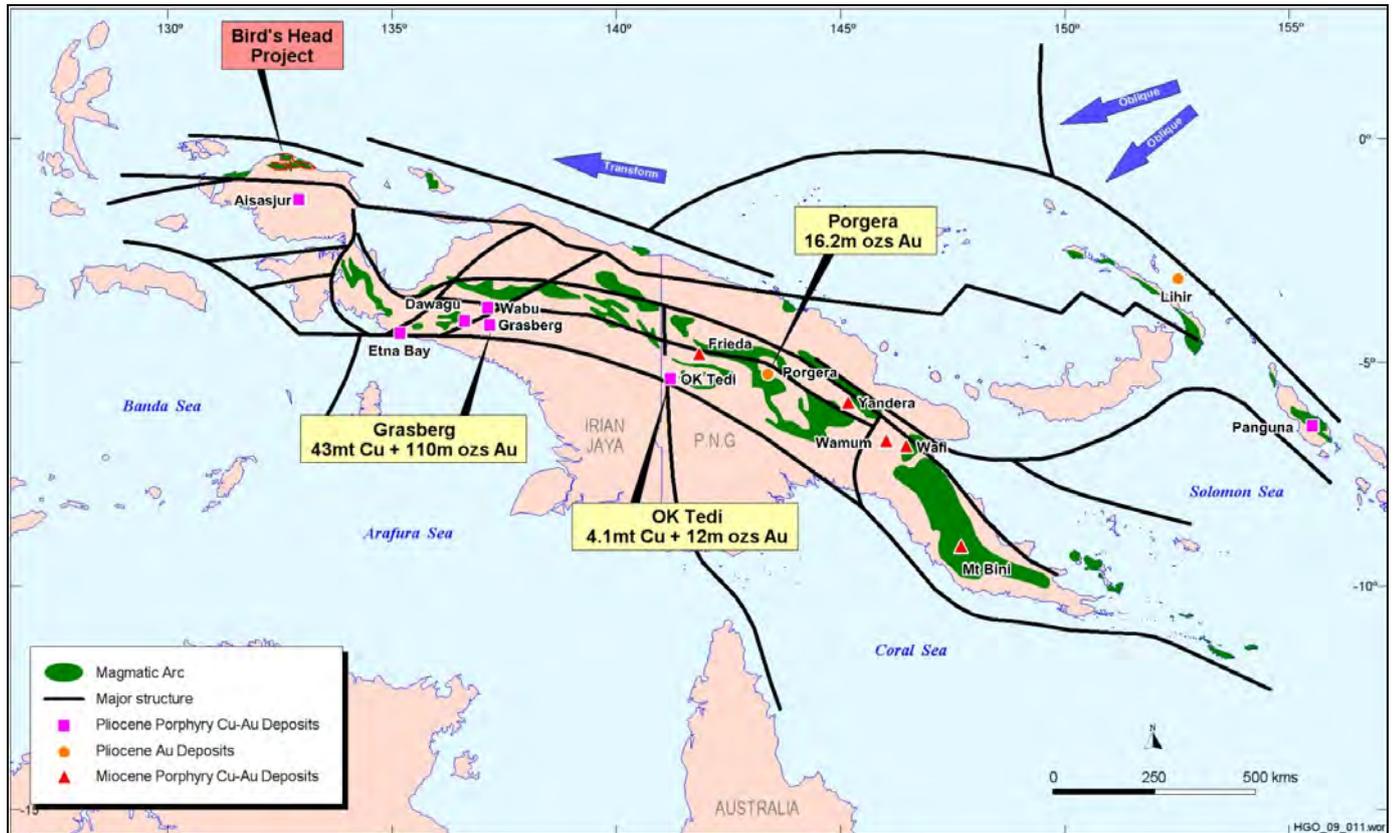


Plate 3. Bird's Head Project in West Papua, Indonesia

BIRD'S HEAD, WEST PAPUA, INDONESIA, KP254 (Hillgrove 80%, PT Akram Resources 20%)

P.T. Akram Resources was awarded an exploration license or Kuasa Penambangan (KP) over 1,815km² of the Bird's Head Peninsula (Kepala Burung) in West Papua, Indonesia on the 4 December. Hillgrove will undertake exploration work, feasibility studies if justified, and steps to advance the KP to exploration status in return for an indirect 80% interest.

