HILLGROVE RESOURCES

ASX RELEASE

Tuesday, 16 November 2010

BIRDS HEAD EXPLORATION TARGET – UPDATE

Hillgrove Resources Limited (ASX:HGO) is pleased to announce results from ongoing mapping and sampling of its West Delta porphyry copper prospect, Birds' Head Project, West Papua, Indonesia.

Recent exploration activities have included ongoing channel sampling, geological mapping and remodelling of geophysical data in preparation for diamond drilling.

Highlights

- Channel sampling has encountered widespread copper/gold anomalism over several square kilometres, with maximum assays of:
    - 4.3% Copper
    - 1.98g/t Gold
    - 510ppm Molybdenum

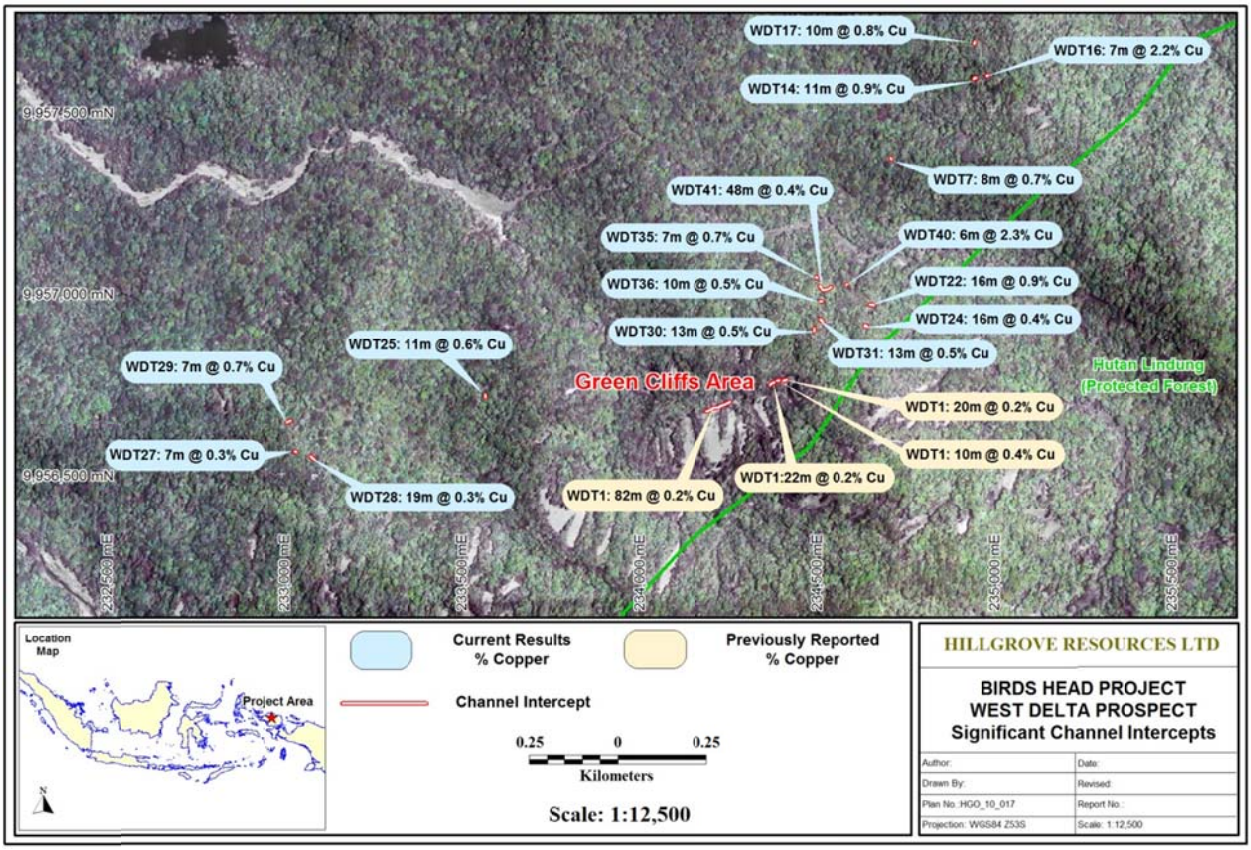
    (Different channels)

    Better channel sampling intervals included:
    - 7m @ 2.2% Cu*
    - 16m @ 0.9% Cu*
    - 48m @ 0.4% Cu*
    - 13m @ 0.5% Cu*
    - 16m @ 0.4% Cu*
    - 11m @ 0.6% Cu*
- Geological mapping confirms zoned hydrothermal alteration over several square kilometres consistent with porphyry copper deposits throughout the world.
- Computer modelling of airborne magnetic data reveals several clustered magnetic highs interpreted to be later-stage intrusions associated with mapped zoned hydrothermal alteration and anomalous surface sampling copper values.

