Entitlement Offer

For a pro rata non-renounceable entitlement offer to Eligible Shareholders on the basis of 3 New Shares for every 11 Shares held by Eligible Shareholders on the Record Date at an issue price of $0.25 per New Share (Offer).

The Offer opens on Wednesday, 3 June 2015 and closes at 5.00pm (Sydney time) on Monday, 15 June 2015 (unless it is lawfully extended). Valid acceptances must be received before that time.

This document is important and requires your immediate attention. It should be read in its entirety. In particular, Shareholders should refer to the risk factors set out in Section 8 of this document. If you do not understand the information contained in this Offer Document, or are in doubt as to the course you should follow, you should consult your stockbroker or professional advisor.

IMPORTANT NOTICE

NOT FOR PUBLICATION, DISTRIBUTION OR RELEASE IN OR INTO THE UNITED STATES OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS, ANY STATE OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA.

This Offer Document is not a prospectus or other regulated document under Australian law or under any other law and it has not been lodged with ASIC. This Offer Document is dated 25 May 2015 and has been prepared by Hillgrove Resources Limited (ACN 004 297 116) and is for a rights issue of continuously quoted securities (as defined in the Corporations Act) of the Company. It is for information purposes only and has been prepared in accordance with section 708AA of the Corporations Act and applicable ASIC Class Order [08/35]. It does not contain all of the information that an investor would find in a prospectus.
Table of Contents

Letter from the Chairman 3
1 Important Information 5
2 Important Dates 7
3 Details of the Offer 8
4 Action Required by Eligible Shareholders 11
5 Effect of the Offer 12
6 Payment for New Shares 14
7 Overview of the Company 17
8 Risk Factors 20
9 Additional Information 22
10 Definitions and Interpretation 25
Annexure: Investor Presentation and ASX Announcement 27
Corporate Directory 48
Letter from the Chairman

Dear Shareholder,

Hillgrove Resources Limited (HGO or the Company) announced to ASX on Monday, 25 May 2015 that the Board had resolved to proceed with a pro rata non-renounceable entitlement issue of three (3) New Shares for every eleven (11) Shares held at the Record Date at an Offer Price of $0.25 per New Share (the Offer) to raise approximately $10 million.

HGO is undertaking the Offer for the purposes of:

- raising equity as a condition precedent to, and for the purposes of supplementing funds provided under, a financing facility from Ventures Australia LLC (Freepoint Lender), a subsidiary of Freepoint Commodities LLC;
- increasing the Company's cash balance in order to accelerate exploration activities at Kanmantoo, in particular, the evaluation of a second cutback on the Giant Pit, and exploration of the northern extension of Kavanagh/Giant orebody; and
- together with the debt financing announced with the Offer, allowing HGO to be fully funded to undertake all development works for the Giant Pit.

Hillgrove has added significant future shareholder value at Kanmantoo by bringing down costs, increasing throughput and production capacity, and making the operation more robust. We believe these lower costs and better performance metrics have the potential to lead to increased resource / reserve, through additional resource conversion and robust near-mine exploration, both of which will lead to increased mine life and longer cashflow.

With recent comments and evidence regarding the underlying strength of the copper market, the Board believes this is the right time to position the Company for solid copper production into the future.

The best immediate value is to access the proven reliable, consistent grade and quality of the main Kanmantoo orebody in the Giant Pit through the cutback now underway. Production will continue to be supported by a strong and active hedging program, which will support medium term revenue certainty.

The Board and Management believe the Company is on the right path, and sufficient capital is being raised now with certainty (debt available and equity being underwritten). The debt component will allow payment of remaining existing debt facilities, and re-shape future debt payments to the Life of Mine (LOM) profile. Additional equity is being raised as a condition to the debt component, and to allow evaluation of a second Giant Pit cutback within the current resource and northern extension exploration drilling. The total financing package will also ensure an adequate buffer is available as we advance the current Giant Pit cutback to access higher grade ore.

The Directors consider that making this Offer by way of a non-renounceable rights issue to all Shareholders in Australia and New Zealand (and certain shareholders in such other jurisdictions as HGO determines to whom offers can be made without a prospectus or any registration requirement) enables HGO to raise capital in a fair and efficient manner. The Directors consider that it is prudent and in the interests of Shareholders to make this Offer now.

All Eligible Shareholders registered at 7:00pm (Sydney time) on the Record Date, being Friday, 29 May 2015, will be entitled to receive three (3) New Shares for every eleven (11) Shares held on that date at an issue price of $0.25 per New Share. New Shares issued under the Offer will rank equally with existing Shares.
The Offer closes at 5.00pm (Sydney time) on Monday, 15 June 2015.

The Offer Price of $0.25 per New Share represents a 25.4% discount to the closing market price of $0.335 on Friday, 22 May 2015, being the last trading day before the Offer was announced and a discount of 21.1% to the theoretical ex-rights price of $0.317\(^1\).

The Offer is fully underwritten by Freepoint Metals and Concentrates LLC ("Freepoint") and Wilson HTM Corporate Finance Ltd (\textit{Wilson HTM}) pursuant to an Underwriting Agreement dated 22 May 2015. If Eligible Shareholders do not take up their Entitlements under the Offer by 5.00pm (Sydney time) on Monday, 15 June 2015, Freepoint and Wilson HTM will subscribe for 70% and 30% of any shortfall shares, respectively.

Wilson HTM is also the lead manager of the Offer.

You should read this entire Offer Document carefully. Accompanying this Offer Document is your personalised Entitlement and Acceptance Form which contains details of your Entitlement.

Please also refer to the extensive disclosures to ASX by HGO over recent months and years in relation to the Company's financial performance and related matters.

To participate you should ensure that you complete your Application by paying the relevant Application Monies by BPAY® before 5.00pm (Sydney time) on Monday, 15 June 2015, in the manner described in this Offer Document. If you are unable to pay by BPAY® (for example if you are a New Zealand based Shareholder without an Australian bank account), you are able to pay by cheque, bank draft or money order (see Section 6 for further details regarding payment).

If you do not wish to take up your Entitlement, you will not be able to trade your Entitlement to another party and the right to take up your Entitlement will lapse on Monday, 15 June 2015 and your shareholding in the Company will be diluted.

An investment in New Shares carries certain risks. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company as set out in Section 8. Investors should be aware that the risks identified in Section 8 are not necessarily exhaustive of all risks relating to an investment in the Company or the Offer.

Shareholders who require further information in relation to the Offer or would like assistance in dealing with their Entitlement should ring HGO's share registry, Boardroom Pty Limited on 1300 737 760.

Your Directors encourage all Shareholders to participate in the Offer and intend to take up their Entitlements.

Yours faithfully,

\textit{The Hon. Dean Brown, AO}
Chairman
Hillgrove Resources Limited

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\(^1\) This is a theoretical calculation only and the actual price at which shares trade immediately after the ex-date for the Offer will depend on many factors and may not equate to the theoretical ex rights price.
1 Important Information

This Offer Document and enclosed personalised Entitlement and Acceptance Form have been prepared by Hillgrove Resources Limited (HGO or the Company). No party other than the Company has authorised or caused the issue of this Offer Document, or takes any responsibility for, or makes any statements, omissions, representations or undertakings in this Offer Document.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer. Except as required by law, and only to the extent so required, the Company does not warrant or guarantee the future performance of the Company or any return on investment made pursuant to this Offer Document.

This Offer Document has not been prepared to take into account the particular financial position, needs or circumstances of any Shareholder. If you are uncertain about the course of action you should take, please consult your financial adviser, accountant or other professional adviser.

1.1 Eligibility

Applications for Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

1.2 Overseas Shareholders

This Offer Document does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document.

The Offer is not being extended, and New Shares will not be issued, to Shareholders with a registered address which is outside Australia and New Zealand (except to certain shareholders in such other jurisdictions as HGO determines to whom offers can be made without a prospectus or any registration requirement). It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than New Zealand) having regard to the number of overseas Shareholders, the number and value of New Shares these Shareholders would be offered and the cost to the Company of complying with regulatory requirements in each relevant jurisdiction.

This Offer Document may not be distributed in any country outside Australia and New Zealand.

1.3 Notice to nominees and custodians

Shareholders resident in Australia and New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

1.4 Forward-looking statements

This Offer Document may contain forward-looking statements which are identified by words such as ‘may’, ‘could’, ‘believes’, ‘estimates’, ‘targets’, ‘expects’, or ‘intends’ and other similar words that reflect risks and uncertainties.
Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, Directors and management. The Company will not update or revise any forward-looking statements, regardless of whether new information, future events or any other factors affect the information contained in this Offer Document, except where required by law.

1.5 Privacy Act

If you complete an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or to the Company’s share registry). The Company collects, holds and uses that information to assess your Application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration. The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company’s share registry.

You can access, correct and update the personal information that the Company’s share registry holds about you. Please contact the Company's share registry at the relevant contact numbers set out in the Corporate Directory of this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application.

1.6 Trading of New Shares

HGO and the Underwriters will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by HGO or the HGO share registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or to which they are not entitled.

If you are in any doubt as to these matters you should first consult your stockbroker, accountant or other professional adviser.

1.7 Currency and timing

Unless otherwise stated, all dollar values in this Offer Document are in Australian dollars, and all references to time are to Sydney time.
### Important Dates

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares traded on an &quot;ex&quot; basis</td>
<td>Wednesday, 27 May 2015</td>
</tr>
<tr>
<td>Record Date for eligibility for the Offer</td>
<td>7.00pm (Sydney time), Friday, 29 May 2015</td>
</tr>
<tr>
<td>Offer Document despatched to Shareholders and Offer Opens</td>
<td>Wednesday, 3 June 2015</td>
</tr>
<tr>
<td>Closing Date of the Offer</td>
<td>5.00pm (Sydney time), Monday, 15 June 2015</td>
</tr>
<tr>
<td>New Shares under the Offer commence trading on ASX on a deferred settlement basis</td>
<td>Tuesday, 16 June 2015</td>
</tr>
<tr>
<td>Announcement of results of Offer, including undersubscriptions</td>
<td>Thursday, 18 June 2015</td>
</tr>
<tr>
<td>Allotment of New Shares and despatch of holding statements</td>
<td>Monday, 22 June 2015</td>
</tr>
<tr>
<td>New Shares commence trading on a normal settlement basis</td>
<td>Tuesday, 23 June 2015</td>
</tr>
</tbody>
</table>

These dates are indicative only and are subject to change.
3 Details of the Offer

3.1 The Offer

The Offer is being made as a non-renounceable entitlement offer of 3 New Shares for every 11 Shares held by Eligible Shareholders registered at the Record Date at an issue price of $0.25 per New Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the number of Shares currently on issue (as set out in Section 5.1 of this Offer Document), approximately 40,308,715 New Shares will be issued pursuant to this Offer to raise approximately $10 million. The Offer is fully underwritten by Freepoint and Wilson HTM, who will subscribe for 70% and 30% of any shortfall shares, respectively. Wilson HTM is also the lead manager of the Offer. More information on the underwriting of the Offer is set out in Section 3.8.