The Bird's Head Project is located in north-western West Papua in the Indonesian province of Papua Barat. The regional centre of Sorong, located approximately 130km to the southwest, is supported by regular commercial air and sea services. The KP license area is sparsely populated and covers areas ranging from the coast through to moderate elevations of around 2,500m within 40km of the coast.

The KP covers a number of mineralised areas explored between 1986 and early 1993 and shown to contain extensive porphyry style copper-gold and epithermal gold mineralisation, with five major zones identified. Three stream drainages showing detrital gold were named Alpha, Bravo and Golf and prioritised as epithermal style gold targets and an additional two, Foxtrot and Delta, as porphyry style copper-gold targets.

The extensive gold and base metal mineralisation already identified plus the excellent geology, matched with a large exploration data base, means Hillgrove is in the hunt for a potential major discovery. The attractiveness of the Project is highlighted by the fact that on the same basis as Hillgrove, two international majors were concurrently awarded KP's in the same area.

Exploration Programme

The KP is in a 12 month general survey phase aimed at advancing prospects to drill definition. Work continues on compiling previous exploration reports and historic data, and establishing support for ground activities. Logistical and geological services have been established in Jakarta and Sorong, which includes geologists and staff highly experienced in working in West Papua. Contact continues to be made with local workers who were involved in earlier exploration, which will substantially shorten the time required to establish access and on-ground facilities.

Work has begun on forestry permitting and commencement of forestry mapping and an exploration budget and programme is being prepared.

Socialisation Programme

Hillgrove, through its partner PT Akram Resources, has completed the socialisation phase of activities at the Bird's Head Project. The socialisation process is the initial phase of local community consultation where Hillgrove's credentials and intentions are introduced to the various stakeholders who live within the exploration area.

Gaining access by boat, the socialisation programme covered three Districts (sub-Kabupaten) and seven villages. Representing the community were heads of local tribes, districts and villages; religious leaders; young people's associations such as schools; police and security forces. These meetings were well attended and our presence was well received. Subsequent to the programme a report of the socialisation activities was provided to the West Papua Mines Department.



Team preparing for boat trip



Abun District Meeting



Abun Socialisation participants

SUMBA, INDONESIA, KP350

(Hillgrove 80%, PT Fathi Resources 20%)

Hillgrove's Indonesian partner, PT Fathi Resources was granted an extension for General Survey activities within the Sumba Exploration License for a further year. Hillgrove will undertake exploration work and feasibility studies if justified in return for an indirect 80% interest.

The Sumba KP covers 331,300 hectares and is split into three project areas that coincide with the volcanic basement. These project areas were originally defined through exploration conducted by PT BHP Sumba Minerals. The work was conducted under a sixth generation Contract of Work (COW) agreement covering 346,500 hectares granted in 1997. Hillgrove's KP matches the COW boundaries after the first relinquishment (Plate 4).

Exploration Programme

A field crew is currently in Sumba and work has commenced on field mapping and surface sampling programs primarily at Pahandanjal Prospect within the Masu Project Area. Results from these programs will be released in the coming months.