Exploration Results

Surface channel and rock chip sampling within the West Delta prospect continued over the past two months. Assay results from this work have confirmed the presence of widespread, anomalous copper mineralisation. Higher copper values appear to relate to structural features such as faults and jointing, with lower grade values relating to widespread hydrothermal alteration and associated disseminated copper mineralisation. Significant results are presented as Table 1 and Figure 1.

Figure 1. Channel sampling location and significant copper intersections



Note: Copper assays determined by multi element sweep using ICP methodology
Analyses completed by Intertek Laboratories, Jakarta
Intersections calculated as a weighted average, 0.1% Cu lower cutoff, maximum 2m consecutive internal waste

Geological mapping around the Green Cliffs Breccia target area has identified a zoned hydrothermal alteration system extending over several square kilometres, centred on computer modelled magnetic highs. Zoned alteration is consistent with the interpreted presence of a shallow, buried intrusive complex thought to be the source of anomalous copper values identified in channel sampling (Figures 2 and 3).

Figure 2: 3D Magnetic inversion modelling of West Delta area showing modelled magnetic targets on analytical signal image

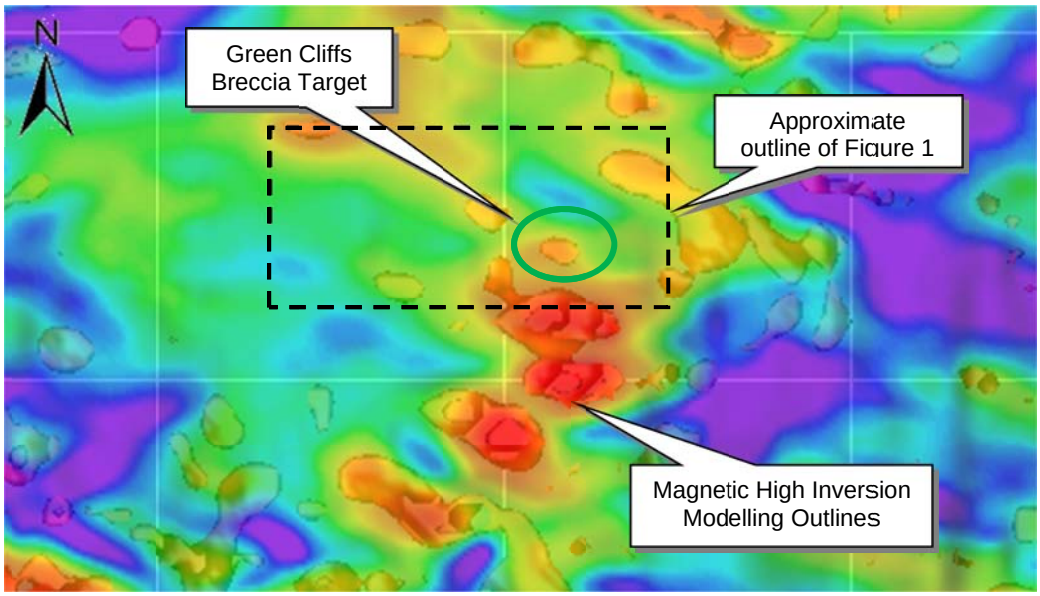
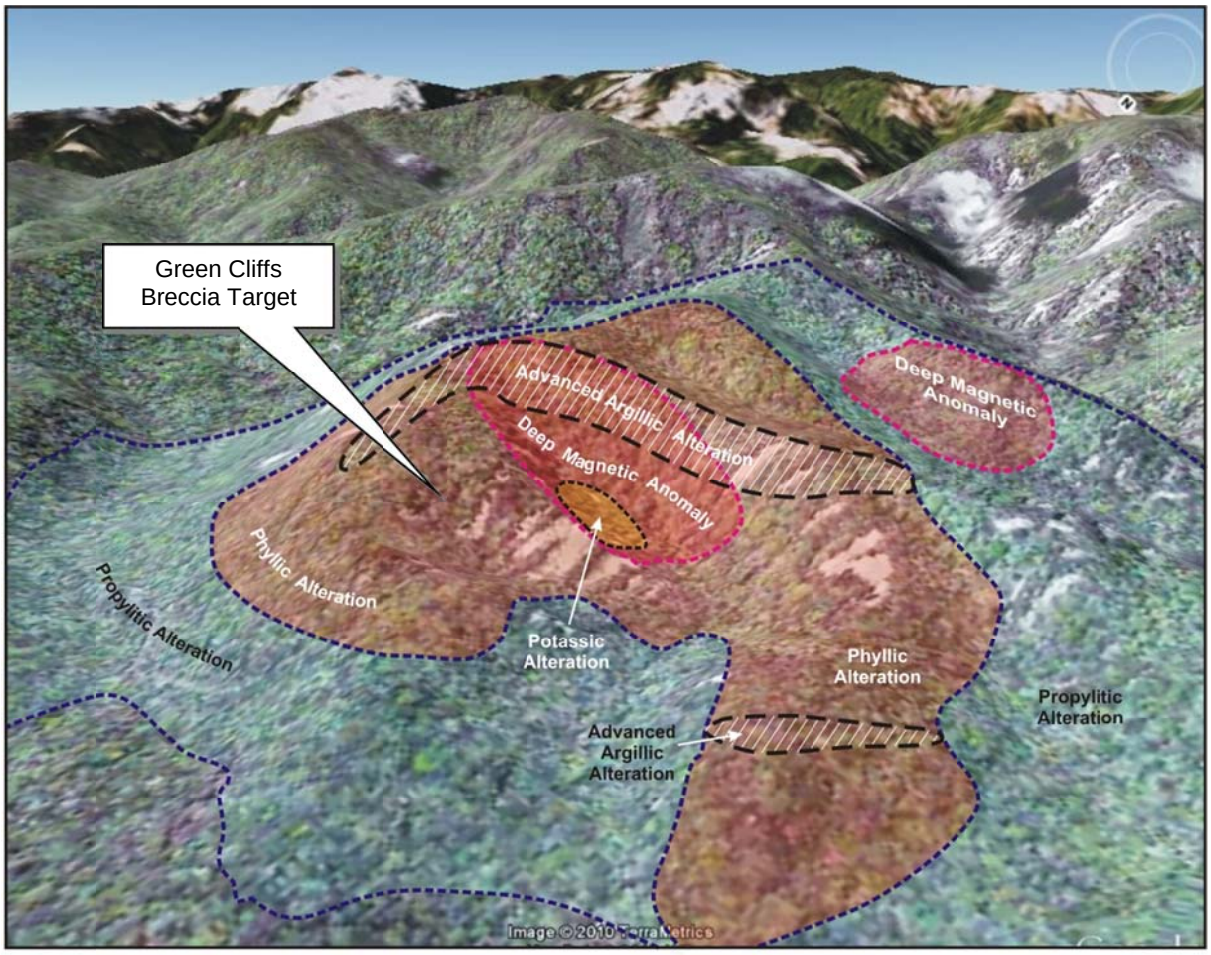


Figure 3. Perspective view of West Delta hydrothermal alteration zones



A central potassic altered zone mapped at the West Delta prospect is associated with anomalous copper values in soils and a single historical rock chip value of 3.7% copper. This is surrounded by a broader phyllic alteration zone, characterised by strong silica alteration grading into clay-dominant zones of argillic alteration. Boulders of advanced argillic alteration are found along numerous ridge tops indicating that a large sulphide-rich lithocap had covered the area but has subsequently been eroded off. The patterns of alteration seen at West Delta are similar to that seen in copper-gold porphyry systems throughout the circum Pacific and the level of erosion indicated by the remnant lithocap points to an intact porphyry system at shallow depths below the prospect area.