All New Shares offered under this Offer Document will rank equally with the Shares on issue at the date of this Offer Document.

The Directors may at any time decide to withdraw this Offer Document and the offer of Shares made under this Offer Document in which case the Company will return all Application Monies (without interest) as soon as practicable following provision of such notice of withdrawal.

3.2 The Offer Price

The Offer Price of $0.25 per New Share represents:

- a discount of 25.4% to the closing market price of $0.335 for Shares on 22 May 2015 being the last trading day before the Offer was announced; and
- a 21.1% discount to the theoretical ex-rights price based on the closing market price of $0.317 for Shares on 22 May 2015 being the last trading day before the Offer was announced.

3.3 Purposes of the Offer and intended use of funds

Completion of the Offer will result in an increase in cash in hand by approximately $10 million (before any repayment of the Company's current borrowing or the payment of costs associated with the Offer which are described in Section 9.10).

HGO is undertaking the Offer for the purposes of:

- raising equity as a condition precedent to, and for the purposes of supplementing funds provided under, a financing facility from Freepoint Lender;
- increasing the Company's cash balance in order to accelerate exploration activities at Kanmantoo, in particular, the evaluation of a second cutback on the Giant Pit, and exploration of the northern extension of Kavanagh/Giant orebody; and
- together with the debt financing announced with the Offer, allowing HGO to be fully funded to undertake all development works for the Giant Pit.

The above statement is a statement of current intentions as at the date of this Offer Document. Intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

Further details on the effects of the Offer are contained in Section 5 of this Offer Document.
3.4 Risk factors

An investment in New Shares carries certain risks as set out in Section 8. These risks include but are not limited to:

- the impact of the Company's foreign currency assets and liabilities upon the Australian Dollar value of the assets;
- the reliance by HGO on Kanmantoo Copper Mine as the only revenue generating operating asset;
- operational risk, including orebody modelling and estimation, mining, ore processing, environmental and safety risk; and
- fluctuating global commodity prices.

3.5 Rounding of Entitlements

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of New Shares.

3.6 Reconciliations

The Offer is a complex process and in some instances, Eligible Shareholders may believe that they will own more Shares than they ultimately do at the Record Date. This results in reconciliation issues. If reconciliation issues occur, it is possible that HGO may need to issue a small quantity of additional New Shares (Top Up Shares) to ensure all Eligible Shareholders receive their full Entitlement. The price at which these Top Up Shares would be issued is the Offer Price.

HGO also reserves the right (in its absolute discretion) to reduce the number of New Shares issued to Eligible Shareholders or persons claiming to be Eligible Shareholders, if HGO believes their claims to be overstated or if they or their nominees fail to provide information to substantiate their claims to HGO's satisfaction.

3.7 Director intentions

Each eligible Director has shown their support for the Offer by indicating that they intend to subscribe for all of their Entitlement under the Offer.

3.8 Underwriting of the Offer

HGO has entered into an underwriting agreement (Underwriting Agreement) with the Underwriters who have agreed to fully underwrite the Offer. Freepoint and Wilson HTM will subscribe for 70% and 30% of any shortfall shares, respectively (the Respective Proportions). Wilson HTM is also the lead manager of the Offer. As is customary with these types of arrangements:

- HGO has agreed, subject to certain carve-outs, to indemnify the Underwriters, their related bodies corporate, and each of their directors, officers, agents, representatives, employees, shareholders, advisers and partners against any losses they may sustain or incur in connection with the Offer;
- HGO and the Underwriters have given certain representations, warranties and undertakings in connection with (among other things) the Offer;
- the Underwriters may (in certain circumstances, having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their
obligations under it on the occurrence of certain events, including (but not limited to) where:

- approval for quotation of the New Shares is refused or not granted by ASX;
- there are material disruptions in financial or economic conditions in key markets, or hostilities commence or escalate in certain key countries;
- there are certain delays in the Timetable for the Offer without the Underwriters’ consent;
- any of the Offer materials (including this Offer Document) does not comply with the Corporations Act, the Listing Rules or any other applicable law;
- a statement contained in any of the Offer materials (including this Offer Document) is or becomes misleading or deceptive (including by omission) or likely to mislead or deceive, or a material matter is omitted from the Offer materials; or
- HGO withdraws the Offer materials or the Offer.

The Underwriters will be paid an underwriting fee of 4.0% (excluding GST) of the Offer proceeds, which will be allocated to the Underwriters according to their Respective Proportions. Wilson HTM will also be paid an offer management fee of 2.0% (excluding GST) of the Offer proceeds. These fees are for providing the services described above. The Underwriters will also be reimbursed for certain expenses.

None of the Underwriters nor any of their respective related bodies corporate, nor any of their respective directors, officers, agents, representatives, employees, shareholders, advisers and partners (collectively, the Underwriter Parties) have authorised or caused the issue of this Offer Document and they do not take any responsibility for this Offer Document or any action taken by you on the basis of the information in this Offer Document. To the maximum extent permitted by law, the Underwriter Parties exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer and this Offer Document being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. None of the Underwriter Parties makes any recommendations as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties to you concerning this Offer, or any such information and you represent, warrant and agree that you have not relied on any statements made by any of the Underwriter Parties in relation to the New Shares or the Offer generally.
4 Action Required by Eligible Shareholders

The number of New Shares to which you are entitled is shown on the Entitlement and Acceptance Form accompanying this Offer Document. If you are an Eligible Shareholder, you may take any of the following actions. Each of these options may have a materially different outcome on any value you receive in respect of your Entitlement.

1) Take up all or part of your Entitlement (see Section 4.1);
2) Let all or part of your Entitlement lapse (see Section 4.2).

4.1 If you wish to take up all or part of your Entitlement

If you wish to take up all or part of your Entitlement, please pay your Application Monies via BPAY® by following the instructions set out on your personalised Entitlement and Acceptance Form. Payment is due by no later than 5.00pm (Sydney time) on Monday, 15 June 2015.

If you are unable to pay by BPAY®, please refer to Section 6.2.

If you take up and pay for all or part of your Entitlement before the close of the Offer, it is expected that you will be issued New Shares on Monday, 22 June 2015. HGO’s decision on the number of New Shares to be issued to you will be final.

Eligible Shareholders are not able to apply for New Shares in excess of their Entitlements set out in their personalised Entitlement and Acceptance Forms.

4.2 If you let all or part of your Entitlement lapse

If you do nothing with respect to all or part of your Entitlement, the relevant portion of your Entitlement will lapse and you will receive no benefit. By allowing your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement. Although you will continue to own the same number of Shares, assuming all other Shareholders take up their Entitlements, your percentage shareholding in the Company will be diluted.

4.3 No trading of Entitlements

Entitlements under the Offer are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their entitlement in full will not receive any value in respect of that part of the Entitlement that they do not take up.
5 Effect of the Offer

5.1 Effect of the Offer on the Company’s capital structure

The effect of the Offer on HGO’s capital structure is dependent on several factors including the take up rate of Entitlements prior to the Record Date. Further detail on the potential effect of the Offer on the Company’s capital structure is set out below.

<table>
<thead>
<tr>
<th>Number of Shares</th>
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</thead>
<tbody>
<tr>
<td>Existing Shares prior to the Offer</td>
</tr>
<tr>
<td>New Shares as a result of Entitlements (assuming all Entitlements are taken up, no options are exercised and no performance rights vest)</td>
</tr>
<tr>
<td>Number of Shares following the Offer</td>
</tr>
</tbody>
</table>

The figures above are approximate and based on the issued capital of the Company as at the close of business on Friday, 22 May 2015, subject to reconciliation and rounding.

HGO currently has on issue 3,125,000 unlisted options to Macquarie Bank Limited (the Options) and 4,337,500 performance rights granted to employees of HGO. The Offer will have no effect on the number of Options or performance rights on issue in the capital of the Company, unless these Options or performance rights are exercised by the holders prior to the Record Date. In accordance with the terms of the Options, the Option exercise price will be adjusted in accordance with ASX Listing Rule 6.22.2. Once determined, the adjusted Option exercise price will be notified to ASX.

5.2 Effect of the Offer and the Underwriting Agreement on control of the Company

The potential effect that the issue of New Shares will have on the control of HGO, and the consequences of that effect, will depend on a number of factors including:

- the level of Shareholder participation;
- which Shareholders participate; and
- the extent to which the underwriting is called upon and shortfall shares are allocated to the Underwriters (and any sub-underwriters).

The issue of New Shares under the Offer is not expected to have any material effect on the control of the Company.

As the Offer is a fully underwritten, pro-rata offer and there is no scope for any Shareholder to apply for additional New Shares under the Offer, if all Eligible Shareholders take up their Entitlements, the voting power of all Eligible Shareholders will remain the same, there will be no shortfall for the Underwriters and there will be no effect on the control of HGO.

If some Eligible Shareholders do not take up all or any of their Entitlements, they will have their shareholdings diluted. Furthermore, shareholders who do not reside in Australia and New Zealand will be diluted by the Offer. Depending on the extent to which Eligible Shareholders take up their Entitlements under the Offer, the dilutive effects of the Underwriting Agreement will differ.

Freepoint and Wilson HTM currently hold 4.7% and 0.3%, respectively, of HGO’s issued share capital. Assuming the Underwriters take up their full Entitlement under the Offer, the minimum
potential voting power, immediately following the Offer, of Freepoint would be 4.7% and Wilson HTM would be 0.3%.

In accordance with the Underwriting Agreement, Freepoint and Wilson HTM will subscribe for 70% and 30% of any shortfall shares, respectively. Assuming 0% take up of Entitlements by Eligible Shareholders under the Offer (other than by the Underwriters), the Underwriters will be obliged to subscribe for all 40,308,715 shortfall shares. In this circumstance, with Freepoint subscribing for 70% and Wilson HTM subscribing for 30% of these shares, Freepoint's relevant interest in HGO could theoretically increase to 18.8% while Wilson HTM's relevant interest in HGO could theoretically increase to 6.4%. In addition, in accordance with the Underwriting Agreement, Freepoint may not acquire New Shares which will result in it (and its associates) having a relevant interest in greater than 20% of HGO's total issued share capital (post-Offer). Therefore, the maximum relevant interest in HGO Shares that Freepoint will hold as a result of the Offer will not exceed 20%.

Each Underwriter is authorised to seek sub-underwriting commitments from eligible persons, which could include existing institutional shareholders of the Company. To the extent that any sub-underwriters are appointed, they are required to undertake that any amount they acquire pursuant to such sub-underwriting of the Offer, when aggregated with any existing holdings of that sub-underwriter (and its associates), will not exceed 20% of HGO's total issued share capital (post-Offer).

By reason of the above, HGO does not believe that the Offer will result in any person gaining control of the Company.
6 Payment for New Shares

Payment should be made using BPAY® if possible. Shareholders who do not have an Australian bank account and other Shareholders who are unable to pay by BPAY®, will be able to pay by cheque, bank draft or money order (see below at Section 6.2).

Cash payments will not be accepted. Receipts for payment will not be issued.

HGO will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Offer. No interest will be paid to Applicants on any Application Monies received or refunded.

6.1 Payment by BPAY®

For payment by BPAY®, please follow the instructions on your personalised Entitlement and Acceptance Form. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Shareholders considering using BPAY® should consult directly with their financial institution to confirm there are no restrictions on their account which may impact their ability to use BPAY® to participate in the Offer.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (CRN) on your personalised Entitlement and Acceptance Form.

If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your Application will not be recognised as valid.

Please note that by paying by BPAY®:

• you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form; and

• if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the HGO share registry by no later than 5.00pm (Sydney time) on Monday, 15 June 2015. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when you make payment.

6.2 If you are unable to pay by BPAY®

If you are unable to pay by BPAY®, you are able to pay by cheque, bank draft or money order. HGO encourages payments by BPAY® if possible.

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by the cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to ‘Hillgrove Resources Limited Rights Issue A/C’ and crossed ‘Not Negotiable’.

page 14
Your completed Entitlement and Acceptance Form and cheque, bank draft or money order must
reach the Company’s share registry at the address set out on the Entitlement and Acceptance
Form by no later than 5:00pm (Sydney time) on Monday, 15 June 2015.

Your cheque, bank draft or money order must be:

- for an amount equal to $0.25 multiplied by the number of New Shares for which you are
  applying; and
- in Australian currency drawn on an Australian branch of a financial institution.

Payment cannot be made in New Zealand dollars. New Zealand resident Shareholders must
arrange for payment to be made in Australian dollars.

If paying by cheque, you should ensure that sufficient funds are held in relevant account(s) to
cover the Application Monies as your cheque will be processed on the day of receipt. If the
amount of your cheque, bank draft or money order for Application Monies (or the amount for
which the cheque, bank draft or money order clears in time for allocation) is insufficient to pay in
full for the number of New Shares for which you have applied on your personalised Entitlement
and Acceptance Form, you will be taken to have applied for such lower whole number of New
Shares as your cleared Application Monies will pay for (and to have specified that number of New
Shares on your personalised Entitlement and Acceptance Form). Alternatively, your Application
will not be accepted.

6.3 Representations made by acceptance

By completing and returning your personalised Entitlement and Acceptance Form or making a
payment by BPAY®, you will be deemed to have represented to HGO that you are an Eligible
Shareholder and:

- acknowledge that you have read and understood this Offer Document and your personalised
  Entitlement and Acceptance Form in their entirety;
- agree to be bound by the terms of the Offer, the provisions of this Offer Document and
  HGO’s constitution;
- authorise HGO to register you as the holder(s) of New Shares allotted to you;
- declare that all details and statements in the personalised Entitlement and Acceptance Form
  are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all of
  your rights and obligations under your personalised Entitlement and Acceptance Form;
- acknowledge that once HGO receives your personalised Entitlement and Acceptance Form
  or any payment of Application Monies via BPAY®, you may not withdraw your Application or
  funds provided except as allowed by law;
- agree to apply for and be issued up to the number of New Shares specified in the
  personalised Entitlement and Acceptance Form, or for which you have submitted payment of
  any Application Monies via BPAY®, at the Offer Price per New Share;
- authorise HGO, the Underwriters, the HGO share registry and their respective officers or
  agents to do anything on your behalf necessary for New Shares to be issued to you,
  including to act on instructions of the HGO share registry by using the contact details set out
  in your personalised Entitlement and Acceptance Form;
- declare you were the registered holder(s) at the Record Date of the Shares indicated on the
  personalised Entitlement and Acceptance Form as being held by you on the Record Date;
• acknowledge that the information contained in this Offer Document and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;

• acknowledge that the Offer Document is not a prospectus, does not contain all of the information you may require in order to assess an investment in HGO and is given in the context of HGO’s past and ongoing continuous and periodic disclosure announcements to ASX;

• acknowledge the risks set out in Section 8 of this Offer Document and that investments in HGO are subject to risk;

• acknowledge that none of HGO, the Underwriters, or their respective related bodies corporate and affiliates (including the entities named in the Corporate Directory) and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantee the performance of HGO, nor do they guarantee the repayment of capital;

• agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Offer and of your holding of Shares on the Record Date;

• authorise HGO to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;

• represent and warrant (for the benefit of HGO, and their respective related bodies corporate and affiliates) that you are not an Ineligible Shareholder and are otherwise eligible to participate in the Offer;

• represent and warrant that the law of any place does not prohibit you from being given this Offer Document and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an Application for New Shares and that you are otherwise eligible to participate in the Offer;

• represent and warrant (for the benefit of HGO, and their respective related bodies corporate and affiliates) that you are not in the United States and you are not acting for the account or benefit of a person in the United States;

• understand and acknowledge that neither the Entitlements nor the New Shares have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. The Entitlements may not be acquired or exercised by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. Neither the Entitlements nor the New Shares may be offered or sold, directly or indirectly, to persons in the United States or to persons acting for the account or benefit of a person in the United States, except in a transaction exempt from, or not subject to the registration requirements of the US Securities Act and applicable U.S. state securities laws;

• agree you have not and will not send this Offer Document, the Entitlement and Acceptance Form or any other materials relating to the Offer to any person in the United States or to any person acting for the account or benefit of a person in the United States; and

• agree that if, in the future, you decide to sell or otherwise transfer the New Shares, you will only do so in transactions where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or who is acting for the account or benefit of a person in the United States.
7 Overview of the Company

7.1 Overview

HGO is an Australian mining company listed on the Australian Securities Exchange (ASX: HGO) focused on the operation of the Kanmantoo Copper Mine in South Australia, and with exploration projects on its Indonesian tenements.

An overview of HGO’s refinancing proposal is contained in Section 7.5 below. For further details of HGO’s refinancing proposal and a company update, please refer to the Investor Presentation contained in the Annexure.

7.2 Australian operations

Kanmantoo is a copper and gold producer around a medium grade orebody which has potential for further life of mine growth. The operation’s location, 55 kilometres from Adelaide, the capital city of South Australia, means it enjoys capital cost advantages being close to road, rail, power infrastructure and the Port of Adelaide. The use of recycled water and grid power provides the operation with significant operating cost advantages. This is supplemented by the operation’s desirability as an employment destination being located both close to Adelaide and within the attractive Adelaide Hills’ setting.

Kanmantoo’s current operational strategy is to complete the current cutback on the Giant Pit, which will bring ore mining during early 2016 back onto the proven reliable, consistent grade and quality ore of the main orebody. Along with this, the funds raised from this Offer will allow exploration and potential resource drilling both at depth on the main Kanmantoo orebody, and on the identified northern extension.

7.3 Indonesian operations

HGO launched a major initiative into Indonesia in late 2008, as HGO saw potential in the Pacific ‘Rim of Fire’, by securing ground comprising two major projects - the Bird’s Head Project on the north western tip of the eastern Indonesian province of West Papua and a project area on the island of Sumba, west of Timor.

The Bird’s Head Project (HGO 80%) held with the local partner P.T. Akram Resources offers an opportunity to explore for large scale epithermal and porphyry style mineralisation within a geological setting that has been proven to host world class deposits. The 992.3km² area is in a favourable geological setting for the discovery of copper gold mineralisation.

The Sumba Project (HGO 80%) held with HGO’s Indonesian partner PT Fathi Resources sits within a set of islands that host numerous large scale copper/gold porphyry systems and epithermal gold deposits. An IUP covers 999km² split into two main project areas coinciding with the volcanic basement and offers a foothold in a zone of previously identified gold mineralisation.

HGO currently has these advanced exploration projects at Bird’s Head in West Papua and Sumba Island on care and maintenance, with local landholder relationships being maintained by core local staff retained at the project offices.

A number of parties continue to express interest in a potential joint venture or direct investment into the projects. This includes a major exploration company and private investment groups, including direct investment from within Indonesia. HGO is continuing to work with these groups, including providing access under confidentiality to the exploration database.
Extensive details of HGO's activities, risk parameters and other information have been released to ASX in quarterly as well as Annual and Half Yearly financial reports. Investors should note that past performance is not necessarily an indicator of future performance.

7.4 Share price

HGO is listed on ASX (ASX:HGO).

The highest and lowest recorded market sale prices of the Company's Shares in the last 12 months prior to the date of this Offer Document are:

<table>
<thead>
<tr>
<th>Price</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest</td>
<td>$0.68 2 September 2014</td>
</tr>
<tr>
<td>Lowest</td>
<td>$0.31 12 February 2015</td>
</tr>
</tbody>
</table>

The last market sale price of the Company's Shares on ASX on the last day that trading took place in the Shares prior to the date of this Offer Document was $0.335 on Friday, 22 May 2015.

7.5 Transition to new Chief Executive Officer

As announced on 25 May 2015, Steven McClare, the existing General Manager - Kanmantoo Copper Mine, will assume the role of Chief Executive Officer and Managing Director of HGO effective from 27 May 2015. Steve's appointment reflects the Board's renewed strategic focus on the operations and development of the Kanmantoo Copper Mine.

7.6 Company updates and refinancing

As part of a refinancing proposal, HGO has entered into new debt arrangements and launched the Offer.

HGO has entered into a Pre-Export Facility Agreement with Freepoint Lender under which Freepoint Lender will make available two tranches of cash advance loans. Tranche A loans will be in an aggregate amount of up to US$14 million, and are expected to be drawn down shortly after launch of the Offer (subject to meeting conditions to financial close). Tranche B will be a single loan of up to US$6 million, and be subject to, amongst other conditions, Freepoint Lender obtaining internal approvals and arranging bank funding to provide the loan and HGO arranging extension of the Life of Mine Plan through improvement to the ore reserve tail. Proceeds will be used to repay A$15 million in existing debt funding of HGO and Copper and for capital costs incurred during its capital expenditure program for 2015 and 2016. The Pre-Export Facility loans will have a maturity date of 30 June 2018, and may be extended for 12 months subject to approval by Freepoint Lender. The loans will accrue interest at 8.5%, payable quarterly. Principal repayments will begin on 31 March 2016 and also be payable quarterly on a sculpted amortisation profile.

HGO has also entered into a Performance Bond Facility with Macquarie Bank Limited (MBL) under which MBL has provided commitments to issue up to A$20 million of performance bonds to support Kanmantoo's environmental rehabilitation bonding with the South Australian Government and document security requirements. This facility will have a step-down of commitments during the period from 30 March 2017 to 30 June 2018, though MBL will continue to maintain and issue performance bonds in excess of those commitments if HGO has provided cash collateral for that excess. The facility will have a maturity date of 30 June 2018, but may be extended for 12 months subject to approval by MBL. A line fee will be payable on the face value of the issued
performance bonds at a rate of 3.5% p.a. (for amounts not cash collateralised) and 1.25% p.a. (for amounts that are cash collateralised).

Both the Pre-Export Facility and the Performance Bond Facility, as well as hedging, will be supported by a security package and will benefit from agreed financial undertakings and required minimum account balances. Lender approval, amongst other conditions, will be required for HGO to make distributions while that debt is outstanding.
8 Risk Factors

Investors should be aware that taking up your Entitlement and being a Shareholder in the Company involves various risks.

There are general risks associated with owning securities in publicly listed companies as well as risks specifically related to the Company. The price of securities can go down as well as up due to factors outside the control of the Company.

Refer to the “Important notices on key risks and foreign selling restrictions” section of the Investor Presentation contained in the Annexure for more information regarding the risks related to HGO and its share price and the risks related to the Offer.

8.1 Risks related to the Company and its Share price

Some of the key factors which may affect the future earnings of the Company and the market price of its Shares include:

a) as a significant amount of HGO's resources are directly focused on the development of Kanmantoo, there are certain specific risks that could affect the viability and success of the operation, including a risk that resource estimates may not be robust or that the resource classification basis may not be appropriate. Any materially adverse development in relation to Kanmantoo would be likely to have a materially adverse effect on the success of HGO;

b) the mining and processing operations present a range of complex, inherently higher-risk working environments which are closely regulated by existing mining, environmental and occupational health and safety legislation. Hillgrove ensures a risk based approach is applied to enable effective development and implementation of appropriate, practical engineering controls and safe systems of work to minimise workplace risks as far as reasonably practicable, or to find alternate approaches to essential tasks with lower inherent risks;

c) HGO's potential revenue will primarily be derived from the sale of copper and other metals. The price for copper and other metals fluctuate and are affected by many factors beyond HGO's control. Relevant factors include supply and demand fluctuations, technical advancements, forward selling activities and other macro-economic factors. HGO has a hedging strategy to partially mitigate this risk;

d) HGO is subject to the risk of unfavourable movements in exchange rates. To the extent that HGO has exposure to foreign currency denominated earnings that are not hedged, fluctuations in the Australian Dollar relative to the US Dollar may materially affect the cash flow and earnings which HGO will realise from its operations in Australian Dollar terms;

e) there are business and market risks inherent in any listed security, which could materially affect HGO's earnings and the pricing of its shares, including movements in local and international economies and share and capital markets, including general market volatility;

f) changes in regulatory and governmental policy, including changes to the taxation of companies as a result of changes to Australian and foreign taxation laws;

g) the liquidity of the market for the Company’s Shares;

h) the loss of key employees, including HGO's managing director and a relatively small number of other senior executive employees; and

i) potential refinancing risk.
8.2 Risks related to the Offer

Some of the key risks related to the Offer include:

a) if you are an Eligible Shareholder and you allow your Entitlement to lapse, then you will not realise any value for your Entitlement. You should also note that if you do not take up your Entitlement and all other Shareholders take up their Entitlements, your percentage shareholding in the Company will be diluted;

b) where there is a shortfall following the close of the Offer, there may be a change to the balance of control of HGO as a result of the underwriting arrangements; and

c) termination of the Underwriting Agreement, which would have an adverse impact on the proceeds raised under the Offer and HGO’s sources of funding for its intended purpose.

The above list of risk factors is not meant to be exhaustive. The above risks, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of an Entitlement and any New Share which is issued as the result of the taking up of an Entitlement. Therefore, no assurances or guarantees of future profitability, distributions, payment of dividends, returns of capital or performance of the Company or its securities can be provided by the Company.

If you have doubts as to whether you should take up your Entitlement, you should consult with your stockbroker, accountant, solicitor or other financial adviser.
9 Additional Information

9.1 Nature of this Offer Document

This Offer Document relates to an entitlement offer for continuously quoted securities. The information in this Offer Document principally concerns the terms and conditions of the Offer and information necessary to make an informed assessment of:

- the effect of the Offer on HGO; and
- the rights and liabilities attaching to the New Shares.

This Offer Document does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity not already listed on the ASX. As an ASX listed entity, HGO has been subject to disclosure requirements under the Corporations Act (and its predecessor legislation) and the Listing Rules.

HGO has, since listing, provided ASX with a substantial amount of information regarding its activities and that information is publicly available at www.asx.com.au. This Offer Document is intended to be read in conjunction with that publicly available information. Investors considering taking up their Entitlement should therefore also have regard to that publicly available information before making an investment decision.

This Offer Document contains general information only, which has been prepared without taking account of the objectives, financial situation or needs of any particular person. Because of that, before acting on the Offer Document, any prospective investor should consider the appropriateness of the information to their specific circumstances.

9.2 Reporting and disclosure obligations

The Company is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require the Company to:

a) prepare and lodge with ASIC both yearly and half yearly financial statements accompanied by a directors’ statement and report and an audit or review report;

b) within one month after the end of each quarter, report to ASX regarding its activities for that previous quarter; and

c) immediately notify ASX of any information concerning the Company of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in the Company, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged at ASIC in relation to the Company may be obtained from or inspected at an office of ASIC.

As a company listed on ASX, the Company is subject to the Listing Rules which require (subject to certain exceptions) immediate disclosure to the market of any information concerning the Company of which it becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities. Information that is already in the public domain in relation to the Company has not been reported in this Offer Document other than that which is considered necessary to make this transaction complete. Copies of documents lodged with ASX in relation to the Company may be downloaded from ASX, such as the quarterly reports which disclose information in accordance with Chapter 5 of the Listing Rules.
9.3 **Rights attaching to Shares**

New Shares issued under the Offer will rank equally with existing Shares. The rights attaching to Shares are set out in the Company’s constitution and are regulated by the Corporations Act, the Listing Rules and general law.

9.4 **Issue and dispatch**

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and the indicative timetable set out in Section 2 of this Offer Document.

Pending the issue of the Shares or payment of refunds pursuant to this Offer Document, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest by completing and returning the Entitlement and Acceptance Form.

9.5 **No cooling off rights**

Cooling off rights do not apply to an investment in New Shares. You cannot, in most circumstances, withdraw your Application once it has been lodged.

9.6 **ASX listing**

HGO has applied to ASX for quotation of the New Shares in accordance with the Listing Rule requirements. Subject to approval being granted, it is expected that normal trading of New Shares issued under the Offer will commence on Tuesday, 23 June 2015.

9.7 **CHESS**

The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number or Securityholder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

9.8 **Taxation implications**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.
9.9 Nominees and custodians

Nominees with a registered address in Australia and New Zealand (and certain shareholders in such other jurisdictions as HGO determines) may be able to participate in the Offer in respect of some or all of the beneficiaries on whose behalf they hold Shares, provided that the beneficiary would satisfy the criteria for an Eligible Shareholder.

Nominees and custodians which hold Shares as nominees and custodians will have received, or will shortly receive, a letter from HGO. Nominees and custodians should carefully consider the contents of that letter and note in particular that the Offer is not available to beneficiaries on whose behalf they hold Shares who do not satisfy the criteria of an Eligible Shareholder.

HGO is not required to determine whether or not any registered holder of Shares is acting as a nominee or the identity or residence of any beneficial owner of Shares. Where any registered holder of Shares is acting as a nominee for a foreign person that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary is compatible with applicable foreign laws. HGO is not able to advise on any foreign laws.

9.10 Expenses of the Offer

Assuming that the Offer raises $10 million, the expenses of the Offer including ASIC and ASX fees, share registry costs, printing costs and professional costs are estimated to be approximately $850,000.

9.11 Withdrawal of the Offer

The Company reserves the right to withdraw the Offer at any time before the issue of New Shares in which case the Company will refund any Application Monies received by it in accordance with the Corporations Act and will do so without interest being paid to Applicants.

9.12 Enquiries concerning Offer Document

Enquiries relating to this Offer Document should be directed to the HGO's share registry, Boardroom Pty Limited on 1300 737 760.

9.13 Governing Law

This Offer Document, the Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws of New South Wales. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales.
10 Definitions and Interpretation

10.1 Definitions

In this Offer Document:

Annexure means the annexure to this Offer Document, which contains details of HGO's refinancing proposal and a company update.

Applicant refers to a person who submits an Entitlement and Acceptance Form.

Application refers to the submission of an Entitlement and Acceptance Form.

Application Monies means moneys received from Applicants in respect of their Applications.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors of the Company from time to time.

Closing Date means 5.00pm (Sydney time) on Monday, 15 June 2015.

Company or HGO means Hillgrove Resources Limited (ACN 004 297 116).

Corporations Act means the Corporations Act 2001 (Cth) as amended.

Director means a director of the Company and Directors means all of them.

Eligible Shareholder means a Shareholder with a registered address in Australia or New Zealand (and certain shareholders in such other jurisdictions as HGO determines) whose details appear on the Company's register of Shareholders as at the Record Date.

Entitlement means the entitlement to subscribe for 3 (three) New Shares for every 11 (eleven) Shares held by an Eligible Shareholder on the Record Date and Entitlements has a corresponding meaning.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

Freepoint means Freepoint Metals & Concentrates LLC.

Freepoint Lender means Ventures Australia LLC, a subsidiary of Freepoint Commodities LLC.

Ineligible Shareholder means a Shareholder that is not an Eligible Shareholder.

Listing Rules means the Listing Rules of the ASX.

New Share means a new Share proposed to be issued pursuant to this Offer.

Offer means the non-renounceable pro rata offer of New Shares at the Offer Price on the basis of 3 (three) New Shares for every 11 (eleven) Shares held on the Record Date pursuant to this Offer Document.

Offer Price means the price at which Eligible Shareholders will subscribe for New Shares being, $0.25 per New Share.

Record Date means 7.00pm (Sydney time) on Friday, 29 May 2015.

Section means a section of this Offer Document.

Share means an ordinary fully paid share in the capital of the Company.

Shareholder means a holder of Shares.

Timetable means the indicative timetable set out in Section 2 of this Offer Document.

Underwriting Agreement means the underwriting agreement entered into between HGO and the Underwriters dated 25 May 2015.

Underwriters means Freepoint and Wilson HTM.

Wilson HTM means Wilson HTM Corporate Finance Ltd.

10.2 Interpretation

In this Offer Document the following rules of interpretation apply unless the context otherwise requires:

a) words and phrases not specifically defined in this Offer Document have the same meaning that is given to them in the Corporations Act and a reference to a statutory provision is to the Corporations Act unless otherwise specified;

b) the singular includes the plural and vice versa;

c) a reference to an individual or person includes a corporation, partnership, joint venture, association, authority, company, state or government and vice versa;

d) a reference to any gender includes both genders;

e) a reference to clause, section, annexure or paragraph is to a clause, section, annexure or paragraph of or to this Offer Document, unless the context otherwise requires;

f) a reference to “dollars” or “$” is to Australian currency; and

g) in this document, headings are for ease of reference only and do not affect its interpretation.
HILLGROVE ANNOUNCES REFINANCING OF DEBT FACILITIES AND EQUITY RAISING

Hillgrove Resources Limited (ABN 73 004 297 116) (ASX: HGO) (“Hillgrove” or the “Company”) today announces the Company has finalised the refinancing of its debt facilities and the launch of a fully underwritten non-renounceable rights issue. The debt finance facilities comprise a US$14 million Pre-Export Facility loan (plus up to a further US$6 million subject to conditions), deferral and extension of price participation obligations, AS$20 million performance bond facility, and associated commodity hedging facilities for the Kanmantoo operation. Hillgrove is also undertaking a fully underwritten pro-rata non-renounceable rights issue to raise approximately AS$10 million (“Equity Raising”). The package will provide amortisation of debt repayments to align with the most recent Life of Mine (LOM) plan and additional equity will provide the ability to accelerate the exploration program of nearby targets in order to extend the mine life.

Business update and proposed use of proceeds

Hillgrove has secured a Pre-Export Facility of US$14 million (plus up to a further US$6 million subject to conditions) with Ventures Australia LLC, a subsidiary of Freepoint Commodities LLC, and a deferral and extension of the existing price participation obligations with Freepoint Metals & Concentrates LLC (“Freepoint”), who have had a long standing relationship with Hillgrove since providing early seed capital for the Kanmantoo project together with a LOM Offtake Agreement. In addition, Macquarie Bank Limited (“Macquarie”) will provide a AS$20 million Performance Bond Facility, primarily for the environmental bonds required to support the Kanmantoo project.

Sources and Uses of Funds – May 2015 to April 2016

<table>
<thead>
<tr>
<th>Sources (ASM)</th>
<th>Uses (ASM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted Cash</td>
<td>Restricted Cash</td>
</tr>
<tr>
<td>Available Cash</td>
<td>Repayment of Debt</td>
</tr>
<tr>
<td>Freepoint Debt and PP Deferral</td>
<td>Exploration</td>
</tr>
<tr>
<td>Rights Issue</td>
<td>Giant Cutback (12 Months)</td>
</tr>
<tr>
<td>Kanmantoo Cash Generation</td>
<td>Other Capex</td>
</tr>
<tr>
<td></td>
<td>Borrowing Expenses (12 Months)</td>
</tr>
<tr>
<td></td>
<td>Corporate Expenses (12 Months)</td>
</tr>
<tr>
<td></td>
<td>Working Capital</td>
</tr>
<tr>
<td>Total Sources of Funds</td>
<td>Total Uses of Funds</td>
</tr>
</tbody>
</table>

$70.2                                      $70.2

1 The sources and uses take into account various inputs, including the pricing structure under the off-take agreement with Freepoint, existing cost structures and current production levels at Kanmantoo Copper Mine, processing and mine-site operating expenses, and existing hedging arrangements, which are subject to the Risk Factors referred to in Section 8 of the Offer Booklet. It is important to recognise that the proposed use of funds is subject to change in line with emerging results, circumstances and opportunities, and may be changed by the Board at its discretion.
Both facilities have terms until 30 June 2018, with balances reducing from March 2016 for the Pre-export Facility and from March 2017 for the Bond Facility. This will allow the Company to pay down all debt by 30 June 2018 and provide cash backing of the environmental bonds.

Balance Sheet Extract

Following the Equity Raising, and in combination with the Pre-Export Facility, Hillgrove will strengthen its balance sheet:

<table>
<thead>
<tr>
<th></th>
<th>Audited 31 Dec 2014</th>
<th>Pro Forma 31 Mar 2016</th>
<th>Debt and Equity Raise</th>
<th>Pro Forma Post Equity Raise</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Receivables</td>
<td>13,866</td>
<td>12,579</td>
<td>7,200</td>
<td>19,779</td>
</tr>
<tr>
<td>Inventories</td>
<td>32,964</td>
<td>33,592</td>
<td></td>
<td>33,592</td>
</tr>
<tr>
<td>Financial Instruments</td>
<td>1,477</td>
<td>1,477</td>
<td></td>
<td>1,477</td>
</tr>
<tr>
<td>Other / Borrowing Costs</td>
<td>229</td>
<td>251</td>
<td></td>
<td>1,551</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>53,248</td>
<td>51,353</td>
<td>(19,000)</td>
<td>32,353</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>29,703</td>
<td>30,236</td>
<td>(4,000)</td>
<td>26,236</td>
</tr>
<tr>
<td>Borrowings</td>
<td>18,363</td>
<td>15,533</td>
<td>(15,000)</td>
<td>533</td>
</tr>
<tr>
<td>Financial Instruments</td>
<td>1,269</td>
<td>1,269</td>
<td></td>
<td>1,269</td>
</tr>
<tr>
<td>Other</td>
<td>3,911</td>
<td>4,315</td>
<td></td>
<td>4,315</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>0.91</td>
<td>0.93</td>
<td></td>
<td>1.74</td>
</tr>
<tr>
<td>Borrowings (Non-Current)</td>
<td>673</td>
<td>524</td>
<td>17,500</td>
<td>18,024</td>
</tr>
</tbody>
</table>

Note: Proceeds from equity raise presented net of estimated transaction costs. Adjustments for three months trading to 31 March 2016 based on unaudited management accounts. FX on debt raising is assumed to be 0.80.

Debt and Other Finance Facility Overview

Hillgrove has executed all documentation in respect of refinancing for the Company and will be working with Freepoint to meet all conditions precedent for the drawdown. The key terms of the financing package are set out below.

The commitments are:

i) a Pre-Export Facility (Ventures Australia LLC)
   - US$14 million cash advance term loan facility (plus up to a further US$6 million subject to conditions)
   - Fully amortised over the life of the facility with a 10 month interest only period
   - Final repayment date is 30 June 2018
   - Initial deferral and then extension of existing price participation obligations pursuant to the LOM Offtake Agreement with Freepoint;

ii) a Performance Bond and Guarantee Facility (Macquarie)
   - A$20 million performance bond facility
   - Matures on 30 June 2018 with gradual cash backing from March 2017
   - To be used primarily for Department of State Development environmental bond and ElectraNet bank guarantee;

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iii) An Initial Minimum Hedging Program of approximately 25,000 tonnes of AUD copper swaps from July 2015, including current hedge book of 17,000 tonnes at an average price of A$7,770;
iv) Discretionary Hedging Facility (which allows for up to 30,000 tonnes of AUD Copper and 10,000 ounces of Gold hedging).

**Equity Raising Overview**

Hillgrove will raise approximately A$10 million under a fully underwritten pro-rata non-renounceable rights issue of approximately 40.3 million new fully paid ordinary shares ("New Shares") to its shareholders on a 3 for 11 basis, at a fixed price of A$0.26 per share (the "Offer Price"). The Offer Price represents a 25.4% discount to Hillgrove's closing price on Friday, 22 May 2015, a 26.5% discount to the 5-day VWAP and a 21.1% discount to TERP.

The Equity Raising will be made to holders of ordinary shares in Hillgrove with a registered address in Australia and New Zealand (and such other jurisdictions as Hillgrove determines) ("Eligible Shareholders") as at 7.00pm (Sydney time) on Friday, 29 May 2015 (the "Record Date"). The Offer will open on Wednesday, 3 June 2015 and close at 5.00pm (Sydney time) on Monday, 15 June 2015.

Pursuant to the Equity Raising, Eligible Shareholders have the right to take up 3 New Shares for every 11 Shares held as at the Record Date ("Entitlement"). Eligible Shareholders can choose to take up all, part or none of their Entitlement. As the Equity Raising is non-renounceable, Eligible Shareholders cannot trade their Entitlements on ASX.

New Shares issued under the Equity Raising will rank equally with existing shares from the date of allotment.

The Equity Raising is fully underwritten by Freepoint and Wilson HTM Corporate Finance Ltd ("Wilson HTM") pursuant to an Underwriting Agreement dated 22 May 2015. Freepoint and Wilson HTM will subscribe for 70% and 30% of any shortfall shares, respectively. Wilson HTM is also acting as the Lead Manager to the Equity Raising.

**Indicative Equity Raising timetable:**

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares traded on an &quot;ex&quot; basis</td>
<td>Wednesday, 27 May 2015</td>
</tr>
<tr>
<td>Record Date for eligibility for the Offer</td>
<td>7.00pm (Sydney time), Friday, 29 May 2015</td>
</tr>
<tr>
<td>Offer Document despatched to Shareholders and Offer Opens</td>
<td>Wednesday, 3 June 2015</td>
</tr>
<tr>
<td>Closing Date of the Offer</td>
<td>5.00pm (Sydney time), Monday, 15 June 2015</td>
</tr>
<tr>
<td>Announcement of results of Offer, including undersubscriptions</td>
<td>Thursday, 18 June 2015</td>
</tr>
<tr>
<td>Allotment of New Shares and despatch of holding statements</td>
<td>Monday, 22 June 2015</td>
</tr>
<tr>
<td>New Shares commence trading on a normal settlement basis</td>
<td>Tuesday, 23 June 2015</td>
</tr>
</tbody>
</table>

1 Volume-weighted average price of $0.34, calculated for the five trading days up to and including 22 May 2015.
2 Theoretical ex-rights price of $0.317 is the theoretical price at which Hillgrove shares should trade immediately after the ex-date for the Equity Raising. The TERP is calculated using Hillgrove's last closing price on 22 May 2015.
Further information in relation to the Offer described in this announcement is set out in the Offer Booklet, which Hillgrove has filed with ASX today. The Offer Booklet contains important information, including key risks, and you should read the Offer Booklet, together with the personalised entitlement and acceptance form, in its entirety. Copies of the Offer Booklet will be despatched to Eligible Shareholders on or around Wednesday, 3 June 2015.

Nothing in this announcement constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the Offer.

The Equity Raising timetable is subject to change. Subject to its obligations under the Underwriting Agreement, Hillgrove reserves the right to vary the timetable without notice. Commencement of trading of New Shares is subject to confirmation from ASX.

Disclaimer and caution regarding forward looking statements

This release does not constitute an offer, invitation or recommendation to subscribe for or purchase any securities and neither this release nor anything contained in it shall form the basis of any contract or commitment.

In particular, this announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to a person acting for the benefit of a person in the United States, or in any other jurisdiction in which such an offer would be illegal. Any securities described in this announcement may not be offered or sold, directly or indirectly, in the United States, or to any persons acting for the account or benefit of a person in the United States, except in transactions exempt from, or not subject to, registration under the US Securities Act of 1933 (as amended) (the "Securities Act") and applicable US state securities laws. The shares in the Equity Raising have not been, and will not be, registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States.

This release contains certain "forward-looking statements". The words "anticipate", "believe", "will", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, production targets, the ability to secure financing, expansion and mine development timelines, infrastructure alternatives and financial position and performance are also forward-looking statements. Any forecast or other forward-looking statement contained in this release is subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the issuer, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward-looking statements. These forward-looking statements are based on information available to us as of the date of this release. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update these forward-looking statements.

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

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Page 4 of 4

Page 30
HILLGROVE RESOURCES

COMPANY UPDATE AND EQUITY RAISING

STEVE McCLARE CEO & MANAGING DIRECTOR DESIGNATE
RUSSELL MIDDLETON CHIEF FINANCIAL OFFICER
25 MAY 2015

HILLGROVE RESOURCES

TABLE OF CONTENTS

- Introduction .................................................. 3
- Debt Restructure ........................................ 9
- Equity Raising Overview ............................... 15
- Company Update ......................................... 21
- Important Notices on Key Risks and Foreign Selling Restrictions ................................. 26
HILLGROVE RESOURCES

INTRODUCTION

Hillgrove has today announced:

- A restructure and refinancing of Hillgrove’s debt facilities, designed to better match debt repayments to the revised LOM plan and provide flexibility for Hillgrove to pursue initiatives to extend Kanmantoo mine life.
- Initial deferral and then extension of copper price participation arrangements with Freeport to enhance medium term revenue.
- A 3 for 11 fully underwritten, non-renounceable entitlement offer at an issue price of $0.25 per share to provide for near mine exploration and resources expansion, strengthen the balance sheet, provide working capital and as a condition to the debt financing.
- Kanmantoo is progressing the Giant Pit cutback deeper into the main orebody, producing concentrates from satellite pit primary ore, commissioning the Controlled Potential Sulphidisation (CPS) oxide ore process, and continuing to reduce costs.

The incumbent CEO and Managing Director, Greg Hall, will step down from his role on 26 May 2015. Steven McClare, the existing General Manager – Kanmantoo Copper Mine, will assume the role of CEO and Managing Director, effective 27 May 2015, which reflects the Board’s renewed strategic focus on the operation and development of the Kanmantoo Mine.
HILLGROVE RESOURCES  INTRODUCTION  STRATEGY – ENHANCING SHAREHOLDER VALUE

THREE PILLARS FOR ENHANCING SHAREHOLDER VALUE

KANMANTOO MINE
- Productivity and cost focus to maximise free cash flow generation
- Grow reserves and extend mine life through lower costs and exploration

REGIONAL GROWTH
- Targeted regional prospects and exploration

CAPITAL MANAGEMENT
- Enabling the Company to maximise shareholder value through appropriate gearing, payment of dividends and other capital management initiatives

HILLGROVE RESOURCES  INTRODUCTION  ENHANCING SHAREHOLDER VALUE – KANMANTOO

- Productivity and cost improvements have enabled enhanced economic outcomes from the existing resource which provides the potential for a larger ultimate pit.
- A two year life extension was granted by the SA Government in July 2014.
- To facilitate extension, the Company continued its significant community engagement process and worked closely with various areas of the Local, State and Federal Governments.
- Q1 2015 copper production of 5,013t Cu, with CY15 guidance of 18,500 to 20,500t Cu in concentrates maintained (assuming current production levels not impacted by applicable risks, including those on pages 27-31).
HILLGROVE RESOURCES

INTRODUCTION

KEY CHALLENGES

- Cash reserves have not built as planned over last 6 months:
  - Underperformance of Nugent orebody has impacted operation cashflow;
  - Giant Pit cutback accelerated, funded from cash reserves.

- Existing debt facility repayment obligations mismatched to free cashflow profile and extended Kanmantoo mine life:
  - Constrains flexibility to pursue initiatives and enhance shareholder value (e.g. further extensions to Kanmantoo mine life).

- Limited reserve tail limits debt potential, and requires equity raise for life extension exploration and drilling work.

- Barclays Bank PLC has announced it is exiting the base metals market, and as such advised it would not be participating in the refinace of the Project Loan Facility.

- Hillgrove has paid back over A$40 million in debt and A$9 million in interest, plus put in a required A$20 million additional capital into Kanmantoo since production start up, being a significant part of cash generated.

HILLGROVE RESOURCES

INTRODUCTION

KEY INITIATIVES

- Continue to manage copper price through an active hedging program.

- Continuously drive unit costs lower through ongoing productivity and cost reduction initiatives, including:
  - re-evaluation of all input costs;
  - working with major contractors to continue productivity improvements/cost savings;
  - continuing to rationalise corporate and site overheads.

- Advance the Giant Pit cutback at the required mining rate to access the higher grade ore in the main Kanmantoo orebody by early 2016.

- Commission, then optimise the Controlled Potential Sulphidisation (CPS) plant to process stockpiled oxide and transition ore.

- Evaluate resource and mine life extension potential at Kanmantoo through both second Giant Pit cutback and northern extension exploration.

- Evaluate options for extraction of value from Indonesian exploration assets through joint venture, external investment or sale.

- Complete balance sheet restructure through debt refinancing and equity raising to match cashflows to LOM plan, and provide working capital to pursue LOM extension.
DEBT RESTRUCTURE

FUNDING SECURED TO REPAY DEBT AND PURSUE KEY INITIATIVES

- Executed Agreements provide:
  - Pre-export Facility of US$14 million, to refinance existing A$15 million project finance and mezzanine facilities;
  - potential to expand Pre-export Facility to US$20 million, subject to various conditions;
  - A$20 million performance bonds;
  - Ongoing access to extendable hedging arrangements.

- Initial deferral and then extension of copper price participation payment obligations pursuant to Freepoint Metals & Concentrate LLC offtake:
  - Deferral of near-term payment obligations to release additional cash for Giant Pit cutback;
  - extension to repay deferral, and in lieu of establishment and interest charges.

- Equity raising to supplement debt facilities and provide working capital flexibility to complete Giant Pit cutback and pursue exploration in support of further LOM extension:
  - 3 for 11 fully underwritten non-renounceable entitlement offer at $0.25 per share to raise approximately A$10 million.
HILLGROVE RESOURCES
DEBT RESTRUCTURE
PRE-EXPORT FACILITY – KEY TERMS

Lender: Ventures Australia LLC (a subsidiary of Freepoint Commodities LLC).

Facility: Tranche A (US$14 million), which is subject to meeting the conditions to financial close.

- Tranche B (US$6 million), which is subject to, among other conditions:
  - Freepoint approval and arranging bank funding to provide the loan; and
  - extension of Kanmantoo LOM plan through further ore reserve additions.

Maturity: 30 June 2018, with 12 month option to extend subject to extension to Kanmantoo LOM and further ore reserve additions.

Interest rate: Fixed, 8.5% p.a.


HILLGROVE RESOURCES
DEBT RESTRUCTURE
INVESTMENT HIGHLIGHTS – PERFORMANCE BOND FACILITY & HEDGING

Lender: Macquarie Bank Limited (MBL) providing performance bonds and hedging.

Commitment:
- until 30 March 2017: A$20 million;
- from 31 March 2017 until 29 June 2017: A$10 million;
- from 30 June 2017 until 22 September 2017: A$7.5 million;
- from 23 September 2017 until 30 March 2018: A$5 million; and
- from 31 March 2018 until 29 June 2018: A$2.5 million.

Maturity: 30 June 2018, with option to extend for 12 months, subject to approval.

Establishment: 2.0% of commitment at financial close.

Line fee: 3.5% p.a. on aggregate face value of all issued bonds, and 1.25% on any bonds for which cash collateral has been provided.

Use: Bonds to support Hillgrove Copper’s environmental rehabilitation bond to SA Government and project document security requirements.

Hedging:
- Initial Minimum Hedging Program of ~25,000 tonnes of AUD copper swaps from July 2015, includes current 17,000 tonnes at average A$7,770 price; and
- Discretionary Hedging Facility (allows for up to 30,000 tonnes of AUD Copper and 10,000 ounces of Gold hedging).
DEBT RESTRUCTURE
INVESTMENT HIGHLIGHTS – COMMON TERMS

- Financial close conditions precedent include:
  - delivery of security documents;
  - copper hedging is in place (or being conducted concurrently);
  - repayment of existing debt;
  - required liquidity balances are met;
  - amendment and restatement of offtake contract delivered; and
  - A$10 million equity raising has been initiated and underwritten.

- Both the Pre-Export Facility and the Performance Bond Facility, as well as hedging, will be supported by a security package and will benefit from agreed financial undertakings and required minimum account balances.

DEBT RESTRUCTURE
INVESTMENT HIGHLIGHTS – COMMON TERMS

- Dividend restrictions:
  - subject to lender approval;
  - compliance with financial undertakings;
  - distributions in a financial year do not exceed 50% of net profit after tax of the guarantor group;
  - minimum cash account balances met;
  - cash backing for the performance bonds as required; and
  - sufficient reserves for contested taxes.

- Events of Default and Review Events:
  - Market standard for a financing of this kind, including if the equity raise is not completed or the underwriting agreement is terminated due to a breach.
EQUITY RAISING OVERVIEW

Structure
- A 3 for 11 fully underwritten non-renounceable rights issue in order to raise A$10 million.
- Approximately 40.3 million shares to be issued.

Offer
- Rights issue will be priced at A$0.25 per share, which represents:
  - 25.4% discount to last close of A$0.335 (as at 22 May 2015);
  - 26.5% discount to 5 day VWAP¹; and
  - 21.1% discount to TERP².

Underwriters
- Freepoint and Wilson HTM Corporate Finance Ltd have fully underwritten the offer.
- Wilson HTM is Lead Manager.

Eligibility
- Australia and New Zealand and such other jurisdictions³ as Hillgrove determines, having regard to applicable securities laws, including the Corporations Act and the ASX Listing Rules.

¹ Volume weighted average price for the 5 days up to and including 22 May 2015.
² Theoretical ex-rights price of 0.317 per share is the theoretical price at which Hillgrove shares should trade immediately after the end date.
³ Refer to slide 02 for foreign selling restrictions for other jurisdictions.
### Purpose of Capital Raising

<table>
<thead>
<tr>
<th>Sources (ASM)</th>
<th>Uses (ASM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted Cash</td>
<td>Restricted Cash</td>
</tr>
<tr>
<td>Available Cash</td>
<td>Repayment of Debt</td>
</tr>
<tr>
<td>Freepoint Debt and PP Deferral</td>
<td>Exploration</td>
</tr>
<tr>
<td>Rights Issue</td>
<td>Giant Cutsback (12 Months)</td>
</tr>
<tr>
<td>Karmanooc Cash Generation</td>
<td>Other Capex</td>
</tr>
<tr>
<td></td>
<td>Borrowing Expenses (12 Months)</td>
</tr>
<tr>
<td></td>
<td>Corporate Expenses (12 Months)</td>
</tr>
<tr>
<td></td>
<td>Working Capital</td>
</tr>
<tr>
<td><strong>Total Sources of Funds</strong></td>
<td><strong>Total Uses of Funds</strong></td>
</tr>
<tr>
<td>$70.2</td>
<td>$70.2</td>
</tr>
</tbody>
</table>

1 The sources and uses take into account various inputs, including the pricing structure under the offtake agreement with Freepoint, existing cost structures and current production levels at Karmanooc Copper Mine, processing and mine-site operating expenses, and existing hedging arrangements, which are subject to the Risk Factors referred to in the "Important Notices" section of this presentation. It is important to recognise that the proposed use of funds is subject to change in line with emerging results, circumstances and opportunities, and may be changed by the Board at its discretion.

### EQUITY RAISING OVERVIEW

#### BALANCE SHEET EXTRACT

<table>
<thead>
<tr>
<th></th>
<th>Audited 31 Dec 2014</th>
<th>Pro Forma 31 Mar 2015</th>
<th>Debt and Equity Raise</th>
<th>Pro Forma Post Equity Raise</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td>48,236</td>
<td>47,999</td>
<td>8,500</td>
<td>56,399</td>
</tr>
<tr>
<td>Cash and Receivables</td>
<td>13,866</td>
<td>12,579</td>
<td>7,200</td>
<td>19,779</td>
</tr>
<tr>
<td>Inventories</td>
<td>32,664</td>
<td>33,592</td>
<td>33,592</td>
<td>33,592</td>
</tr>
<tr>
<td>Financial Instruments</td>
<td>1,477</td>
<td>1,477</td>
<td>1,477</td>
<td>1,477</td>
</tr>
<tr>
<td>Other / Borrowing Costs</td>
<td>229</td>
<td>251</td>
<td>1,300</td>
<td>1,551</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td>53,246</td>
<td>51,533</td>
<td>(19,000)</td>
<td>32,533</td>
</tr>
<tr>
<td>Payables</td>
<td>29,703</td>
<td>30,236</td>
<td>(4,000)</td>
<td>26,236</td>
</tr>
<tr>
<td>Borrowings</td>
<td>18,363</td>
<td>15,533</td>
<td>(15,000)</td>
<td>533</td>
</tr>
<tr>
<td>Financial Instruments</td>
<td>1,269</td>
<td>1,269</td>
<td>1,269</td>
<td>1,269</td>
</tr>
<tr>
<td>Other</td>
<td>3,911</td>
<td>4,315</td>
<td>4,315</td>
<td>4,315</td>
</tr>
<tr>
<td><strong>Current Ratio</strong></td>
<td>0.91</td>
<td>0.93</td>
<td>1.74</td>
<td></td>
</tr>
<tr>
<td>Borrowings (Non-Current)</td>
<td>673</td>
<td>524</td>
<td>17,500</td>
<td>18,024</td>
</tr>
</tbody>
</table>

Note: Proceeds from equity raise presented net of estimated transaction costs. Adjustments for three months trading to 31 March 2015 based on unaudited management accounts. FX on debt raising is assumed to be 0.80.
**EQUITY RAISING OVERVIEW**

**RIGHTS ISSUE TIMETABLE**

<table>
<thead>
<tr>
<th>EVENT</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Announcement of the Offer</td>
<td>Monday, 25 May 2015</td>
</tr>
<tr>
<td>Shares traded on an ex basis</td>
<td>Wednesday, 27 May 2015</td>
</tr>
<tr>
<td>Record date for Offer</td>
<td>Friday, 29 May 2015, 7:00pm (AEST)</td>
</tr>
<tr>
<td>Despatch of Offer Booklet / Offer Opens</td>
<td>Wednesday, 3 June 2015</td>
</tr>
<tr>
<td>Close of Offer</td>
<td>Monday, 15 June 2015, 5:00pm (AEST)</td>
</tr>
<tr>
<td>Shortfall notification to ASX</td>
<td>Thursday, 18 June 2015</td>
</tr>
<tr>
<td>Shortfall settlement</td>
<td>Friday, 19 June 2015</td>
</tr>
<tr>
<td>Allotment and issue of New Shares under the Offer</td>
<td>Monday, 22 June 2015</td>
</tr>
<tr>
<td>Commencement of trading for New Shares (normal basis)</td>
<td>Tuesday, 23 June 2015</td>
</tr>
</tbody>
</table>

Note: This timetable is subject to change. Subject to its obligations under the Underwriting Agreement, Hillgrove reserves the right to vary the timetable without notice. The commencement of trading of New Shares is subject to confirmation from the ASX.

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**EQUITY RAISING OVERVIEW**

**RATIONALE FOR SUPPORTING THE OFFER**

- Provides balance sheet flexibility and funding certainty throughout the important Giant Pit cutback program.
- Enables evaluation and drilling for extension of Kanmantoo mine life, including second Giant Pit cutback on existing resource, and immediate northern extension to Kavanagh/Giant orebody.
- Facilitates completion of debt refinance and better matches debt repayments to Kanmantoo mine life and cashflows.
- Targeting longer term and reliable copper production through the period of anticipated copper price strength based on market consensus.
Additional resource and exploration target range drilling around the existing mine has commenced, along with broader exploration lease work.

Further work is also underway on:

- Potential additional Giant Pit cutback giving extended mine life enabled by lower mining and processing costs.
- Exploration target range drilling into the northern extension of the Giant Pit.
- Incremental plant operational improvements to further reduce costs and increase copper recovery.
- New CPS plant for effective transitional and oxide ore treatment.
Lower costs potentially allow a second cutback on the Giant Pit with existing resource.

6,500mt of copper hedges added in April 2015 at a price of AUD7,917/mt (AUD3.59/lb) before margins. Post this transaction, Hillgrove has 19.6kmt of hedging at an average price of AUD7,765/mt (AUD3.52/lb).

An additional 7,500mt hedging to be completed within 14 days of financial close.
COMPANY UPDATE

INDONESIAN ASSETS

- Bird’s Head (porphyry copper/molybdenum) and Sumba (epithermal gold/porphyry copper) are advanced greenfields projects with historical databases and 4,000-5,000m initial drill programs completed by Hillgrove.

- Full socialisation with local communities undertaken prior to work commencing, and IUP’s in place allowing foreign ownership.

- After analysis and geochemical sampling, further walk up targets are ready to drill.

- Projects moved to care and maintenance and Perth and Jakarta offices closed to minimise expenditure, with only small local teams maintaining lease requirements and our local JV partners in Jakarta maintaining socialisation and Government contact.

- Searching for a local Joint Venture or funding partner for both projects, with the process to be further explored post the refinance.

IMPORTANT NOTICES
HILLGROVE RESOURCES

IMPORTANT NOTICE

RISK FACTORS

The business activities of Hillgrove are subject to risks, which include those which apply generally to investments in equity markets, and those which apply specifically to Hillgrove's business and the present stage of Hillgrove's operations. Some of these risks may be mitigated through the use of subordinated and contingent shares. However, many risks are outside the control of Hillgrove and its Directors and cannot be fully mitigated.

The future performance of Hillgrove and the future investment performance of its shares may be influenced by a range of factors, many of which are outside the control of Hillgrove or of any manager of any of its interests.

The following matters and sources of material risk factors are not to be construed as exhaustive. The Directors of Hillgrove, directors of its subsidiary companies and other key personnel of the group, may from time to time consider material risk factors that arise. All material risk factors are to be considered.

Specific risks of Hillgrove's business

The mining and processing operations present a range of complex, inherently high-risk activities which are closely regulated by existing mining environmental and occupational health and safety legislation. Hillgrove ensures a risk-based approach is applied to enable effective development and implementation of appropriate, practical engineering controls and safety systems. However, during the construction phases, risk levels have been increased.

A significant amount of Hillgrove's resources are already focused on the development of the Kanowna Belle Mine. Certain specific risks could affect the viability and success of the project, including:

- Resource estimates at Kanowna Belle may not be robust;
- The resource classification basis may not be appropriate;
- The conversion rates of resources to reserves may be inaccurate or inappropriate;
- Mining methods proposed may not deliver the required production forecasts and recovery and dilution parameters;
- Metallurgical test work may not reflect economic ore classification due to discrepancies in test results;
- Proposed process and equipment specifications may not be appropriate for the application or site conditions;
- Strategies for environmental protection and monitoring and pollution controls may be inappropriate;
- Project implementation timelines may not be achieved;
- If the project fails to meet operating performance and financial targets incorporated into the project financing arrangements, the Directors have the ability to request the ability to request changes to the project.
- Hedging arrangements for the project may not achieve its objectives;
- Onshore reserves may be less than currently reported;
- Mineralization quality may be lower than currently estimated;
- There may be limited or no availability of skilled labor or necessary contractor services;
- Significant cash flows may not materialize from the project within the expected timeframe;
- A significant operational failure requiring replacement capital expenditure in a shorter or increased manner than anticipated;
- The production plant may not meet expectations;
- Operation risks such as mechanical difficulties, human error, incorrect technical assumptions, unanticipated conditions, equipment failure, weather conditions, civil unrest, war and natural disasters, breakdown, corrosion, explosions, pollution, regulatory or legal, tax and other obligations, unexpected delays, delays in construction costs or capital or production losses, spoilage or plant and equipment, and other accidents which may result in injury or loss of human life and consequential employee compensation liable, and;
- There may be an unexpected increase in operating or production costs, the impact of which is not fixed.

Any material adverse development in relation to Kanowna Belle, such as any of these referred to above, would be likely to have a material adverse effect on the success of Hillgrove.

Cooper and other metals prices

Hillgrove's potential revenue will primarily be derived from the sale of copper and other metals. The price for copper and other metals fluctuates and are affected by many factors beyond Hillgrove's control. Nickel prices may impact supply and demand fluctuations, technical advancements, forward selling activities and other macro-economic factors. Hillgrove has a hedging strategy to mitigate the risks associated with

Foreign exchange

Hillgrove is subject to the risk of unfavourable movements in exchange rates. To the extent that Hillgrove has exposure to foreign currency denominated earnings that are not hedged, fluctuations in the Australian Dollar relative to the US Dollar may materially affect the cash flow and earnings which Hillgrove will receive from operations in Australian Dollar terms.

Dependence on key employees

Hillgrove's success and growth strategy depends heavily upon its managing director and a relatively small number of other senior executive employees. The loss of the services of one or more of these officers would have a material adverse effect on Hillgrove's business, operating results and financial condition.

Risks in securing refinancing or additional financing

Further exploration and development of recreational properties by Hillgrove may require Hillgrove to obtain further future financing through operational cash flow, joint venture, debt financing or refinancing, equity financing or other means. There is no assurance that Hillgrove will be successful in obtaining further financing when and if needed. Risks for mineral commodities may vary and make it difficult for Hillgrove to obtain debt financing or equity financing for favourable terms, or at all. Failure to obtain additional financing on a timely basis may cause Hillgrove to pursue development plans or other rights in respect of all of its properties. Furthermore, any material adverse change in the capital markets could have a material adverse impact on the ability of Hillgrove to raise further capital.

Joint ventures and reliance on third parties

Hillgrove does not own any of the gold projects in which it is involved. Through Hillgrove's participation in joint ventures and its role as contractor to third parties, it is subject to a number of third parties for the success of its current operations and for the development of its exploration properties. Problems caused by third parties may result in the potential to impact on the performance of Hillgrove. Any failure to perform its obligations may have a material adverse effect on Hillgrove and there can be no assurance that Hillgrove would be successful in attempting to enforce any of its contractual rights through legal actions.
Environmental risks
Hillgrove’s operations are subject to extensive Federal, State and local environmental laws and regulations. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for violations of such standards. Significant liability could be imposed on Hillgrove for violations of these laws and regulations. In addition, Hillgrove may have to bear the cost of any remediation required at the sites it operates. Hillgrove’s liability for such hazards may be significant and could adversely affect Hillgrove’s financial performance.

Insurance
Insurance of risk associated with mining operations is sometimes unavailable and sometimes affects premiums. If Hillgrove incurs uninsured losses or liabilities, its assets, profits and prospects will be adversely affected.

Contractual risks
Hillgrove is party to various contracts, including the Freight Agreement, with companies that depend on Hillgrove’s ability to achieve our objectives. These contracts are subject to termination or default if certain conditions are not met. There is a risk that these conditions may not be met, which could result in the termination of these contracts or the loss of business.

Dividends
There are restrictions on Hillgrove’s ability to pay dividends to its shareholders under the newly enacted insurance laws. These restrictions may affect the amount of dividends that Hillgrove can pay to its shareholders. In addition, future capital requirements and other relevant factors may affect Hillgrove’s ability to pay dividends.

Reserve and resource estimates
Reserve and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may be significantly lower now because of changes. Hillgrove has no assurance that these estimates are accurate or reliable, and it is possible that they could be materially incorrect. These estimates are subject to change and may require additional expenditures.
HILLGROVE RESOURCES

IMPORTANT NOTICE
RISK FACTORS (CONTINUED)

Production estimates
Actual future production may vary materially from targets and projections of future production for a variety of reasons. There is greater risk that actual production will vary from estimates of production made for properties under exploration or not yet in production or from operations that are to be re-started.

General business and market risks
There are numerous and material uncertainties in any forward-looking, which could materially affect Higgovre's earnings and the pricing of its shares, including:
- Movements in local and international economics and trade and capital markets, including general market volatility;
- Changes in interest rates and other general economic conditions;
- Changes in investor sentiment and perceptions;
- Unintended and substantial due to market activities, transaction, war and general conflict;
- Changes in government (local, monetary and regulatory policies and discretionary changes (including the impact of government actions in relation to access to mines and infrastructure, changes with environmental obligations, tax rates and royalties);
- Changes in accounting standards, or in the interpretation of accounting standards, which have an adverse impact on Higgovre;
- The risk of strikes, legislation and other liabilities directed at Higgovre;
- The risk of industrial action and workplace stopping by employees and contractors; and
- Changes in metal prices.

There is a risk that these will be inflation in the market for Higgovre's shares. This may increase the volatility in the price of these shares or may impair an investor's ability to enable an investment in Higgovre.

One of the Underwriters, Raptorian Limited and Concentrate (Pty) Ltd (formerly part of the JPMorgan group), currently holds an aggregate of approximately 6.7% of Higgovre's issued share capital and is also party to the Off-take Agreement referred to in this presentation. That entity (or its funding companies, as appropriate, has the ability to deal with those securities or dispose of any entity that holds that stake and has not given any commitments to maintain any stake at any particular level.

General exploration and development risks
Similar to other companies in the mineral resources sector, there are certain risks that could affect Higgovre which are substantially outside its control. These risks include:
- Unforeseen adverse geological or mining conditions and/or changes to predicted related risks;
- Increases in production costs;
- The risk of demand and supply for copper and gold in Australia and overseas markets and the effect on copper and gold prices;
- Changes in government regulations (including environmental regulations) and government impacts, such as royalties, call back charges and taxes; and
- Risks to local title, existing titles and any other act or breach as a result of adverse title claims.

HILLGROVE RESOURCES

IMPORTANT NOTICE
FOREIGN SELLING RESTRICTIONS

This document and the Prospectus do not constitute an offer of any ordinary shares in Higgovre ("Hogg Shares") in any jurisdiction in which it would be unlawful to do so. New Shares may not be offered or sold in any country outside Australia except to the extent permitted by law.

United Kingdom
Neither this information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no approval acquired. Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in or the Investment Authority in Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of New Shares, may be distributed or published, nor may New Shares be offered or sold, nor be made the subject of an invitation or solicitation for subscription or purchase, whether directly or indirectly, to persons in the UK or the UK or to any member of the public in the UK.

This document has been given to you on the basis that you are an existing shareholder of Higgovre Shares, in the event that you are not such a shareholder, please return this document to Higgovre immediately. You may not forward or circulate this document to any other person in Singapore. The offer is not made to do so in any country outside Australia except to the extent permitted by law.

United States
This document has been prepared for publication in Australia and may not be released, distributed or published, directly or indirectly, or into the United States. This document does not constitute an offer to sell, or Solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "US Person" as defined in Regulation S ("US Person") under the US Securities Act of 1933 (US Securities Act), or, for the account or benefit of any "US Person", as defined in Regulation S ("US Person") under the US Securities Act of 1933 (US Securities Act). Any securities described in this document have not been, and will not be, registered under the US Securities Act or may not be offered or sold in the United States or to any US Person, except in transactions exempt from, or not subject to, registration under the US Securities Act and other applicable US state securities laws.
HILLGROVE RESOURCES

IMPORTANT NOTICE

STANDARD

No representation or warranty is or will be made by any person (including Hillgrove Resources Limited ACN 004 237 135 ("Hillgrove", "Hillgrove"), or the "Company") and its officers, directors, employees, advisers and agents in relation to the accuracy or completeness of all or part of this document (the "Document"), or the accuracy, likelihood of achievement or realisation of any forecasts, projects or returns contained in, or implied by, this Document or any part of it. This Document is solely information derived from third party sources that has not been independently verified.

This Document contains certain forward-looking statements with respect to the financial conditions, results of operations and business of Hillgrove and certain plans and objectives of the management of Hillgrove. Forward-looking statements can generally be identified by the use of words such as "project", "forecast", "will", "believe", "expect", "may", "anticipate", "believe", "estimate", "may", "likely", "will", or similar expressions. Indications of, and guidance on, production targets, project development or timelines, exploration or expansion timelines, infrastructure developments, and financial position and performance are also forward-looking statements. Any forecast or other forward-looking statement contained in this Document involves known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions so as to data in events which may or may not be correct. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Hillgrove, and may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

Various factors may cause actual results or performance to differ materially. These include but are not limited to the following: risks specific to Hillgrove’s operations, credit risk, levels of supply and demand and world prices, regulation, or regulations throughout the world that affect Hillgrove’s business, tenor, experience, the risk of an adverse disclosure or other outcomes relating to governmental investigations, class actions or other claims, insurance in costs and expenses, and adverse or unexpected developments, financial or political developments (including without limitation relating to commodity prices).

You are cautioned not to place undue reliance on forward-looking statements. The forwad-looking statements are based on information available to us as of the date of this Document. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update these forward-looking statements.

This Document is provided for informational purposes only and is subject to change without notice. Subject to any obligations under applicable laws, regulations or securities exchange listing rules, Hillgrove disclaims any obligation or undertaking to release any updates or revisions to this Document to reflect any change in its forward-looking statements or in any forward-looking statement included in this Document. Therefore, you should not assume that the forward-looking information contained in this Document is correct as of any subsequent date.

Nothing contained in this Document constitutes investment, legal, tax or other advice. The information in this Document does not take into account the investment objectives, financial situation or particular needs of any recipient. Before making any investment decision, each recipient of this Document should seek independent professional advice in relation to this Document and any action taken is on the basis of this Document.

All currency referred to is in Australian dollars ($), unless otherwise indicated (e.g. US$).

Hillgrove moved to a 31 December year end and in 2014, prior year references are for CY14 and the current year for FY15, with Q1 Jan-Mar, Q2 Apr-Jun, Q3 Jul-Sep and Q4 Oct-Dec.

HILLGROVE RESOURCES

IMPORTANT NOTICE

COMPETENT PERSON STATEMENTS

ABOUT HILLGROVE

Hillgrove is an Australian mining company listed on the Australian Securities Exchange (ASX: HGO) focused on the operation of the Kanowna Belle Copper Mine in South Australia, and with exploration projects on its Indonesian tenements. The Kanowna Belle Copper Mine is located less than 55km from Adelaide in South Australia.

Competent Person’s Statement

The information in this release was prepared by Mr. Stephen Wright, MAusI, a Member of The Australasian Institute of Mining and Metallurgy. He is a full-time employee of Hillgrove Resources Limited and has sufficient experience relevant to the styles of exploration and types of deposits under consideration to爷 his competence as defined in the 2013 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (‘AOCRM Code’). Mr. Wright has consented to the inclusion in the release of the matters based on information in the form and context in which it appears.

The information in this release provides to Ore Reserves is based upon information compiled by Mr. Steven Jackson, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Jackson is a full-time employee of Hillgrove Resources Limited and has sufficient experience relevant to the styles of exploration and types of deposits under consideration to爷 his competence as defined in the 2013 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (‘AOCRM Code’). Mr. Jackson has consented to the inclusion in the release of the matters based on information in the form and context in which it appears.

Kanowna Belle: Weave Reserve in Dollars at 31st December 2021

<table>
<thead>
<tr>
<th>Resource Class</th>
<th>Quantity</th>
<th>Grade</th>
<th>Zinc</th>
<th>Silver</th>
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Kanowna Belle: Dove Reserve in Dollars at 31st December 2021

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Kanowna Belle: Weave Reserve in Dollars at 31st December 2012

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Kanowna Belle: Dove Reserve in Dollars at 31st December 2012

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Corporate Directory

Registered Office
Australia Square Suite 1709 Level 17
264-278 George Street
Sydney NSW 2000
Telephone: +61 2 8247 9300
Email: info@hillgroveresources.com.au
Fax: +61 2 8247 9399

Share Registry
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225 George Street
Sydney NSW 2000
Information Line: 1300 737 760
Telephone: +61 2 9290 9600
Fax: +61 2 9279 0664
Email: enquiries@boardroomlimited.com.au

Underwriters to the Offer
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58 Commerce Road
Stamford CT 06902
United States
Telephone: +1 203 542 6000

Wilson HTM Corporate Finance Ltd
Level 14, 99 Elizabeth Street
Sydney NSW 2000
Telephone: 1300 655 015

Securities Exchange Listing
Australian Securities Exchange (ASX)
ASX code: HGO (fully paid ordinary Shares)

Website
http://www.hillgroveresources.com.au