

Monday, 26 May 2014

Dear Shareholder

ANNUAL GENERAL MEETING NOTICE OF MEETING

Hillgrove Resources Limited (ASX:HGO) is pleased to advise its next Annual General Meeting will be held in Sydney on Wednesday, 25 June 2014. Please find all details outlined in the following Notice of Meeting.

To view the interactive Annual Report please visit our website at www.hillgroveresources.com.au and on the right side of the Home page click the link under **Annual Report 2014**.

We hope you can join us at the Annual General Meeting on Wednesday, 25 June 2014 at 10:00am being held at the Radisson Blu Hotel, 27 O'Connell Street, Sydney. If you are unable to attend the meeting, we encourage you to complete and return the personalised Proxy Form that has been mailed to you, or should it not have arrived please contact Boardroom Limited on 1300 737 760 regarding a replacement.

Yours faithfully



Shanthi Smith
Company Secretary



HILLGROVE RESOURCES

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

THE MATTERS RAISED IN THIS DOCUMENT WILL AFFECT YOUR SHAREHOLDING IN THE COMPANY. YOU ARE ADVISED TO READ THIS DOCUMENT IN ITS ENTIRETY BEFORE THE GENERAL MEETING REFERRED TO BELOW IS CONVENED.

IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE, PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

HILLGROVE RESOURCES LIMITED

ACN 004 297 116

NOTICE OF ANNUAL GENERAL MEETING AND RELATED DOCUMENTATION

NOTICE OF ANNUAL GENERAL MEETING TO BE HELD AT 10:00AM (AEST) ON WEDNESDAY 25 JUNE 2014 IS INCLUDED WITH THESE DOCUMENTS.

TO BE VALID, FORMS OF PROXY FOR USE AT THIS MEETING MUST BE COMPLETED AND RETURNED TO THE COMPANY NO LATER THAN 10:00AM (AEST) ON MONDAY 23 JUNE 2014.

CONTENTS

Part A: About these documents	3
Part B: Letter from The Company Secretary	4
Part C: Notice of Annual General Meeting	5
Section 1: Time and Place of Meeting	5
Section 2: Resolutions of Annual General Meeting	6
Part D: Explanatory Notes	9
Part E: Glossary	16
Annexure A	18
Proxy Forms	Attached



PART A: ABOUT THESE DOCUMENTS

Shareholders in Hillgrove Resources Limited ABN 73 004 297 116 (**Company**) are requested to consider and vote upon each of the Resolutions set out in the Notice.

You can vote by:

- attending and voting at the Meeting; or
- appointing someone as your proxy to attend and vote at the Meeting on your behalf, by completing and returning the Proxy Form to the Company or its share registry in the manner set out on the Proxy Form. The Company or its share registry must receive your duly completed Proxy Form by no later than **10:00am** (AEST) on **Monday 23 June 2014**.

A glossary of the key terms used throughout this document (including the Proxy Form) is contained in **Part E** of this Document.

Please read the whole of this Document carefully, determine how you wish to vote and then cast your vote accordingly, either in person or by proxy.

PART B: LETTER FROM THE COMPANY SECRETARY

HILLGROVE RESOURCES

23 May 2014

Dear Shareholder

I am pleased to invite you to attend our Annual General Meeting, being held in the Press Room, Radisson Blu Hotel, 27 O'Connell Street, Sydney on Wednesday 25 June 2014 at 10:00am (AEST). Enclosed with this letter is the Notice of Meeting which details the items of business to be dealt with.

If you are unable to join us you are encouraged to complete the enclosed Proxy Form. The signed Proxy Form should be returned as instructed in the Notice of Meeting by no later than 10:00am (AEST), Monday 23 June 2014. For details regarding voting by proxy please refer to the Notice of Meeting and instructions on the back of the Proxy Form. If you plan to attend the Meeting, please bring your Proxy Form with you to facilitate registration.

Shareholders who did not elect to receive a copy of the Company's 2014 Annual Report by mail are able to access it via our website, at www.hillgroveresources.com.au, by clicking on the link on the home page or via the Investor section.

You will also find enclosed with this Notice of Meeting an invitation to provide your email address for future communications. I urge you to take advantage of this opportunity to help reduce your Company's costs and take a small step to help the environment. Should you not wish to now, please remember you can update your communications preferences and all holding details at any time by contacting our registry, Boardroom Limited on 1300 737 760 or at enquiries@boardroomlimited.com.au.

Your vote is important and we encourage you to either attend the Meeting in person or complete the Proxy Form and return it in accordance with the directions provided.

Yours faithfully



Shanthi Smith
Company Secretary



HILLGROVE RESOURCES LIMITED ACN 004 297 116
Suite 1709, Level 17 Australia Square Tower, 264 George Street, Sydney NSW 2000, Australia

www.hillgroveresources.com.au
T +61 2 8247 9300 F +61 2 8247 9399

PART C: NOTICE OF ANNUAL GENERAL MEETING

HILLGROVE RESOURCES LIMITED (ACN 004 297 116)

Notice is hereby given that the annual general meeting of the members of Hillgrove Resources Limited (ACN 004 297 116) (**Company**) will be held at the place, date and time set out in Section 1 below and for the purpose of considering and voting upon the Resolutions set out in Section 2.