Channel sampling was undertaken almost exclusively within the mapped potassic and phyllic zones and assay results of low grade copper mineralisation are consistent with a conventional model of porphyry copper mineralisation. Mapping results indicate that a larger zone of potassic alteration is likely to exist at depth, with associated modelled higher grade copper mineralisation.

Historical drilling within the West Delta prospect was wide-spaced, limited and shallow, and appears to have tested only the outer phyllic alteration zone. Future drilling will target inner potassic alteration where better copper grades are interpreted to have formed.

Reprocessing of historical airborne magnetic data using the latest 3D geophysical modelling software has identified numerous magnetic bodies at depth. Recent mapping infers these magnetic bodies relate to late-stage intrusive complexes, which can be associated with porphyry copper mineralisation. Modelling has highlighted clusters of higher magnetic bodies located beneath mapped hydrothermal alteration and associated anomalous copper values. Ongoing mapping, structural interpretation and surface sampling geochemistry will provide a framework for ranking targets for drill testing.

Commenting on these results, Hillgrove Managing Director Drew Simonsen said “These results reflect the steady progress towards building a 3D picture and postulating a model of the mineralisation at Bird’s Head. Progress is slow but steady, driven by the challenging terrain and the need to work closely with the local communities, from where we derive much of our workforce.”

“All of our work to date points to multiple porphyry targets within our license areas. The assay results to date are very encouraging and the next stage is to undertake a diamond drilling campaign, for which we are currently requesting tenders. Subject to availability and weather, we are hoping for first results towards the end of the first quarter, 2011.”

“The important and primary Green Cliffs Breccia target sits outside Hutan Lindung (Protection Forest) and is accessible for drilling. However, several of the identified porphyry targets sit within Hutan Lindung forest reserve. Hillgrove is currently seeking permission to undertake drilling of those targets within Hutan Lindung, in consultation with local and national authorities.”

About Hillgrove

Hillgrove is an Australian mining company listed on the Australian Securities Exchange (ASX: HGO) focused on developing its Indonesian and Australian 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 Mines, located less than 55km 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 completion of construction targeted for 2011, Kanmantoo will be a 2.4MT per annum open-cut mine producing approximately 20,000 tonnes of copper in concentrate and 10,000 ounces of gold per annum.

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

The information in this report that relates to Mineral Resource estimates is based on information compiled by Mr Paul Payne, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Payne is a full-time employee of 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 the report of the matters based on his information in the form and context in which it appears.

For more information contact:

Mr Drew Simonsen
Managing Director
Tel: 02 8221 0404

Mr Jim Kerr
General Manager - Exploration
Tel: 0428 948 552

Table 1. West Delta Significant Channel Sampling Assay Results

Channel ID	Sample No.	East_WGS84 UTM 53S	North_WGS84 UTM 53S	Au ppm	Cu %	Mo ppm
WDT001	786	234398	9956756	1.95	1.1%	512
WDT001	787	234396	9956755	1.44	0.6%	130
WDT001	793	234388	9956750	0.22	0.8%	60
WDT001	913	234254	9956692	0.13	0.6%	30
WDT001	922	234237	9956686	0.87	0.9%	55
WDT007	1076	234716	9957369	1.98	1.7%	110
WDT007	1082	234719	9957366	0.06	0.6%	82
WDT014	1142	234949	9957586	0.09	0.8%	12
WDT014	1143	234950	9957587	0.11	1.1%	21
WDT014	1144	234950	9957588	0.09	0.8%	21
WDT014	1149	234953	9957590	0.04	0.6%	18
WDT014	1150	234954	9957590	0.03	0.7%	10
WDT014	1151	234955	9957590	0.08	1.9%	50
WDT014	1152	234956	9957589	0.13	3.1%	64
WDT016	1154	234986	9957593	0.18	1.1%	6
WDT016	1155	234987	9957594	0.17	1.6%	7
WDT016	1156	234988	9957595	0.15	1.9%	31
WDT016	1157	234988	9957595	0.34	2.9%	22
WDT016	1158	234989	9957595	0.35	4.3%	39
WDT016	1159	234990	9957596	0.25	3.2%	37
WDT017	1160	234950	9957682	1.34	2.9%	82
WDT017	1161	234950	9957682	1.09	0.5%	41
WDT017	1162	234951	9957683	0.47	0.6%	26
WDT017	1163	234951	9957684	0.45	0.6%	34
WDT017	1166	234952	9957687	0.7	0.9%	4
WDT017	1167	234952	9957687	0.66	0.8%	5
WDT017	1168	234953	9957688	0.26	0.6%	15
WDT022	1333	234658	9956967	0.07	1.1%	20
WDT022	1334	234659	9956966	0.03	0.8%	6
WDT022	1336	234663	9956965	0.07	0.6%	4
WDT022	1338	234666	9956965	0.49	0.9%	42
WDT022	1339	234668	9956964	0.51	1.8%	78
WDT022	1340	234670	9956963	0.35	1.5%	24
WDT024	1351	234647	9956909	0.11	0.9%	18
WDT024	1352	234646	9956910	0.22	1.3%	54
WDT024	1353	234645	9956909	0.06	0.9%	41
WDT024	1355	234645	9956908	0.06	0.7%	6
WDT024	1356	234645	9956907	0.07	0.6%	4
WDT025	1366	233575	9956714	0.02	0.9%	24
WDT025	1367	233574	9956715	0.01	2.1%	46
WDT025	1368	233574	9956716	<0.001	0.5%	2
WDT025	1369	233574	9956717	<0.001	0.7%	4
WDT025	1371	233574	9956719	0.03	0.6%	38