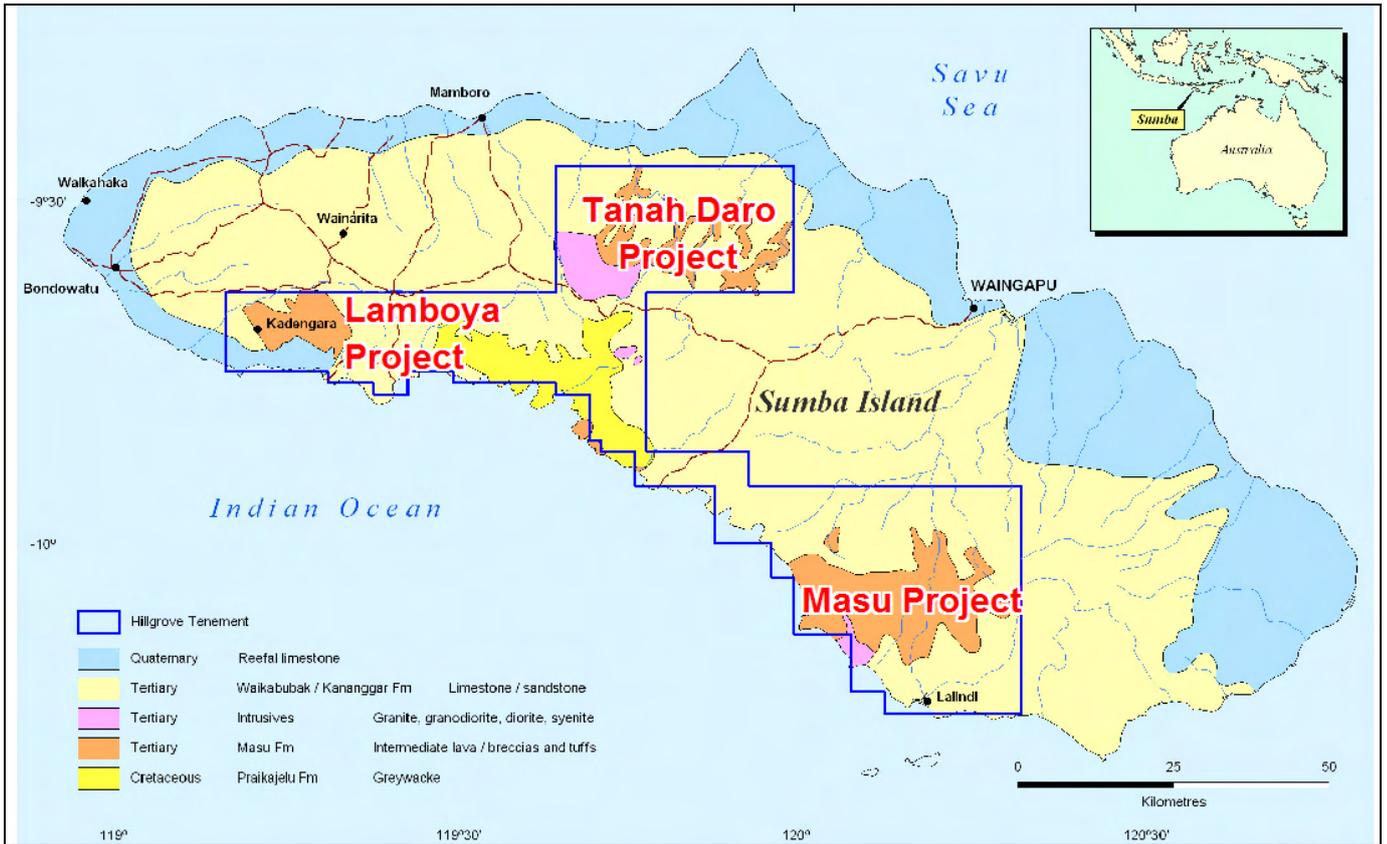


Plate 4. Map showing basic geology and tenement boundary for Sumba

The information in this report that relates to Exploration Results is based on information compiled by Mr. Adam Freeman, who is a Member of The Australasian Institute of Geoscientists. Mr. Freeman is an Exploration Manager for 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. Freeman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

INTERMET RESOURCES LIMITED
 (Hillgrove 84.8% Shareholder)

During the quarter a full project review has been conducted to assess all tenements held and work progresses on the Wanilla Project in South Australia.