SECTION 1: TIME AND PLACE OF MEETING

Venue

The annual general meeting of members of the Company will be held at:

Press Room
Radisson Blu Hotel
Lower ground
27 O'Connell Street
SYDNEY NSW 2000

Time and Date

The meeting will commence at **10:00am (AEST) on Wednesday 25 June 2014.**

How to Vote

You may vote by attending the Meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, please attend the Meeting on the date, time and place set out above.

Voting by Proxy

To vote by proxy, please complete and sign the Proxy Form enclosed with this Document as soon as possible and **either** send, deliver, courier or mail the duly completed Proxy Form:

- online at **www.boardroomlimited.com.au/vote/hillgroveagm2014**;
- by facsimile to Boardroom Limited on facsimile number +61 (02) 9290 9655;
- deliver to Boardroom Limited at Level 7, 207 Kent Street, Sydney NSW 2000, Australia; or
- mail to Boardroom Limited at GPO Box 3993, Sydney NSW 2001, Australia,
- directly to the Company, attention Company Secretary at Suite 1709, Level 17 Australia Square Tower, 264 George Street, Sydney NSW 2000, Australia;

so that it is received no later than **10:00am (AEST) on Monday 23 June 2014.**

Complete details on how to vote by proxy are set out on the back of your Proxy Form.

Please read this Document carefully and in its entirety, determine how you wish to vote in relation to each of the Resolutions and then cast your vote accordingly, either in person or by proxy. If you do not understand any part of this Document, or are in any doubt as to the course of action you should follow, you should contact your financial or other professional adviser immediately.

Determination of Membership and Voting Entitlement for the Purpose of the Meeting

For the purpose of determining a person's entitlement to vote at the Meeting and in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), a person will be recognised as a member and the holder of Shares if that person is registered as a holder of Shares at **7:00pm (AEST) on Monday 23 June 2014.**

Voting Exclusion Statement

In accordance with the Corporations Act and the Listing Rules, the following persons must not cast any votes on the following Resolutions, and the Company will disregard any votes cast on that Resolution by:

RESOLUTION	EXCLUDED VOTERS
1	All Directors, other Key Management Personnel and their respective associates or any other closely related party (other than by means of a directed proxy)
2 and 3	None
4	Mr Gregory Campbell Hall; and any associate of Mr Gregory Campbell Hall (other than by means of a directed proxy)
5	Private and institutional clients of Wilson HTM, lead manager to the capital raising that is the subject of Resolution 5
6	None

However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form to vote as the proxy decides.

Proxies

A Shareholder, entitled to attend and vote at this Meeting pursuant to the Constitution, is entitled to appoint no more than two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion of the member's voting rights. A proxy need not be a Shareholder. Any instrument of proxy deposited or received by the Company in which the name of the appointee is not filled in shall be deemed to be given in the favour of the Chair of the Meeting.

The instrument appointing a proxy must be lodged, and any power of attorney or an office copy of a notarially certified copy thereof under which an attorney for a member appoints a proxy, must be lodged by no later than **10:00am (AEST) on Monday, 23 June 2014** in accordance with the instructions provided in the Proxy Form.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney or if such appointor is a corporation, under the hand of its attorney or the hand of a person duly authorised by the corporation. The Proxy Form which accompanies this Notice may be used.

SECTION 2: RESOLUTIONS OF ANNUAL GENERAL MEETING

BUSINESS

A. ACCOUNTS

To receive and consider the Company's financial statements for the 12 months ended 31 January 2014 and the related reports of the Directors and auditor.

B. REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following motion in accordance with section 250R(2) of the Corporations Act:

Resolution 1 – Remuneration Report

“That the Remuneration Report in pages 36 to 46 (inclusive) of the 2014 Annual Report of the Company be adopted.”

C. ELECTION OF DIRECTOR

In accordance with Article 6.3 of the Constitution, Maurice William Loomes who has been appointed as a Director since the Company's last annual general meeting, retires effective at the conclusion of this Meeting, and being eligible, offers himself for election.

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

Resolution 2 – Election of Director

"That Maurice William Loomes is elected as a director of the Company."

For a supporting statement on the merits of Resolution 2, please refer to Part D, Paragraph 3 below.

D. RE-ELECTION OF DIRECTOR

In accordance with Article 6.3 of the Constitution, John Edwin Gooding retires by rotation, effective at the conclusion of the Meeting, and being eligible, offers himself for re-election.

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

Resolution 3 – Re-election of Director Retiring By Rotation

"That John Edwin Gooding is re-elected as a director of the Company."

For a supporting statement on the merits of Resolution 3, please refer to Part D, Paragraph 4 below.

E. APPROVAL OF MANAGING DIRECTOR'S LONG TERM INCENTIVE

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

Resolution 4 – Approval of Managing Director's Grant of Performance Rights

"That for the purposes of Listing Rule 10.14 and for all other purposes, the Shareholders approve:

(a) the proposed grant by the Company to Gregory Campbell Hall of up to 3,500,000 Performance Rights in accordance with the Hillgrove Resources Option and Performance Rights Plan and the terms and conditions of the "2014 LTIP Invitation", as described in Part D of this document; and

(b) the proposed issue by the Company to Gregory Campbell Hall of up to 3,500,000 fully paid ordinary shares in the capital of the Company upon the exercise by Gregory Campbell Hall of any of the Performance Rights described in paragraph (a) above."

For a discussion of the circumstances material to a consideration of Resolution 4, please read Part D, Paragraph 5 below.

F. RATIFICATION OF SHARE ISSUE

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

Resolution 5 – Approval of Share Issue

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue by the Company on 27 September 2013 of 153,700,000 fully paid, ordinary shares in the capital of the Company at a price of \$0.07 per share."

For a discussion of the circumstances material to a consideration of Resolution 5, please read Part D, Paragraph 6 below.

G. APPOINTMENT OF NEW AUDITOR

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

Resolution 6 – Appointment of New Auditor

“That Deloitte Touche Tohmatsu:

*(a) having been nominated by a Shareholder, in accordance with section 328B(1) of the Corporations Act;
and*

*(b) having given its consent to act as auditor of the Company to the Directors, in accordance with section
328A(1) of the Corporations Act,*

be appointed as the auditor of the Company.”

For a discussion of the circumstances material to a consideration of Resolution 6, please read Part D, Paragraph 7 below.

H. OTHER BUSINESS

To transact any other business as may be brought before the Meeting.

By order of the Board



Shanthi Smith
Company Secretary

Dated: 23 May 2014

PART D: EXPLANATORY STATEMENT

This Explanatory Statement is included in and forms part of the Notice of Meeting. It contains an explanation of, and information about, the Resolutions to be considered at the Meeting. It is given to Shareholders to help them determine how to vote on the Resolutions set out in the accompanying Notice of Meeting.

Shareholders should read this Explanatory Statement in full as individual sections do not necessarily give a comprehensive review of the Resolutions contemplated in this Explanatory Statement.

If you are in doubt about what to do in relation to a Resolution, you should consult your financial or other professional advisor.

1. Item A – Accounts

The Company's Financial Report for the year ended 31 January 2014 is set out in the 2014 Annual Report. In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on the Financial Report and on the business and management of the Company.

During the discussion of this item, the Company's auditor will be present and will answer qualifying questions.

Written questions for the auditor

If you would like to submit a written question to the Company's auditor, please post your question to the Company Secretary or send it by facsimile to +61 2 8247 9399. Written questions must relate to the content of the auditor's report or the conduct of the audit to be considered at the Meeting. A list of qualifying questions will be made available at the Meeting.

Please note that all questions must be received at least four business days before the date of the Meeting, that is, by no later than 10.00am (AEST) on 19 June 2014.

2. Item B – Remuneration Report

The Remuneration Report is in the Directors' Report section of the Company's 2014 Annual Report (pages 36-46). Listed companies are required to submit the Remuneration Report to a vote for adoption at the Meeting. The resolution will be determined as an ordinary resolution but is advisory only and does not bind the Directors or the Company.

"Two Strikes" Rule

Under the Corporations Act, if at least 25% of the votes cast on Resolution 1 are voted *against* adoption of the Remuneration Report at the Meeting, and then again at the Company's 2015 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an annual general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If 50% of the votes by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) on Resolution 1, are cast in favour of the Spill Resolution, the Company must convene a further general meeting (**Spill Meeting**) within 90 days of the Company's 2015 Annual General Meeting. All of the Directors who were in office when the Company's 2015 Directors' Report was approved, other than the managing director of the Company, will then cease to hold office immediately before the end of the Spill Meeting, but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as a Director is approved will be the Directors of the Company.

At the Company's 2012 and 2013 Annual General Meetings the adoption of the Remuneration Report was carried on a unanimous show of hands, and in excess of 75% of the proxies received by the Company voted in favour of Resolution 1.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the Annual Financial Report of the Company for the financial year ending 31 January 2014 which is also available on the Company's website at www.hillgroveresources.com.au.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

Proxy Restrictions on Key Management Personnel

The Corporations Act restricts members of the key management personnel (**KMP**) of the Company and their closely related parties (which includes a KMP's spouse, dependent and company controlled by the KMP) (each a **Closely Related Party**) from voting in relation to remuneration related items in certain circumstances.

This restriction does not limit Shareholders from appointing the Chairman as their proxy with a direction to cast the votes on a resolution (which may be contrary to the Chairman's stated voting intention) or from abstaining from voting on a resolution.

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of KMP whose remuneration details are included in the Remuneration Report, or any Closely Related Party of that KMP member, as your proxy to vote on Resolution 1, please ensure that you direct them how to vote on Resolution 1. If you intend to appoint the Chairman as your proxy, you may also direct him or her how to vote by marking the Chairman's box on the proxy form (in which case the Chairman will vote as directed in relation to Resolution 1). By marking that Chairman's box, you acknowledge that the Chairman may exercise your proxy vote even though the Chairman has an interest in the outcome of Resolution 1 and that votes cast by the Chairman in relation to Resolution 1, other than as a proxyholder, would be disregarded because of that interest. If you appoint a member of the KMP other than the Chairman as your proxy and it is otherwise undirected, your vote will be disregarded by the Company for determining whether Resolution 1 has been duly approved.

3. Item C – Election of Maurice William Loomes as Director

Maurice William Loomes has over 40 years of experience in investment analysis and strategy gained across many industries including Bain and Company, Industrial Equity Limited, Westmex Limited, Guinness Peat Group PLC and many others. He has also held numerous directorships of public companies including Tower Limited, CIC Australia Limited, The Colonial Motor Group Company, Tyndall Australia Limited and Guinness Peat Group PLC to name a few. Maurice is currently a Non-Executive Director of Ariadne Australia Limited (a significant shareholder of Hillgrove Resources) and Calliden Group Ltd. Maurice's experience on Boards and providing value to shareholders is an important skill for the Board of Directors.

The Board (other than Mr Loomes) unanimously recommends that Shareholders vote in favour of this resolution.

4. Item D – Re-election of John Edwin Gooding as Director

Mr John Edwin Gooding provides important skills to the balance of the Board having 35 years' experience in the resources industry. John has held executive management positions with Normandy Mining, MIM, Xstrata (CEO Xstrata Copper Australia), Ok Tedi Mining and Roche Mining. John has worked in gold and base metal mining (both open-cut and underground) through the management and operation of mines in Australia and internationally. He has valuable Asia Pacific experience through his current role as Managing Director and Chief Executive Officer at Highlands Pacific Limited (2007-) and being a Board member of the PNG Chamber of Mines and Petroleum since 2009. John has also held directorships in a number of other companies within the resources industry.

The Board (other than Mr Gooding) unanimously recommends that Shareholders vote in favour of this resolution.

5. Item E – Approval of Managing Director’s Long Term Incentive

The Board proposes to offer participation in the OPRP to Gregory Campbell Hall, the Managing Director and Chief Executive Officer of the Company. In accordance with the provisions of Listing Rule 10.14, this proposed grant of securities to Mr Hall under the OPRP is conditional upon the approval of that issue by a majority of eligible Shareholders. Accordingly, Shareholder approval is sought for the grant to Mr Hall of up to that number of Performance Rights under the OPRP.

The Board proposes to offer participation in the OPRP to Mr Hall by granting to him up to 3,500,000 Performance Rights in accordance with the terms and conditions of the OPRP, explained in more detail below **(2014 LTIP Invitation)**.

Director’s remuneration

The proposed 2014 LTIP Invitation represents a gross dollar value of \$241,150, which is equal to approximately 42% of Mr Hall’s Total Fixed Remuneration of \$575,000 before any allowance for performance discounts.

Maximum number of shares

Each vested Performance Right, once duly exercised, will convert into one Share. Accordingly, the maximum number of Shares that may be acquired by Mr Hall through his exercise of the Performance Rights is 3,500,000 Shares.

Price payable on grant or exercise of Performance Rights

Mr Hall will not be required to pay any cash amount on either the grant or vesting of his Performance Rights under the 2014 LTIP Invitation, or upon exercise of any of those Performance Rights, once vested. The Performance Rights are not transferable.

Names of all Directors, associates of Directors or persons the ASX regards as related to any of the foregoing, who are entitled to participate in the OPRP

At the date of this Notice, the only Director entitled to participate in the OPRP is Mr Gregory Campbell Hall or any of his associates.

Names of all Directors, associates of Directors or persons the ASX regards as related to any of the foregoing, who received securities under the OPRP since the last approval

None.

Terms of any loan relating to the acquisition of Shares

There are no loans relating to the grant of the Performance Rights or the acquisition of any Shares upon the exercise of any of those Performance Rights under the OPRP.

Date by which grants of Performance Rights may be made

The Performance Rights will be granted to Mr Hall no later than 12 months after Shareholder approval is received in respect of the 2014 LTIP Invitation.

Requirements for approval

Shareholder approval of the participation of Mr Hall in the OPRP and his acquisition of Performance Rights as detailed above, and of Shares on vesting and exercise of those Performance Rights, is sought for all purposes under the Corporations Act and the Listing Rules, including Listing Rule 10.14.

ASX Listing Rule 10.14

Under Listing Rule 10.14, an entity must not permit securities (including Performance Rights or Shares) to be acquired by a Director or an associate of a Director under an employee incentive scheme without the prior approval of Shareholders. Accordingly, approval of Shareholders is sought for the purpose of Listing Rule 10.14 to enable the Company to:

- (a) grant up to 3,500,000 Performance Rights to Mr Hall; and
- (b) issue up to 3,500,000 Shares upon the vesting and exercise of those Performance Rights in accordance with the terms and conditions of the 2014 LTIP Invitation.

Assessed value of the benefit

The value of the Performance Rights has been assessed by an independent consultant applying a modified binomial valuation methodology.