Channel ID	Sample No.	East_WGS84 UTM 53S	North_WGS84 UTM 53S	Au ppm	Cu %	Mo ppm
WDT027	1395	233042	9956560	<0.001	0.6%	3
WDT028	1401	233093	9956539	0.05	0.8%	12
WDT028	1402	233092	9956539	0.03	0.7%	19
WDT029	1420	233026	9956645	0.02	3.9%	226
WDT029	1421	233025	9956645	0.01	1.1%	3
WDT029	1422	233024	9956645	0.02	2.9%	2
WDT029	1423	233023	9956644	<0.001	2.2%	9
WDT029	1424	233022	9956644	<0.001	1.8%	7
WDT029	1425	233021	9956644	0.01	1.3%	4
WDT029	1426	233021	9956643	<0.001	0.9%	3
WDT029	1428	233019	9956643	<0.001	0.5%	1
WDT029	1432	233016	9956641	0.03	0.7%	7
WDT029	1433	233015	9956641	0.02	0.6%	3
WDT030	1502	234502	9956900	0.24	0.5%	1
WDT030	1504	234502	9956899	0.61	0.8%	14
WDT030	1505	234502	9956898	0.53	0.6%	9
WDT030	1511	234502	9956894	0.12	0.8%	110
WDT030	1512	234501	9956893	0.08	0.6%	12
WDT030	1513	234501	9956892	0.08	0.6%	21
WDT031	1517	234523	9956921	0.24	0.7%	28
WDT031	1523	234519	9956923	0.18	0.5%	23
WDT031	1524	234520	9956924	0.16	0.6%	9
WDT031	1525	234519	9956925	0.28	0.7%	5
WDT031	1526	234519	9956926	1.25	1.6%	109
WDT035	1188	234507	9957041	0.01	0.6%	2
WDT035	1190	234508	9957039	0.03	1.5%	6
WDT035	1191	234508	9957039	0.03	1.3%	6
WDT036	1193	234516	9956974	0.03	1.0%	15
WDT036	1194	234517	9956974	0.03	1.2%	5
WDT036	1195	234518	9956974	0.02	0.6%	5
WDT036	1196	234519	9956974	0.02	0.6%	2
WDT040	1531	234596	9957023	0.12	2.1%	224
WDT040	1532	234594	9957022	0.05	3.1%	141
WDT040	1533	234593	9957021	<0.001	1.6%	15
WDT041	1567	234541	9957010	0.06	1.2%	70
WDT041	1574	234529	9957006	0.05	0.9%	53
WDT041	1575	234528	9957005	0.05	0.7%	51
WDT041	1581	234520	9957012	0.04	1.3%	54
WDT041	1583	234518	9957015	0.06	0.6%	17

Note: Gold values are derived from an average of up to 3 repeats using fire assay method.
Copper and molybdenum values are derived from a multi element sweep using ICP method.
Datum used for the Birds Head Project is WGS 84 Zone 53.
Analysis completed by Intertek Laboratories, Jakarta.