

Tuesday, 2 June 2015

FINANCIAL CLOSE FOR DEBT AND BOND REFINANCING

Hillgrove Resources Limited (ASX:HGO) is pleased to announce the Company has finalised the secured debt facility arrangements with its two financiers, Macquarie Bank Limited and Ventures Australia LLC (subsidiary of Freepoint Commodities LLC). All conditions precedent required for full drawdown on the USD14 million Pre-export Facility, a deferral and extension of the existing price participation obligations, and replacement of the performance bonds were satisfied during the last week. Barclays Bank PLC which had previously supplied half of the senior debt, performance bonds, gold prepay loan and hedging are no longer a financier to Hillgrove with all outstanding debt repaid and hedging novated to Macquarie and performance bonds replaced.

In addition, the Company has completed the final tranche of the copper hedging required to achieve financial close, which in total was 14,000 tonnes at AUD7,797 per tonne after margins and distributed evenly between April 2016 to December 2017. The Company now has in place total hedging of 24,161 tonnes of copper forwards between July 2015 and December 2017 at an average price of AUD7,738.

Mr Steven McClare, CEO and Managing Director, said "The key achievement of the refinancing has been to align debt repayments with the current Life of Mine plan and to provide sufficient liquidity to undertake exploration which is intended to add to the current mine life. The next twelve months will be focussed on consistent production output and cost reductions across the Company, whilst advancing the cut back of Giant Pit. This will place the Company in a position to realise the maximum value from the Kanmantoo Project."

Mr McClare continued, "We wish to thank our Financiers for their continued support through the refinancing process and would like to take this opportunity to thank Barclays Bank PLC for their support of Hillgrove since construction of the Kanmantoo Copper Mine in 2010. We also look forward to continuing our relationship with Freepoint Commodities LLC and Macquarie Bank Limited"

The fully underwritten capital raise of approximately AUD10 million through a three (3) for eleven (11) Non-Renounceable Rights issue offer will close on 15 June 2015 which will finalise the refinancing.

For more information contact:

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ABOUT HILLGROVE

Hillgrove 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. The Kanmantoo Copper Mine is located less than 55km from Adelaide in South Australia. With construction completed in late 2011, Kanmantoo is an open-cut mine with a throughput of 3.0Mt p.a., to produce approximately 100,000 dry metric tonnes of copper concentrate per annum, containing approximately 20,000t copper and associated gold and silver per annum over the current life of mine.

Kanmantoo Global Mineral Resource Estimate at end February 2013

	JORC 2012 Classification	Tonnage (Mt)	Cu (%)	Au (g/t)	Ag (g/t)
In Situ Resource	Measured	2.63	0.88	0.10	1.95
	Indicated	21.77	0.82	0.23	2.21
	Inferred	5.0	0.67	0.13	1.79
		29.46	0.80	0.20	2.11
Long Term Stockpiles	Measured	1.39	0.46	N/A	N/A
	Indicated	0.50	0.18	N/A	N/A
		1.89	0.39	-	-
	Total	31.30	0.78	0.20	2.11

Note: In Situ Resource >0.20% Cu, Long Term Stockpiles >0.15% Cu.

Kanmantoo Global Ore Reserve Estimate at end February 2013

	JORC 2012 Classification	Tonnage (Mt)	Cu (%)	Au (g/t)	Ag (g/t)
In Situ Reserve	Proven	2.5	0.77	0.08	1.7
	Probable	18.2	0.72	0.20	2.0
		20.7	0.73	0.18	1.9
Long Term Stockpiles	Proven	1.4	0.46	N/A	N/A
		1.4	0.46	-	-
	Total	22.1	0.71	0.18	1.9

Note: In Situ Reserve >0.20% Cu. Long Term Stockpiles >0.15% Cu.

Competent Person's Statement

The information in this release that relates to Mineral Resources is based upon information compiled by Ms Michaela Wright, who is a Member of The Australasian Institute of Mining and Metallurgy. Ms Wright is a full-time employee of Hillgrove Resources Limited and has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code)'. Ms Wright has consented to the inclusion in the release of the matters based on their information in the form and context in which it appears.

The information in this release that relates to Ore Reserves is based upon information compiled by Mr Steven McClare, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr McClare is a full-time employee of Hillgrove Resources Limited and has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code)'. Mr McClare has consented to the inclusion in the release of the matters based on their information in the form and context in which it appears.