The value is based on variables determined at the date of valuation and is indicative only. The Company will prepare and report a valuation based on actual variables at the date of grant, if approved and granted.

The input variables applied in the model for the purposes of the indicative value are as follows:

Input variables:	
Indicative date*	30 April 2014
Share Price**	\$0.068
Exercise Price	\$0.00
Risk free rate	2.87%
Expected dividend yield	0.00%
Standard deviation	50.94%
Number of days	1,066
Assessed value per Performance Right	\$0.0689
Number of Performance Rights	3,500,000
Gross estimated annualised value	
<i>(before discount for performance probabilities)</i>	
2015 Financial Year	\$ 62,663
2016 Financial Year	\$ 82,570
2017 Financial Year	\$ 82,796
2018 Financial Year	\$ 13,121
	\$ 241,150

* Being the date of the preparation of this notice

** Being the closing price of Shares on 30 April 2014

Potential value of the benefit to Mr Hall

3,500,000 Performance Rights represent approximately 0.3% of the issued Share capital of the Company as at 22 May 2014 on a non-diluted basis. A benefit will accrue to Mr Hall only if the service and performance conditions of the 2014 LTIP Invitation (and set out below) are satisfied. Depending on the future value of the Shares, and assuming all the conditions of the 2014 LTIP Invitation are satisfied, the estimated value of the benefit of the grant of 3,500,000 Performance Rights under a number of future Share price assumptions is as follows:

Future Share Price	Potential Value of Performance Rights**	Company Market Capitalisation if potential benefit achieved (\$m)^
\$0.10	\$350,000	\$118
\$0.15	\$525,000	\$177
\$0.25	\$875,000	\$295

* Does not include any dividend benefit.

^ Being the closing price of Shares on 30 April 2014.

Performance conditions

The Performance Rights will vest in two tranches – 50% (i.e. 1,750,000 Performance Rights) for Total Shareholder Return outperformance (**TSR**) and 50% (i.e. 1,750,000 Performance Rights) for achievement of Earnings Per Share (**EPS**) targets detailed below:

Performance Condition: TSR outperformance	
50% of the Performance Rights (i.e. 1,750,000) are subject to an external Performance Condition, namely, the Company's Total Shareholder Return (TSR) performance relative to the component companies in the S&P/ASX Small Resources Index measured over the period for this Performance Condition, being the period from Grant Date to Vesting Date (TSR Measurement Period).	
Vesting of the Performance Rights will be calculated based on the cumulative percentile results in the table below:	
HGO TSR Ranking versus component companies in the S&P/ASX Small Resources Accumulation Index	% of Performance Rights to vest
Below the 50th percentile	0% vest
At the 50th percentile	50% vest (i.e. 875,000)
Between the 50th and 75th percentile	Additional 2% vesting (i.e. 35,000) on a straight line interpolation for each percentile ranking above the 50th percentile
At or above the 75th percentile	100% vest
Companies against which Hillgrove's TSR will be tested will comprise only those companies within the S&P/ASX Small Resources Index (ASX Code: XSR) on the Grant Date and the Vesting Date. For the avoidance of doubt:	
<ul style="list-style-type: none"> • new entrants to the index after the Grant Date; and • any company delisted (for any reason) will be excluded from the final calculation.	
TSR will be measured by an independent third party over the TSR Measurement Period.	

Performance Condition: Achievement of EPS	
50% of the Performance Rights (i.e. 1,750,000) are subject to an internal Performance Condition, namely, Cumulative Earnings Per Share (EPS) measured over the three financial years 2015, 2016 and 2017.	
Vesting of the Performance Rights will be calculated based on the cumulative results set out in the table below:	
HGO EPS Cumulative	% of Performance Rights to vest
Below \$0.03 per Share	0% vest
At \$0.03 per Share	50% vest (i.e. 875,000)
Above \$0.03 per Share and below \$0.04 per Share	Additional 5.0% vesting (i.e. 87,500) on a straight line interpolation for each increment in EPS of \$0.001 above \$0.03 per Share
At or above \$0.04 per Share	100% vest
For the purposes of the 2014 LTIP Invitation, EPS is defined as follows:	
<ul style="list-style-type: none"> • Audited Basic EPS (as reported in the 2015, 2016 and 2017 financial statements); plus or minus any adjustment deemed fair and appropriate by the Board. • EPS for the financial year ended 31 January 2014 was \$0.001. 	

Service conditions

Subject to the satisfaction of the above stated performance conditions, the vesting of the Performance Rights is also subject to Mr Hall remaining continuously employed with the Company until the later to occur of the date of release of the 2017 financial statements and 31 March 2017.

Price payable on grant or exercise of Performance Rights

Mr Hall will not be required to pay any cash amount on either the grant or vesting of the Performance Rights under the 2014 LTIP Invitation, or to acquire Shares upon exercise of any of those Performance Rights, once vested.

Change of Control Event

Subject to the Listing Rules, if a Change of Control Event occurs, all or some of the unvested Performance Rights may, at the discretion of the Board, vest.

