

Friday, 8 August 2014

EXTRAORDINARY GENERAL MEETING

Further to Hillgrove Resources Limited (ASX:HGO) announcing its intention to implement a share consolidation, subject to shareholder approval, a General Meeting has been arranged for Wednesday, 10 September 2014.

Please refer to the attached Notice of Extraordinary General Meeting for further details of the consolidation resolution which has been emailed or mailed to eligible shareholders. Should an eligible shareholder not receive their personalised Proxy Form to enable voting, we request that they contact Boardroom Pty Limited, our registry, on 1300 737 760.

For more information contact:

Mrs Shanthy Smith
Company Secretary
Tel: +61 (0)2 8247 9300



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 EXTRAORDINARY 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

ABN 73 004 297 116

Notice of Extraordinary General Meeting

And Related Documents

A NOTICE OF GENERAL MEETING TO BE HELD AT **09:00AM (AEST) ON WEDNESDAY 10 SEPTEMBER 2014** IS INCLUDED WITH THIS DOCUMENT.

TO BE VALID, ALL PROXY FORMS FOR USE AT THIS MEETING MUST BE COMPLETED AND RETURNED TO THE COMPANY NO LATER THAN **09:00AM (AEST) ON MONDAY 8 SEPTEMBER 2014**



PART A: ABOUT THESE DOCUMENTS

Shareholders in Hillgrove Resources Limited ABN 73 004 297 116 (**Hillgrove** or **Company**) are requested to consider the Resolution set out in the Notice as well as the contents of all other documents accompanying 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 in the manner set out on the Proxy Form (enclosed). The Company must receive your duly completed Proxy Form by no later than 09:00am (AEST) on Monday, 8 September 2014.

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: NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an extraordinary general meeting of members of Hillgrove Resources Limited ABN 73 004 297 116 will be **held at Level 17 Australia Square, 264 George Street, Sydney NSW 2000 on Wednesday, 10 September 2014 at 09:00am (AEST).**

BUSINESS

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

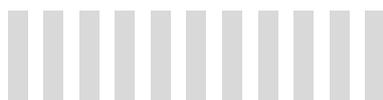
"That with effect from 17 September 2014 (or such other subsequent date that is notified to the ASX by the Company) the share capital of the company will be consolidated through the conversion of every eight fully paid ordinary shares in the Company into one fully paid ordinary share in the Company and that any resulting fractions of a share be rounded up to the next whole number of shares."

(Resolution 1)

By order of the Board



Shanthi Smith
Company Secretary



PART C: NOTICE REQUIREMENTS FOR RESOLUTION - EXPLANATORY NOTES

The purpose of these Explanatory Notes is to provide shareholders with information to assist them in assessing the merits of the resolution contained in the accompanying Notice of Extraordinary General Meeting of Hillgrove Resources Limited (**Hillgrove** or **Company**).

The Directors recommend that shareholders read these Explanatory Notes in full before making any decision in relation to the resolution.

Resolution 1 – Share Consolidation

The Company proposes to consolidate its share capital through the conversion of every eight ordinary shares in the Company into one ordinary share in the Company.

Under section 254H of the Corporations Act, a company may consolidate its shares if the consolidation is approved by an ordinary resolution of shareholders at a general meeting.

If the consolidation is approved, it is anticipated that trading in consolidated shares on a deferred settlement basis will commence on 12 September 2014, with the consolidation taking effect from 17 September 2014 (or such other subsequent date as notified by the Company to the ASX).

Reasons for the consolidation

The Company has a very large number of shares on issue (approximately 1.18 billion) due to historical equity-based capital raisings and corporate transactions. The number of shares is disproportionate to the Company's peers, so the Company proposes to reduce this number by way of this share consolidation. The share consolidation will result in a more appropriate and effective capital structure for the Company and a share price more appealing to a wider range of investors within Australia and globally, particularly institutional investors.

Effect of the consolidation

Shares

If the proposed share consolidation is approved by shareholders, the number of the Company's shares on issue will be reduced from approximately 1.18 billion to approximately 148 million.