Highlights include:

- Joint Venture partner Lincoln Minerals is continuing work on the Wanilla Project (EL 3702) to identify potential DSO iron targets, with a view to commencing drilling during the next quarter.
- Detailed tenement review continues with a view to rationalising the portfolio to a manageable size.

Considerable time has been spent reviewing the whole InterMet portfolio with a view to reducing it to a manageable size and defining a number of key projects on which to focus InterMet’s exploration efforts. This work has seen a reduction in tenement holdings of over 25%, and two key focus areas were identified – the Mt. Garnet area in Queensland and Lake Gilles area in South Australia. This work is ongoing and is expected to be largely completed during the next quarter.

Queensland Projects

Exploration activities were minimal during the quarter due to the wet season and the need to prioritise projects following the ongoing tenement review (Plate 5).

**Munderra Project
(EPM 15481, ML 3945 and 20428 - InterMet 100%)**

During the last quarter, InterMet was active on the Munderra Project with the following work:

Munderra Prospect

A detailed review of the Munderra Project was completed with a view to evaluate the prospectively of the project and determine the best way forward. This work has highlighted good potential for copper, gold and base metals and a work program is currently being developed.

Jessie Prospect

Results from the Jessie orientation geochemistry survey have identified a significant base metal anomaly, with results up to 0.5% copper in soils on a granite and sediment/metasediment contact. Given the existing copper mineralisation at Jessie a more comprehensive soil program over the entire Munderra Project is planned given the Chilligoe Formation hosts significant base metal deposits. This work will be conducted as part of a larger soils program in conjunction with the work on the Munderra Prospect.

Regional Exploration

Geological review work has identified a prospective sediment – granite contact which runs through most of the project area from Jesse in the north to Paddy in the south. Reconnaissance soil sampling has confirmed the prospectivity of this contact which will be the major target for follow up exploration programs.