Exercise on vesting

Without limitation to the circumstances referred to immediately above in relation to the vesting and exercise of unvested Performance Rights upon the occurrence of a Change of Control Event, any Performance Rights that are granted under the 2014 LTIP Invitation and that vest after having met the performance and service conditions will be available for exercise. Any unvested Performance Rights will lapse.

No right to dividends, bonus or rights issues

The Performance Rights that are granted under the 2014 LTIP Invitation do not confer on the holder an entitlement to receive dividends or to participate in bonus issues or rights issues until such time as those Performance Rights vest, are exercised and Shares are issued or transferred pursuant to that exercise.

No voting rights

The Performance Rights that are granted under the 2014 LTIP Invitation do not confer an entitlement to vote at general meetings of the Company until such time as the Performance Rights vest, are exercised and Shares are issued or transferred pursuant to that exercise.

Non-quotation

The Company will not apply to the ASX for official quotation of the Performance Rights that are granted under the 2014 LTIP Invitation. Shares issued pursuant to the exercise of a Performance Right will rank equally with the Shares then on issue and will be the subject of an application by the Company for official quotation.

The Board (other than Mr Hall) unanimously recommends that Shareholders vote in favour of Resolution 4.

Voting Exclusion Statement

In accordance with Listing Rule 10.15.5, the Company will disregard any votes cast on Resolution 4 by:

- Gregory Campbell Hall; and
- any associate of Gregory Campbell Hall.

However, the Company will not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Item F - Subsequent approval of Share Issue

On 27 September 2013, the Company allotted and issued 153,700,000 Shares to sophisticated investors pursuant to section 708(8) of the Corporations Act at an issue price of \$0.07 per Share to raise \$10.8 million. Ratification is now being sought for the issue under ASX Listing Rule 7.4.

The funds from this equity capital raising were primarily required to finalise the settlement with the previous mining contractor at the Kanmantoo Copper Mine and for working capital.

All Shares so issued by the Company:

- were issued to private and institutional clients of Wilson HTM, lead manager to the capital raising that is the subject of Resolution 5; and
- rank equally with all other Shares.

The effect of Shareholders passing Resolution 5 will be to “refresh”, by the number of 153,700,000, Shares which the Company can issue within any 12 month period in accordance with ASX Listing Rule 7.1 without further Shareholder approval. The purpose of seeking this Shareholder ratification by means of passing Resolution 5 is that it will allow the Company to raise further funds from equity capital raisings for working capital – up to a maximum of 15% of the Company’s capital base at the time of that proposed capital raising – with a higher degree of flexibility and speed, without the need to obtain further Shareholder approval.

The Company will disregard any votes cast on Resolution 5 by:

- (a) any of the private and institutional clients of Wilson HTM who participated in the share issue that is the subject of Resolution 5; or
- (b) any associate of any such person.

However, the Company will not disregard a vote cast on Resolution 5 if it is cast by:

- (c) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

7. Item G - Appointment of New Auditor

The Company’s present audit firm, PricewaterhouseCoopers, has agreed to resign with effect on the day of the Meeting, subject to ASIC giving its consent to the resignation and to the members approving the appointment of Deloitte Touche Tomatsu as the Company’s auditor.

The appointment of Deloitte Touche Tomatsu will be effected by and conditional upon the outcome of a vote of Shareholders on Resolution 6 as an ordinary resolution.

In accordance with section 328A(1) of the Corporations Act, Deloitte Touche Tomatsu will consent in writing to act as auditor of the Company and the entities it controls, immediately after the Shareholders’ approval of Resolution 6 and the resignation of PricewaterhouseCoopers as auditors of the Company taking effect.

The Directors are not aware of any circumstance that would prejudice the independence and integrity of the audit function if Deloitte Touche Tomatsu was appointed as auditor of the Company.

The Board unanimously recommends that Shareholders vote in favour of Resolution 6.

PART E: GLOSSARY

For the purposes of this Document, including Annexure A, the following terms have the meanings prescribed below:

2014 Annual Report	the Company's Annual Report for the 12 month period ended 31 January 2014.
2014 LTIP Invitation	has the meaning given to that term in Paragraph 5 of Part D.
ASIC	Australian Securities & Investments Commission.
ASX	ASX Limited ACN 008 624 691 or the securities exchange market operated by it, as the context requires.
Board	the board of Directors.
Change of Control	an event: (a) where: (i) a person has, or is entitled to acquire, the right or power to secure, whether directly or indirectly, 50.1% or more in number of the issued share capital of the Company as a result of a takeover bid; and (ii) that takeover bid has become unconditional; or (b) being the announcement by the Company that: (i) shareholders of the Company have, at a court convened meeting of those shareholders, voted in favour of, by the necessary majority, a proposed scheme of arrangement under which all the issued share capital of the Company is to be either: (A) cancelled; or (B) transferred to a third party; and (ii) the court, by order, approved that proposed scheme of arrangement.
Company	Hillgrove Resources Limited ACN 004 297 116.
Constitution	the constitution of the Company.
Corporations Act	Corporations Act 2001 (Commonwealth).
Director	a director of the Company.
Document	this document entitled "Notice of Annual General Meeting and Related Documentation" and any annexures or schedules to or of the foregoing.
Eligible Person	a member of the senior executive management of the Company and any other person nominated by the Board.
Grant Date	in respect of any Performance Right, the date upon which that Performance Right is granted to Mr Hall in accordance with the OPRP.
Invitation	an invitation from the Board to an Eligible Person to participate in the OPRP.
Key Management Personnel	those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).
Listing Rule	the listing rules of the ASX as amended from time to time.
Meeting	the Annual General Meeting referred to in the Notice.
Notice or Notice of Meeting	the Notice of Annual General Meeting, forming part of this Document.

OPRP	the Hillgrove Resources Option and Performance Rights Plan as constituted by the Rules adopted by the Company on 3 December, 2010, and the material terms and conditions of which are more particularly set out in Annexure A .
Performance Right	a right to acquire a Share, the terms and conditions of which are set out in Annexure A .
Proxy Form	the proxy form attached to this Document.
Resolution	a resolution set out in the Notice.
Share	a fully paid ordinary share in the Company.
Shareholder or member	a registered holder of shares.
TFR	annual total fixed remuneration.
Vesting Date	the date upon which a Performance Right vests in accordance with the provisions of the OPRP.
VWAP	means the volume weighted average price of the Shares sold on the ASX during the 5 trading days immediately preceding and including the date on which such price is to be determined, but does not include any transactions defined in the ASX Business Rules as 'special' crossings prior to the commencement of normal trading, crossings during the after-hours adjust phase nor any overseas trades or trades pursuant to the exercise of options over ordinary shares in the capital of the Company.

ANNEXURE A: MATERIAL TERMS AND CONDITIONS OF THE HILLGROVE RESOURCES OPRP

Plan Rules

The Hillgrove Resources Option & Performance Rights Plan (**OPRP**) Rules will establish the OPRP. The specific terms of a particular grant, including any conditions of offer will be contained in the Invitation and associated documentation attached to any offer to an Eligible Person.

Eligible Persons

The OPRP will be used for offers to eligible invited executives of the Hillgrove group of companies (**Hillgrove Group**) as approved by the Board of the Company (**Board**). Each such person who participates in the OPRP is hereafter referred to as a Participant.

Options or Rights to Acquire Shares

Grants under the OPRP will be of options or rights to acquire Shares in the Company (each a **Performance Right**). The grants may comprise one or several tranches.

Invitation to Participate

Under the OPRP Rules, the Board may invite an Eligible Person to apply for Performance Rights. At the request of the Participant and with the approval of the Board, to the extent that the Participant does not personally apply for the full number of Performance Rights referred to in an Invitation, some or all of the balance of the Performance Rights may be granted to an Associate of, and as nominated in writing by, the Participant. "Associate" for this purpose has the meaning given in the Income Tax Assessment Act.

Performance Rights are non-transferable

A Performance Right granted to a Participant (including a nominated Associate) is not transferable and may not otherwise be dealt with, except with the Board's approval, or by force of law on death or legal incapacity.

Exercise Price

The exercise price, if any, of a Performance Right will be an amount determined by the Board, fixed at the date of grant or determined by application of methodology approved by the Board.

Consideration

A Participant may be required to pay nominal consideration to the Company to receive the Performance Rights or the Performance Rights may be offered for no consideration, at the discretion of the Board.

Exercise of Performance Rights

Performance Rights will have a term as determined by the Board (**Exercise Period**). The Board may prescribe the date or the method of calculating the date on which a Performance Right becomes exercisable (**Exercise Date**). On or after the prescribed Exercise Date and provided any conditions to the exercise of a Performance Right prescribed by the Board have been achieved, including the achievement of any performance hurdles as referred to below, and where applicable, to the extent they have been achieved, a Participant may then acquire Shares by exercising his or her Performance Rights. A Performance Right will lapse if not exercised on or before the expiry of the Exercise Period pertaining to that Performance Right, and otherwise in accordance with its terms of issue.

Early Cessation of Employment

If the Participant ceases employment with any member of the Hillgrove Group prior to the Exercise Date as a result of death or incapacity, the Board will have the discretion to allow some or all of the Performance Rights to be exercised. In accordance the applicable provisions of the Corporations Act, the number and value of the Performance Rights able to be exercised will be determined by the Board having regard to the individual circumstances of the cessation event.

Change of Control

If as a result of a takeover, scheme of arrangement or other change of control, the conditions attaching to the Performance Rights are rendered incapable of being met, the Board may determine that either a pro-rata number, or all, of the Performance Rights may be exercised, depending on the individual circumstances.

Performance hurdles

The Board is aware that best practice executive equity incentive design requires that long-term equity-based rewards should be linked to the achievement of relevant performance hurdles. The performance hurdle(s) to be applied to an Invitation will be determined by the Board and may vary from offer to offer or from person to person.

Restrictions on disposal

The Board may implement an appropriate procedure to restrict the disposal of or other dealing with any Shares converted on the exercise of the Performance Rights to meeting any market or inside trading restrictions or holding locks.

Source of Shares

Shares required for the purposes of the OPRP may be sourced either by issuing new Shares or, in accordance with the requirements of the Corporations Act, by acquiring existing Shares off market or on market, at the Board's discretion.

Payment for Shares

Any costs associated with Shares issued, purchased or otherwise acquired for the purposes of the OPRP will be paid by the Company. Any Exercise Price payable on the exercise of a Performance Right will be paid by the Participant or his Associate.

No Loans

Loans made by the Company or any other member of the Hillgrove Group will not be permitted as part of the OPRP.

No hedging of Unvested Options or Performance Rights

No Participant will be permitted to enter into transactions or arrangements, including by way of derivatives or similar financial products, which limit the economic risk of holding unvested Performance Rights or of exercising any right attaching to any Performance Right.

Trust

To manage the vesting conditions attaching to any Performance Right, exercise procedures, any holding lock or restrictions and the employee share scheme reporting requirements, settlement of vested Performance Rights may be arranged using an employee share trust.

Reconstructions, Bonus and Rights Issues

The Exercise Price of a Performance Right will be adjusted in a manner contemplated by the Listing Rules from time to time to take account of capital reconstructions and bonus issues.

If there is a rights issue by the Company to all Shareholders before a Performance Right under the OPRP is exercised, the Exercise Price for a Performance Right will be appropriately adjusted in the same manner as provided in the formula applicable to options, as set out in the Listing Rules.

Limitation on Issues

The number of Shares that may be issued under the OPRP is set with regard to the limits prescribed by ASIC with respect to employee share scheme offers that may be made without the issue of a prospectus. Currently these limits provide that the number of shares that may be issued, when aggregated with the number of shares issued during the previous 5 years from share issues under all employee share schemes established by the Company (including as a result of exercise of options or rights to acquire shares granted during the previous 5 years under any such employee share scheme), must not exceed five per cent. (5%) of the total number of shares on issue disregarding certain unregulated offers.

Amendments to Plan Rules

Subject to the provisions of the OPRP, the Board may amend the OPRP Rules or the terms of grant, if required to do so. However, the OPR Rules may not be amended if, broadly, in the Board's opinion the amendment would materially reduce the rights of the relevant Participant in respect of Performance Rights already granted.



HILLGROVE RESOURCES

HILLGROVE RESOURCES LIMITED

Suite 1709
Level 17 Australia Square Tower
264 – 278 George Street
Sydney NSW 2000
Australia

Tel: + 61 2 8247 9300

Fax: + 61 2 8247 9399

www.hillgroveresources.com.au

All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001, Australia
Level 7, 207 Kent Street
Sydney NSW 2000, Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

SAMPLE PROXY FORM

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am (AEST) on Monday, 23 June 2014.**

🖥 TO VOTE ONLINE

📱 BY SMARTPHONE

STEP 1: VISIT www.boardroomlimited.com.au/vote/hillgroveagm2014

STEP 2: Enter your holding/investment type:

STEP 3: Enter your Reference Number:

STEP 4: Enter your Voting Access Code:

PLEASE NOTE: For security reasons it is important you keep the above information confidential.



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am (AEST) on Monday, 23 June 2014.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

💻 **Online** www.boardroomlimited.com.au/vote/hillgroveagm2014

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001, Australia

👤 **In Person** Level 7, 207 Kent Street
Sydney NSW 2000, Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

PLEASE DO NOT USE THIS PROXY TO VOTE – CONTACT BOARDROOM FOR YOUR PERSONALISED FORM IF IT HAS NOT ARRIVED BY MAIL

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of Hillgrove Resources Limited and entitled to attend and vote hereby appoint

Appoint the **Chairman of the Meeting** (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy here

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting as my/our proxy at the **Annual General Meeting of Hillgrove Resources Limited to be held at the Press Room, Radisson Blu Hotel, Lower Ground, 27 O'Connell Street, Sydney, New South Wales, Australia on Wednesday, 25 June 2014 at 10.00am (AEST)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

If the Chairman of the Meeting is appointed as your proxy or may be appointed by default, and you do not wish to direct your proxy how to vote in respect of Resolution 1, please mark this box. By marking this box, you acknowledge that the Chairman of the Meeting may vote as your proxy even if he has an interest in the outcome of the resolution and votes cast by the Chairman of the Meeting for the resolution, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on this resolution and your votes will not be counted in calculating the required majority if a poll is called. The Chair intends to vote all undirected proxies in favour of the resolution.

In addition to the intentions advised above, the Chairman of the Meeting intends to vote 100% of all undirected proxies in favour of each of the items of business.

STEP 2 VOTING DIRECTIONS * If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

	For	Against	Abstain*
Resolution 1 Adoption of the Remuneration Report in the 2014 Annual Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Election of Maurice William Loomes as Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of John Edwin Gooding as Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval of issue of 3,500,000 Performance Rights as LTI's to Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Ratify the allotment and issue of 153,700,000 shares at \$0.07 in September 2013	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Appointment of Deloitte Touche Tohmatsu as new auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS This form **must** be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary