

25 May 2015

HILLGROVE RESOURCES LIMITED

\$10 MILLION 'LOW DOC' PRO RATA NON-RENOUNCEABLE ENTITLEMENT OFFER NOTIFICATION TO ELIGIBLE SHAREHOLDERS

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Dear Shareholder,

On 25 May 2015, Hillgrove Resources Limited (**HGO**) announced a 'low-doc' pro rata non-renounceable entitlement offer of new fully paid ordinary shares in HGO (**New Shares**) to raise approximately A\$10 million (**Offer**). The offer price is A\$0.25 per New Share (**Offer Price**). The Offer is fully underwritten by Freepoint Metals & Concentrates LLC (**Freepoint**) and Wilson HTM Corporate Finance Ltd.

New Shares issued under the Offer will rank equally with existing Shares.

OFFER AND USE OF PROCEEDS

The Offer consists of an offer to eligible shareholders (as described below, **Eligible Shareholders**). The Offer is being made in accordance with section 708AA of the Australian *Corporations Act 2001* (Cth) (**Act**) (as modified by Australian Securities and Investments Commission Class Order 08/35), meaning that no prospectus needs to be prepared. The Offer will be used 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, a subsidiary of Freepoint Commodities LLC;
- increasing HGO'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.

DETAILS OF THE OFFER

The Offer is being made to Eligible Shareholders on the basis of 3 New Shares for every 11 existing HGO shares held on the Record Date of 7.00pm (Sydney time) on Friday, 29 May 2015 (**Entitlement**).

ELIGIBILITY CRITERIA FOR THE OFFER

Eligible Shareholders are those persons who:

- are registered as a holder of HGO ordinary shares as at the Record Date, being 7.00pm (Sydney time) on Friday, 29 May 2015;
- have a registered address on the HGO share register in Australia and New Zealand, or such other jurisdictions as HGO determines;



- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds HGO ordinary shares for the account or benefit of such person in the United States), unless permitted in accordance with US law; and
- are eligible under all applicable securities laws to receive an offer under the Offer.

OFFER BOOKLET

This letter is not an offer document but rather an advance notice of some key terms and conditions of the Offer. Full details of the Offer are set out in an offer booklet dated 25 May 2015 (**Offer Booklet**), copies of which are available on the ASX website (www.asx.com.au) and HGO's website at www.hillgroveresources.com.au from 25 May 2015. Eligible Shareholders will be mailed an Offer Booklet, together with a personalised Entitlement and Acceptance Form which contains details of your Entitlement, on or around 3 June 2015. You should read the Offer Booklet carefully and in its entirety before deciding whether to participate in the Offer.

ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS

Your Entitlement may have value and it is important you determine whether (in whole or in part) to take up or do nothing in respect of your Entitlement. You should ensure you understand the tax consequences of any action that you take or of doing nothing. 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 they do not take up.

Take up an 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 the personalised Entitlement and Acceptance Form. Payment is due by no later than 5.00pm (Sydney time) on 15 June 2015. If you are having difficulty paying by BPAY® please call Boardroom Pty Ltd on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia), as the operator may be able to assist.

If you are unable to pay by BPAY® (for example you are a New Zealand based shareholder without an Australian bank account), you are able to pay by cheque, bank draft or money order, if accompanied by your completed Entitlement and Acceptance Form and received by Boardroom by no later than 5.00pm (Sydney time) on 15 June 2015.

Do nothing

If your Entitlements are not taken up they will lapse and you will not receive any value. In addition, your percentage holding in HGO will be reduced.

The tax consequences of taking up your Entitlement or from doing nothing may be different. Before taking up your Entitlement or choosing to do nothing in respect of your Entitlement, you should seek your own tax advice.

KEY DATES FOR ELIGIBLE SHAREHOLDERS

Announcement of Offer and lodgement of Offer Document with ASX	Monday, 25 May 2015
Shares traded on an "ex" basis	Wednesday, 27 May 2015
Record Date for eligibility for the Offer	7.00pm (Sydney time), Friday, 29 May 2015
Offer Document despatched to Shareholders and Offer Opens	Wednesday, 3 June 2015
Closing Date of the Offer	5.00pm (Sydney time), Monday, 15 June 2015
New Shares under the Offer commence trading on ASX on a deferred settlement basis	Tuesday, 16 June 2015
Announcement of results of Offer, including undersubscriptions	Thursday, 18 June 2015
Allotment of New Shares and despatch of holding statements	Monday, 22 June 2015
New Shares commence trading on a normal settlement basis	Tuesday, 23 June 2015

The above timetable is indicative only and subject to change. All times are references to Sydney time. HGO reserves the right to amend any or all of these events, dates and times without notice subject to the Act, the ASX Listing Rules and other applicable laws. In particular, HGO reserves the right to extend the closing date of the Offer, to accept late applications under the Offer (either generally or in particular cases), and to withdraw the Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares.

For further information on the Offer, please contact Boardroom Pty Ltd on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) from 8.15am to 5.00pm (Sydney time) Monday to Friday. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

The HGO Board is pleased to offer this opportunity to you.

Yours faithfully



The Hon. Dean Brown, AO
Chairman
Hillgrove Resources Limited

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES – IMPORTANT INFORMATION

This letter is issued by Hillgrove Resources Limited (ABN 73 004 297 116). This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in HGO in any jurisdiction. This letter does not constitute financial product advice and does not and will not form part of any contract for the acquisition of HGO ordinary shares.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia. In particular, neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be exercised or taken up by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of persons in the United States unless they are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

Certain statements made in this release are forward-looking statements. These forward-looking statements are not historical facts but rather are based on HGO's current expectations, estimates and projections about the industries in which HGO operates, and beliefs and assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of HGO, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. HGO cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of HGO only as of the date of this release. The forward-looking statements made in this release relate only to events as of the date on which the statements are made. HGO will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this release except as required by law or by any appropriate regulatory authority.

The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. Please read the Offer Booklet, and if you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.