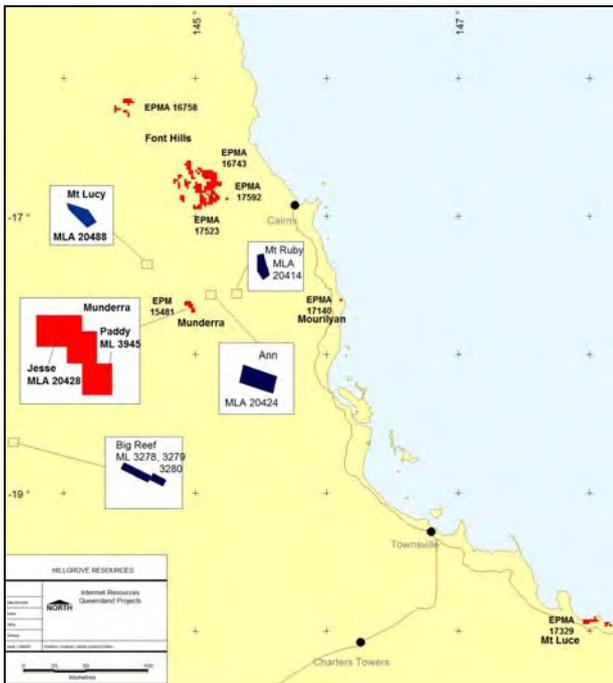


Plate 5. InterMet Projects in Queensland

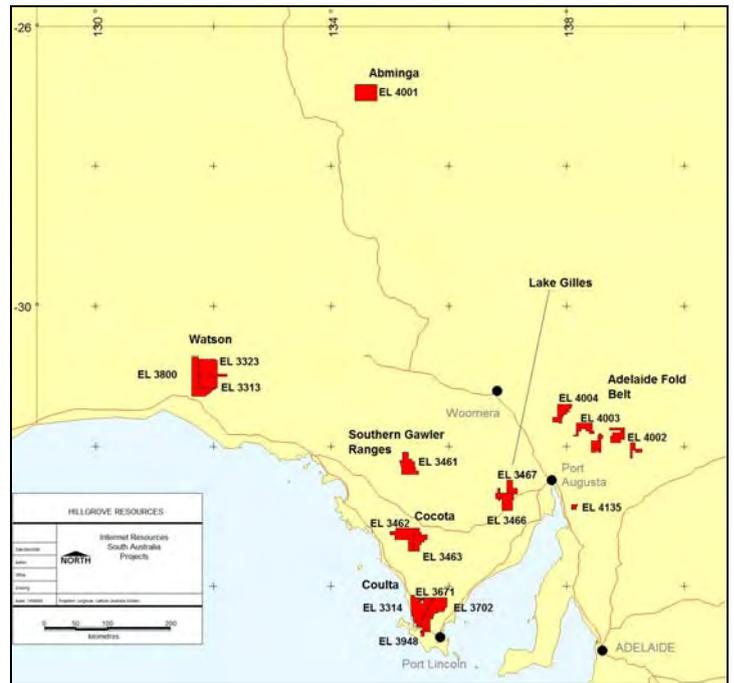


Plate 6. Projects in South Australia

South Australian Projects

InterMet has seven project areas in South Australia (Plate 6). Work was restricted to a detailed project review, with a view to rationalise the portfolio further and work completed by joint venture partners.

Lake Gilles Project

(EL 3466, 3467, 3801 – InterMet 100%; Hindmarsh Resources earning to 80% of unconformity-related uranium on EL3467)

Joint venture partner Mega-Hindmarsh is still assessing the results of an AEM survey undertaken over parts of EL 3467, this survey consisted of 488 line kilometres at both 200m and 400m line spacing. Results are expected during this quarter.

Coulta Project

(EL 3314, 3671, 3702, 3948 – InterMet 100%; Lincoln Minerals earning an 80% interest in all minerals except uranium on EL 3702)

Joint venture partner Lincoln Minerals has completed a detailed gravity survey over selected targets on EL 3702. The aim of the gravity survey was to identify direct shipping (DSO) style hematite iron mineralisation targets. The results of this survey are currently being interpreted by Lincoln Minerals with a view to drill testing these during the next quarter.

During the quarter limited geological and target reconnaissance was also completed together with Landholder negotiations to gain access to proposed drill sites.

Adelaide Fold Belt Project

EL 3642, 4002, 4003, 4004 and 4135 – 100% InterMet

Joint venture partner Flinders Mines Limited completed a helimag survey over a small portion of EL 4003 near Hawker in the Flinders Ranges of South Australia. On the basis of these results Flinders have completed a limited number of loam samples and some ground magnetic traverses with results expected during the next quarter.

Other Tenements

During the quarter InterMet withdrew from the East Hodgkinson (EPM14647 and 14986) and Black Creek (EPM 9892) option agreements and EPM 17253, 17098, 17444, 17556 and EPMA 17144 were relinquished in Queensland. In South Australia they relinquished EL 3642 and 4004.

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EASTERN STAR GAS LIMITED

(Hillgrove 17.8% voting interest, 20.1% fully diluted interest)

Eastern Star Gas Limited and its subsidiaries ("ESG") have progressed exploration, appraisal and production operations across licence areas in the last quarter, with continued primary focus on commercialisation and development of the coal seam gas resource. ESG is undertaking a programme of work with the objective of increasing the 2P coal seam gas reserves of the Narrabri Coal Seam Gas Project to 1,300PJ (of which ESG's share is 65%) by the end of 2009.

**PEL 238, PAL 2 and PPL 3 Narrabri Coal Seam Gas Project, New South Wales
(ESG CSG Interest 65%; Conventional Gas 100%)**

The Narrabri Coal Seam Gas Project (operated by ESG in Joint Venture with Gastar Exploration Ltd) is based upon the coal seam gas resources of Petroleum Exploration Licence 238 (PEL238), Petroleum Assessment Lease 2 (PAL2) (the 'Bohena Project Area' excised from PEL238) and Petroleum Production Licence 3 (PPL3) which contains the Coonarah Gas Field, a conventional natural gas reservoir.

Narrabri Coal Seam Gas Project

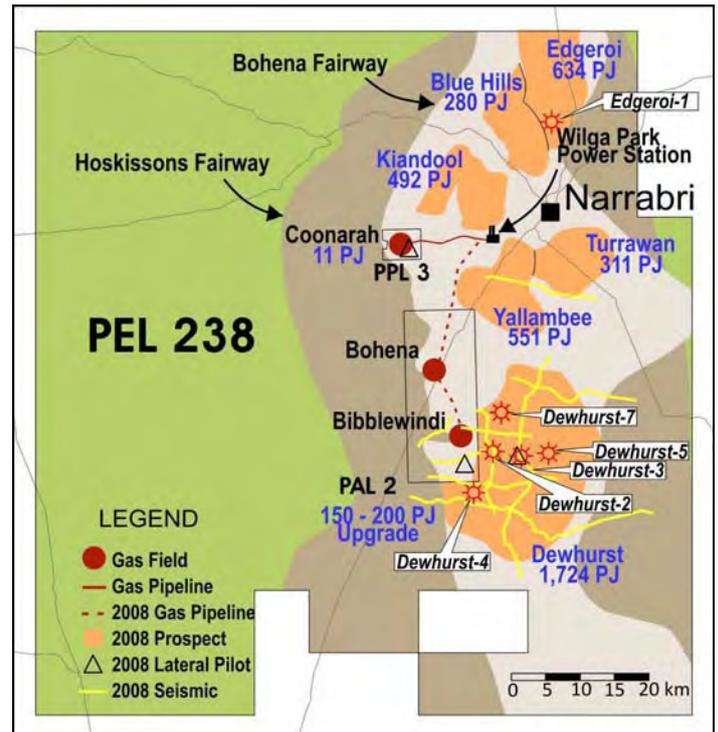
Gas production continued within PAL2 during the quarter from the nine well Bibblewindi and three well Bohena Production Pilots. PAL2 incorporates an umbilical area that connects to the Wilga Park Power Station site, and within which a gas flowline is presently being constructed to allow pilot production gas to be transported to and used in the power station.

Multi-lateral Production Pilots

Initially four, and now up to six multi-lateral Production Pilots are planned to be developed as part of the 2008/09 coal seam gas exploration and appraisal programme.

This quarter drilling finished on the first two Multi-lateral Production Pilots (south of the Bibblewindi Production Pilot) with each comprising three vertical production and two lateral wells (drilled from a common location). The vertical production wells of the first pilot, namely Bibblewindi 12, 13 and 14 have been completed (i.e. pumps installed and wells tied-in to gas and water handling systems) and are on-line. Completion of the vertical production wells of the second pilot, namely Bibblewindi 15, 16 and 17, is underway.

Preliminary confirmation of the success of the new Multi-lateral design was obtained with an open hole flow test carried out after drilling the first lateral and the well free-flowing in excess of 1,800 barrels of water per day. During a free-flow test after drilling the second lateral, the well free-flowed in excess of 3,400 barrels of water per day. The high free-flow rates demonstrate that the lateral wells have maximised connectivity with the natural fracture network of the coal.



Coal Seam Gas Exploration and Appraisal

In addition to the Multi-lateral Production Pilots, key components of the 2008/09 coal seam gas exploration and appraisal programme are:

- Drilling of up to 20 coreholes continued, with seven now completed. The seventh corehole, Blue Hills 1, was drilled in February and is located 17km north northwest of Narrabri. Designed to evaluate the Black Jack and Maules Creek formations the corehole intersected 10.34m of net coal including a 9.94m thick Hoskissons seam. Initial gas desorption results indicate high gas contents and combined with the high permeability measured during drill stem testing have elevated the prospectivity of the northern extent of PEL 238. Drilling in the next quarter will focus on locations adjacent to previous conventional wells in the Coonarah, Brigalow Park and Wilga Park areas where early booking of reserves will be possible.
- Some 170km of new 2D seismic data was acquired and 650km of existing data identified for reprocessing. Processing of both new and existing data was completed by the end of the quarter and interpretation for incorporation into the geologic model commenced. To date six step-out appraisal wells in the Bibblewindi/Dewhurst area have been identified, four of which will be production wells and two will be coreholes.

The objective of the 2008/09 exploration and appraisal programme is to accelerate upgrading of gas reserves to achieve a target level of 1,300PJ of 2P reserves by the end of 2009.

**PEL 6, 427 and 428, Bowen, Surat and Northern Gunnedah Basins, New South Wales
(ESG Coal Seam Gas Rights (respectively): 50%, 50% and 40%)**

Work programme commitments for farm-in to Petroleum Exploration Licences 6, 427 and 428 will commenced during February 2009:

- The first stage work programme commitments for farm-in to PEL6, 427 and 428 began on 6 February when the Moree North Seismic Survey commenced and 100 line kilometres of 2D seismic acquired.
- Drilling of the Moree-4 corehole, 20km north northwest of Moree within PEL 427, was completed on 27 March to provide the first definitive CSG test of the Cretaceous Coreena Member in the region.
- The Kurrabooma-1 corehole, 70km west of Moree, was completed on 17 April as the first petroleum well drilled in northern PEL428. The well was designed to provide the first detailed dataset on the Cretaceous Coreena Member in the licence.

Testing of core samples and analysis of wireline log data is now underway.

After analysis of seismic data acquired during the Moree North Seismic Survey, two coreholes will be drilled in PEL6 to target coals in the Triassic Moolayember Formation and/or the Permian section. Initial interpretation of the data has reinforced the pre-seismic geological model which predicted the presence of Permian coal at prospective depths for CSG on the eastern side of PEL6. These coals are the lateral equivalents of the Bowen Basin coals which are on production in Queensland, and the Gunnedah Basin coals under investigation in NSW. Should drilling confirm their presence these coals provide exciting upside to the CSG potential of PEL6. These two proposed coreholes will complete both the first and second stage farm-in work commitments.

ESG Corporate

On 17 March ESG finalised a partially underwritten and heavily oversubscribed \$50 million placement. The capital raising resulted in the issue of 90,909,100 ordinary shares at a price of \$0.55 each and funds will be used to continue its CSG reserves upgrade programme.

With effect from close of trade on 20 March 2009, ESG was included in the S&P/ASX 200.

The above highlights have been taken from the Eastern Star Gas quarterly, full details of all activities can be found on their website at www.easternstar.com.au.

CORPORATE

Annual Financial Report

On the 21 April Hillgrove released its Annual Report and announced a profit after tax of \$11.1 million for the year ended 31 January 2009. The profit increase reported by Hillgrove for the period is the Company's second profit in three years.

The strong financial result reflects the increased value of Hillgrove's shareholding in Eastern Star Gas Limited (ASX: ESG) over the last year. In addition to the increases in revenue and profit, the net assets of the company increased by 52.5% to \$84.2 million.

Profit Results for the Year Ended	31 January 2009 \$M	31 January 2008 \$M	31 January 2007 \$M
Revenue and other income	46.8	0.6	0.3
Profit/(loss) after tax	11.1	(4.9)	10.8
Earnings per share – diluted (cents)	3.4	(2.0)	4.9

Share Placement and Share Purchase Plan

As reported in our last Quarterly, a Share Purchase Plan (SPP) was conducted in January with applications for approximately \$2.1 million of new fully paid Hillgrove ordinary shares received. The resulting issue price was \$0.11 for each Hillgrove share. Announced on the 9 February, Hillgrove also placed an additional 18.2 million fully paid ordinary shares at 11 cents per share to a number of sophisticated investors, managed by Bell Potter Securities.

The funds raised, from both the SPP and placement, totalling some \$4.1 million will be used to:

- meet the ongoing costs of Hillgrove's recently announced gold and copper exploration programmes in Indonesia;
- carry out continuing pre-mine development activities on the Kanmantoo Mine project, including the acquisition of long lead time equipment and activities associated with the final stages of statutory approvals; and
- meet other corporate and offer costs and to provide additional general working capital.

The market value of Hillgrove's investment portfolio as at 30 April 2009 was approximately \$135.4 million.

Cash on hand as at 30 April 2009 was \$8.1 million.

After the quarter closed, an additional share placement to a number of sophisticated shareholders was finalised on the 18 May raising a further \$5.15 million. A total of 34,333,333 new fully paid Hillgrove ordinary shares were issued at a price of \$0.15 for each share. Hillgrove welcomed the Copulos Group as a substantial shareholder.

ABOUT HILLGROVE

Hillgrove is an Australian resources 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's portfolio includes an advanced exploration portfolio of 5,128km² in world class copper and gold terrains in eastern Indonesia targeting porphyry copper-gold and epithermal deposits.

Hillgrove's has a strategic, fully diluted, direct 20.1% shareholding in the leading New South Wales coal seam gas company, Eastern Star Gas Limited (ASX: ESG).

Hillgrove's most advanced project is the Kanmantoo Copper Gold Project, located less than 60km from Adelaide. 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 copper, 191,100 ounces gold and 3,313,600 ounces of silver. With production targeted for 2010, 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 p.a..

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

HILLGROVE RESOURCES LIMITED

ABN

73 004 297 116

Quarter ended ("current quarter")

30 April 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date:3.months \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	12	12
1.2 Payments for(a)exploration and evaluation	(254)	(254)
(b) development	(586)	(586)
(c) production		
(d) administration	(1,284)	(1,284)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(2,112)	(2,112)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects		
(b) equity investments		
(c) other fixed assets	(661)	(661)
1.9 Proceeds from sale of(a)prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities	(310)	(310)
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(971)	(971)
1.13 Total operating and investing cash flows (carried forward)	(3,083)	(3,083)

1.13	Total operating and investing cash flows (brought forward)	(3,083)	(3,083)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	3,456	3,456
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	3,456	3,456
	Net increase (decrease) in cash held	373	373
1.20	Cash at beginning of quarter/year to date	7,768	7,768
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	8,141	8,141

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	250
4.2	Development	750
Total		1,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	7,743	7,370
5.2	Deposits at call	398	398
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		8,141	7,768

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			

7.3	+Ordinary securities	378,693,978	378,693,978		
7.4	Changes during quarter				
	(a) Increases through issues	37,554,737	37,554,737		
	(b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities <i>(description)</i>	4% Convertible Bonds due June 2011			
7.6	Changes during quarter				
	(a) Increases through issues				
	(b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	Unlisted – ESOP ExSOP	2,684,000		\$0.20	28/10/2009
	Unlisted – ESOP ExSOP	1,000,000		\$0.16	8/02/2011
	Unlisted – ESOP ExSOP	200,000		\$0.40	22/5/2012
	Unlisted – ESOP ExSOP	300,000		\$0.55	13/6/2012
	Unlisted – ESOP ExSOP	500,000		\$0.575	27/6/2012
	Unlisted – ESOP ExSOP	990,000		\$0.38	15/8/2012
	Unlisted – ESOP ExSOP	1,500,000		\$0.26	22/1/2013
	Unlisted – ESOP ExSOP	200,000		\$0.34	28/04/2013
	Unlisted	5,000,000		\$0.30	30/06/2010
	Unlisted	10,000,000		\$0.30	24/10/2011
	Unlisted	8,000,000		\$0.40	30/9/2010
	Unlisted	15,384,615		\$0.65	31/12/2009
	Unlisted	2,500,000		\$0.70	31/06/2010
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Company secretary

Date: 29 May 2009

Print name:

RUSSELL MIDDLETON

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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