As the consolidation applies equally to all of the Company's shareholders, individual shareholdings will be reduced in the same ratio as the total number of the Company's shares (subject only to the rounding of fractions). It follows that the consolidation will have no material effect on the percentage interest of each individual shareholder in the Company.

Therefore, if a shareholder currently has 1,182,000 shares, representing approximately 0.1% of the Company's issued capital, then if the share consolidation is approved and implemented, the shareholder will have 147,750 shares following the consolidation, still representing the same 0.1% of the Company's issued capital. Similarly, the aggregate value of each shareholder's holding (and the Company's market capitalisation) should not materially change – other than minor changes as a result of rounding – as a result of the share consolidation alone (and assuming no other market movement or impacts occur). However, the price per share can be expected to increase to reflect the reduced number of shares on issue.

Performance Rights and Options

Having regard to the rules of the Company's incentive plans and the ASX Listing Rules, all performance rights on issue at the date of the share consolidation will either be consolidated on the same basis as the Company's ordinary shares or the terms adjusted, so that the number of ordinary shares to be provided if the share rights vest will reflect the impact of share consolidation, with the necessary adjustments to be made to any applicable exercise price.

As at the date of this Notice of Meeting, the Company has unlisted Options on issue (Options). If the Share Consolidation is approved, the Options will also be reorganised in accordance with the terms and conditions of the Options and Listing Rule 7.22.1 (as applicable) on the basis that the number of Options will be consolidated in the same ratio as the Share Consolidation and the exercise price is amended in inverse proportion to that ratio.

For example, a holding of one thousand (1,000) Options with an exercise price of \$0.135 each prior to the Share Consolidation would result in a holding of approximately 125 Options with an exercise price of \$1.08 each after the Share Consolidation.

After the Share Consolidation, there will be approximately 3,125,000 unlisted Options exercisable at \$1.08 each on or before 30 April 2015 and approximately 3,125,000 unlisted Options exercisable at \$1.08 each on or before 31 July 2015. The Share Consolidation will not result in any change to the substantive rights and obligations of existing holders of Options.

Rounding

Where the consolidation of a shareholder's holding results in an entitlement to a fraction of a share, the fraction will be rounded up to the nearest whole number of shares.

If the Company reasonably believes that a shareholder has been a party to the division of a shareholding in an attempt to obtain an advantage from this treatment of fractions, the Company may take appropriate action, having regard as appropriate to the terms of the Company's constitution and the ASX Listing Rules. In particular, the Company reserves the right to disregard the division of the shareholder for the purposes of dealing with fractions so as to round up any fraction to the nearest whole number of shares that would have been received but for the division.

Tax implications for shareholders of the Company

Shareholders are encouraged to seek and rely only on their own professional advice in relation to their tax position. Neither the Company nor any of its officers, employees or advisors assumes any liability or responsibility for advising shareholders about the tax consequences for them from the proposed share consolidation.

The share consolidation will occur through the conversion of every eight ordinary shares in the Company into one ordinary share in the Company. No capital gains tax (CGT) event is expected to occur as a result of the share consolidation and therefore there should be no taxation implications arising for the Company's shareholders.

Indicative timetable

If approved by Shareholders, the proposed Share Consolidation will take effect on 17 September 2014 (or such other subsequent date that is notified to the ASX by the Company). The following is an indicative timetable (subject to change) of the key events:

Key Event	Indicative Date
Extraordinary General Meeting	10 September 2014
Notification to ASX that Share Consolidation is approved	10 September 2014
Last day for trading in pre-consolidated securities	11 September 2014
Trading in the consolidated securities on a deferred settlement basis commences	12 September 2014
Last day to register transfers on a pre-consolidation basis	16 September 2014
Share consolidation effective Registration of securities on a post-consolidation basis	17 September 2014
Despatch of new holding statements Deferred settlement trading ends	23 September 2014
Normal trading starts	24 September 2014

Other information

Other than as set out in the Notice of Meeting, and other than information previously disclosed to the shareholders of the Company, there is no other information that is known to the Company's Directors which may reasonably be expected to be material to the making of a decision by the Company's shareholders whether or not to vote in favour of the share consolidation.

Directors' recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 1.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 1.



PART D: PROXIES AND PROXY FORM INSTRUCTIONS

- (a) **Right to appoint:** Each member entitled to vote at the meeting has the right to appoint a proxy to attend and vote for the member at the meeting. To appoint a proxy, use the Proxy Form sent out with this Notice.
- (b) A proxy or attorney is not entitled to vote while the member appointing them is present at the meeting.
- (c) **Who may be a proxy:** A member can appoint anyone to be their proxy. A proxy need not be a member of the Company. The proxy appointed can be described in the Proxy Form by an office held e.g. "Chair of the Meeting".
- (d) **Two proxies:** A member who is entitled to two (2) or more votes at the meeting, may appoint 2 proxies. Where two (2) proxies are appointed:
- a separate Proxy Form should be used to appoint each proxy; and
 - the Proxy Form may specify the proportion, or the number, of votes that each proxy may exercise, and if it does not do so each proxy may exercise half of the votes.
- (e) **Signature(s) of individuals:** In the case of members who are individuals, the Proxy Form must be signed if the shares are held:
- by one person, by that member; or
 - in joint names, by any one of them.
- (f) **Signatures on behalf of companies:** In the case of members which are companies, the Proxy Form must be signed:
- if it has a sole director who is also sole secretary, by that director (and stating that fact next to or under the signature on the Proxy Form); or
 - in the case of any other company, by two (2) directors or by a director and secretary.
- The use of the common seal of the company on the Proxy Form is optional.
- (g) **Lodgement place and deadline:** Proxy forms must be received by the Company with the original or a certified copy of the authority under which the Proxy Form is signed (if the Proxy Form is signed by an attorney or other representative).

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.votingonline.com.au/hillgroveegm2014;
- 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;
- mail to Boardroom Limited at GPO Box 3993, Sydney NSW 2001, Australia; or

- 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 **09:00am (AEST) on Monday, 8 September 2014.**

CORPORATE REPRESENTATIVES

A body corporate may appoint an individual to act as its representative to exercise any of the powers the body may exercise at meetings of a company's members. Unless otherwise stated, the corporate representative may exercise all of the powers the appointing body can exercise. The certificate evidencing the appointment of a corporate representative (or a photocopy or facsimile of it) must be received by the Company at Level 17 Australia Square, 264-278 George Street, Sydney NSW or by facsimile on 02 8247 9399, by no later than 09:00am (Sydney time) on Monday, 8 September 2014.

MEMBERS WHO ARE ENTITLED TO VOTE

In accordance with Corporations Regulations 7.11.37, the directors have determined that a person's entitlement to vote at the meeting will be the entitlement of that person set out in the registrar of members as at 7:00pm (AEST) on Monday, 8 September 2014.

HILLGROVE

RESOURCES

HILLGROVE RESOURCES LIMITED

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

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 09:00am (AEST) on Monday, 8 September 2014.**

TO VOTE ONLINE

STEP 1: VISIT www.votingonline.com.au/hillgroveegm2014

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.

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 **09:00am (AEST) on Monday, 8 September 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.votingonline.com.au/hillgroveegm2014

 **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 to Level 17 Australia Square, 264-278 George Street, Sydney New South Wales, Australia on Wednesday, 10 September 2014 at 09:00am (AEST).

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 **Extraordinary General Meeting of Hillgrove Resources Limited to be held at the Company, Level 17 Australia Square, 264-278 George Street, Sydney New South Wales, Australia on Wednesday, 10 September 2014 at 09:00am (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.

The Chairman of the Meeting intends to vote 100% of all undirected proxies in favour of the resolution.

STEP 2 VOTING DIRECTIONS * If you mark the Abstain box, 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 To approve the consolidation of the Company's share capital

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary