

# HILLGROVE RESOURCES

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The matters raised in this document will affect your shareholding in the Company.  
You are advised to read this document in its entirety before the General Meeting referred to below is convened.

### HILLGROVE RESOURCES LIMITED

ACN 004 297 116

# Notice of Annual General Meeting and Related Documentation

Notice of Annual General Meeting  
to be held at 10:00am (ACST)  
on Thursday 26 May 2016  
is included with these documents.

To be valid, Forms of Proxy for use at this meeting must be completed and returned to the Company no later than 10:00am (ACST) on Tuesday 24 May 2016.

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

## PART A: ABOUT THESE DOCUMENTS

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

You can vote by:

- attending and voting at the Meeting; or
- appointing someone as your proxy to attend and vote at the Meeting on your behalf, by completing and returning the Proxy Form to the Company or its share registry in the manner set out on the Proxy Form. The Company or its share registry must receive your duly completed Proxy Form by no later than 10:00am (ACST) on Tuesday 24 May 2016.

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

Please read the whole of this Document carefully, determine how you wish to vote and then cast your vote.

# PART B: LETTER FROM THE COMPANY SECRETARY

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Hillgrove Resources Limited

## HILLGROVE RESOURCES

22 April 2016

Dear Shareholder

I am pleased to invite you to attend our Annual General Meeting, being held at the Adelaide Pavilion, Veale Gardens, corner South Terrace & Peacock Road, Adelaide SA on Thursday 26 May 2016 at 10:00am (ACST). Enclosed with this letter is the Notice of Meeting which details the items of business to be dealt with.

If you are unable to join us you are encouraged to complete the enclosed Proxy Form. The signed Proxy Form should be returned as instructed in the Notice of Meeting by no later than 10:00am (ACST), Tuesday 24 May 2016. For details regarding voting by proxy please refer to the Notice of Meeting and instructions on the back of the Proxy Form. If you plan to attend the Meeting, please bring your Proxy Form with you to facilitate registration.

Shareholders who did not elect to receive a copy of the Company's annual report by mail are able to access it via our website, at [www.hillgroveresources.com.au](http://www.hillgroveresources.com.au), by clicking on the link on the home page or via the Investor section. Please remember you can update your communications preferences and holding details by contacting our registry, Boardroom Limited, [atenquiries@boardroomlimited.com.au](mailto:atenquiries@boardroomlimited.com.au) or on 1300 737 760.

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

Yours faithfully



**Paul Kiley**  
*Company Secretary*

 **HILLGROVE RESOURCES LIMITED** ACN 004 297 116  
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# PART C: NOTICE OF ANNUAL GENERAL MEETING

## HILLGROVE RESOURCES LIMITED

(ACN 004 297 116)

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

## SECTION 1: TIME AND PLACE OF MEETING

### VENUE

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

The Adelaide Pavilion  
Veale Gardens  
Corner South Terrace & Peacock Road,  
ADELAIDE SA 5000

### TIME AND DATE

The meeting will commence at **10:00am (ACST) on Thursday 26 May 2016**.

### HOW TO VOTE

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

### VOTING IN PERSON

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

### VOTING BY PROXY

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

- online at [www.votingonline.com.au/hgoagm2016](http://www.votingonline.com.au/hgoagm2016)
- by facsimile to Boardroom Limited on facsimile number +61 (02) 9290 9655;
- deliver to Boardroom Limited at Level 12, 225 George Street, Sydney NSW 2000, Australia;
- mail to Boardroom Limited at GPO Box 3993, Sydney NSW 2001, Australia; or
- directly to the Company, attention Company Secretary at 5-7 King William Road, Unley SA 5061, Australia;

so that it is received no later than **10:00am (ACST) on Tuesday 24 May 2016**.

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

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

## DETERMINATION OF MEMBERSHIP AND VOTING ENTITLEMENT FOR THE PURPOSE OF THE MEETING

For the purpose of determining a person's entitlement to vote at the Meeting and in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), a person will be recognised as a member and the holder of Shares if that person is registered as a holder of Shares at **7:00pm (ACST) on Tuesday 24 May 2016**.

## VOTING EXCLUSION STATEMENT

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

Resolution(s)	Excluded Voters
1	All Directors, other Key Management Personnel and their respective associates or any other closely related party (other than by means of a directed proxy)
2 and 3	None
4	All Directors and other potential participants in the OPR and their respective associates
5	All Directors and their respective associates (other than by means of a directed proxy)
6	All Directors and other potential participants in the GES Plan and their respective associates
7	All Directors, other Key Management Personnel and their respective associates or any other closely related party (other than by means of a directed proxy)

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

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with an express authorisation in the proxy form to exercise the proxy even though this resolution is connected with the remuneration of the KMP.

# PART C: NOTICE OF ANNUAL GENERAL MEETING

## PROXIES

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

The instrument appointing a proxy must be lodged, and any power of attorney or an office copy of a notarially certified copy thereof under which an attorney for a member appoints a proxy, must be lodged by no later than **10:00am (ACST) on Tuesday 24 May 2016** in accordance with the instructions provided in the Proxy Form.

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

## SECTION 2: RESOLUTIONS OF ANNUAL GENERAL MEETING

### BUSINESS

#### A. ACCOUNTS

To receive and consider the Company's financial statements for the 12 months ended 31 December 2015 (CY15) and the related reports of the Directors and auditor.

#### B. REMUNERATION REPORT

The Remuneration Report is in the Directors' Report section of the Company's 2015 Annual Report. In accordance with section 250R(2) of the Corporations Act, listed companies are required to submit the Remuneration Report to a vote for adoption at the Company's Annual General Meeting. The resolution will be determined as an ordinary resolution but is advisory only and does not bind the Directors or the Company.

To consider and, if thought fit, to pass, with or without amendment, the following motion:

#### Resolution 1 – Remuneration Report

***“That the Remuneration Report in the 2015 Annual Report of the Company be adopted.”***

For a detailed discussion of the circumstances material to a consideration of Resolution 1, please read Part D, Paragraph 2 below.

#### C. RE-ELECTION OF DIRECTOR

In accordance with the Constitution, Dean Craig Brown retires by rotation pursuant to Article 6.3, effective at the conclusion of this Meeting, and being eligible, offers himself for re-election.

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

#### Resolution 2 – Re-election of Director Retiring By Rotation

***“That Dean Craig Brown, AO is re-elected as a Director of the Company.”***

For a detailed discussion of the circumstances material to a consideration of Resolution 2, please read Part D, Paragraph 3 below.

#### D. ELECTION OF DIRECTOR

In accordance with the Constitution, Mitchell David Dawney being eligible, offers himself for election.

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

#### Resolution 3 – Election of Director

***“That Mitchell David Dawney is elected as a Director of the Company.”***

For a detailed discussion of the circumstances material to a consideration of Resolution 3, please read Part D, Paragraph 4 below.

**The candidate is not supported by the Board and it does not recommend the election of Mr Dawney.**

#### E. RE-APPROVAL OF OPTIONS AND PERFORMANCE RIGHTS PLAN

Further to the re-approval of the Company's Option and Performance Rights Plan (OPR Plan) on the 26 June 2013, it is sought that the OPR Plan (a copy of the terms and conditions of which are set out in full in Annexure A) be re-approved.

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

#### Resolution 4 – Re-approval of OPR Plan:

***“That for the purposes of Listing Rule 7.2, Exception 9(b) and for all other purposes, the Shareholders re-approve the Company's Option and Performance Rights Plan (OPR Plan).”***

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

# PART C: NOTICE OF ANNUAL GENERAL MEETING

## F. APPROVAL OF MANAGING DIRECTOR'S LONG TERM INCENTIVE

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

### Resolution 5 – Approval of Managing Director's Long Term Incentive

*"That for the purposes of Listing Rule 7.1 and Listing Rule 10.14 and for all other purposes, the Shareholders approve the proposed issue by the Company to Steven McClare of 2,500,000 Performance Rights which once issued and otherwise in accordance with the Hillgrove Option and Performance Rights Plan and as more particularly described in Part D of this document, will entitle Steven McClare to be issued with an equal number of Shares, upon and subject to the satisfaction of specific performance criteria by the second anniversary of the date of issue of those Performance Rights."*

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

## G. APPROVAL OF HILLGROVE GENERAL EMPLOYEE SHARE PLAN (GES Plan)

General Employee Share Plan (GES Plan) is an employee share plan that enables the Company to offer securities up to the value of \$1,000 per annum per employee, subject to certain qualifying conditions set down in Division 83A (ITAA 97) designed to encourage general employee equity participation in the Company.

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

### Resolution 6 – Approval of GES Plan and Share Issues under GES Plan to Employees:

*"That for the purposes of Listing Rule 7.2, Exception 9(b) and Section 260C of the Corporations Act 2001 and for all other purposes, issues under the Hillgrove General Employee Share Plan (GES Plan), on the terms set out in the Explanatory Notes accompanying this Notice of Meeting for the period from the date of this Meeting to and including the third anniversary of that date, be re-approved."*

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

## H. SPILL RESOLUTION (IF REQUIRED)

The following resolution will only be put to the Meeting if at least 25% of the votes cast on Resolution 1 in this Notice of Meeting are **AGAINST** the adoption of the Remuneration Report. A vote "for" Resolution 7 is a vote for a spill meeting.

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

### Resolution 7 – Spill Motion

*"That:*

- (a) a general meeting (Spill Meeting) be held within 90 days of the 2016 Annual General Meeting;*
- (b) all the Company's Directors (other than the Managing Director of the Company) who were Directors of the Company when the resolution to make the Directors' Report considered at this Meeting was passed, cease to hold office immediately before the end of the Spill Meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting pursuant to paragraph (b) above must be put to the vote at the Spill Meeting."*

For a detailed discussion of the circumstances material to a consideration of Resolution 7, please read Part D, Paragraph 8 below.

## I. OTHER BUSINESS

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

By order of the Board



**Paul Kiley**  
Company Secretary

Dated: 22 April 2016

# PART D: EXPLANATORY STATEMENT

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

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

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

## 1. Item A – Accounts

The Company's Financial Report for the 12 month period ended 31 December 2015 is set out in the Annual Report. In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on the Financial Report and on the business and management of the Company.

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

### WRITTEN QUESTIONS FOR THE AUDITOR

If you would like to submit a written question to the Company's auditor, please post your question to the Company Secretary or send it by facsimile to +618 8538 5255. Written questions must relate to the content of the auditor's report or the conduct of the audit to be considered at the Meeting. A list of qualifying questions will be made available at the Meeting.

Please note that all questions must be received at least four business days before the date of the Meeting, that is, by no later than 10.00am (ACST) on 20 May 2015.

## 2. Item B – Remuneration Report

The Remuneration Report is in the Directors' Report section of the Company's 2015 Annual Report. Listed companies are required to submit the Remuneration Report to a vote for adoption at the Meeting. The resolution will be determined as an ordinary resolution but is advisory only and does not bind the Directors or the Company.

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at two consecutive annual general meetings, the Company will be required to put a resolution to the second Annual General Meeting (**Spill Resolution**), to approve calling a general meeting (**Spill Meeting**).

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

The Remuneration Report for the financial year ended 31 December 2014 received a vote of more than 25% against its adoption at the Company's last annual general meeting held on 28 May 2015. Accordingly, if at least 25% of the votes cast on this Resolution 1 are against adoption of the Remuneration Report, Resolution 7 will be put to Shareholders.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and key management personnel of the Company. The Remuneration Report is part of the Directors' Report contained in the Annual Financial Report of the Company for the 12 month period ending 31 December 2015 which is also available on the Company's website at [www.hillgroveresources.com.au](http://www.hillgroveresources.com.au).

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

### PROXY RESTRICTIONS ON KEY MANAGEMENT PERSONNEL

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

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

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of KMP whose remuneration details are included in the Remuneration Report, or any Closely Related Party of that KMP member, as your proxy to vote on Resolution 1, please ensure that you direct them how to vote on Resolution 1. If you intend to appoint the Chairman as your proxy, you may also direct him or her how to vote by marking the first Chairman's box on the proxy form and then completing Step 2 with your Voting Directions (in which case the Chairman will vote your proxy vote as directed in relation to Resolution 1). By marking that Chairman's box, you acknowledge that the Chairman may exercise your proxy vote even though the Chairman has an interest in the outcome of Resolution 1 and that votes cast by the Chairman in relation to Resolution 1, other than as a proxyholder, would be disregarded because of that interest. If you appoint a member of the KMP other than the Chairman as your proxy and it is otherwise undirected, your vote will be disregarded by the Company for determining whether Resolution 1 has been duly approved.

## 3. Item C – Re-election of Hon Dean Brown as Director

Former Premier and Minister of the South Australian Government and Member of South Australian Parliament from 1973-1985 and 1992-2006. Dean was also Deputy Premier and Leader of the Opposition. He was a Director of AACM International Pty Ltd (1986-92), a Senior Agricultural Scientist, the Premier's Special Advisor on Drought (2007-11), a Director of the National Youth Mental Health Advisory Board (Headspace) (2006-09) and Chairman of InterMet Resources Limited (2008-13).

# PART D: EXPLANATORY STATEMENT

Dean undertakes corporate advisory consulting to a variety of companies and is also the Chairman of the Playford Memorial Trust (member since 2008 and Chairman since 2011), a Director of Foodbank SA (2006- ), a Director of Mission Australia (2012- ) and a member of several advisory Boards.

The Board (other than Mr Brown) unanimously recommends that Shareholders vote in favour of Resolution 2.

## 4. Item D – Election of Mitchell David Dawney as Director

Mr Mitchell David Dawney, an external non-Board endorsed candidate, has been nominated by a shareholder of the Company for election as a Director pursuant to clause 6.2 of the Company's Constitution and ASX Listing Rule 14.3. Mr Dawney has not provided any biographical details or a platform for election.

### Why the Board does not endorse the election of Mr Dawney

For the reasons outlined below, the Board does not endorse the election of Mr Dawney to the Board.

Hillgrove's Board has a succession planning process to identify and nominate potential Directors in a professional and structured manner. This nomination process considers the skills needed by the Board and the skills and expertise of serving Directors. This process allows the Board to identify skills and characteristics desirable in any new candidates. The Board undertakes this process as part of its Board performance reviews. The development of a list of potential Board candidates is managed by the Nomination Committee with the assistance of expert external advice. Prospective Director candidates with the required experience, expertise, skills and independence and diversity are then evaluated and references sought with appropriate external assistance. The Board's process balances the introduction of new skills to the Board while maintaining sufficient continuity, and aims to ensure that shareholders are given the opportunity to elect the most appropriately qualified and experienced candidates to the Board.

Mr Dawney is being nominated by a shareholder and he has **NOT** been identified through this selection process. The Board has not been able to form a view on his suitability as a Director and therefore cannot endorse his nomination.

In the absence of any formal selection process the Board cannot support the election of Mr Dawney to the Board.

## 5. Item E – Approval of OPR Plan

Further to the approval of the Company's Option and Performance Rights Plan (OPR Plan) scheme on the 26 June 2013, it is sought that the OPR Plan is re-approved.

In accordance with the provisions of Listing Rule 7.2, Exception 9(b), an entity that has obtained the prior approval of its shareholders to a proposed issue of shares or other securities under an "employee incentive scheme" may exclude those shares or other securities issued, from being included in the "15% rule" limit applicable under Listing Rule 7.1.

Accordingly, the Company is seeking shareholder approval to the OPR Plan.

As required by the provisions of Listing Rule 7.2, Exception 9(b):

- (a) a summary of all the material terms and conditions of the OPR Plan is set out in **Annexure A** to these Documents. The Company recommends that you read and carefully consider all those terms and conditions before voting on Resolution 4. A copy of the complete OPR Plan will be made available, free of charge, upon request by any Shareholder to the Company Secretary; and
- (b) since 26 June 2013, being the last date of Shareholder approval of the OPR Plan, the Company has issued 4,036,250 Performance Rights (on an 8:1 post consolidation basis) to a total of 18 employees under the provisions of the OPR Plan. As at 22 April 2016 there are 1,813,750 Performance Rights outstanding in respect of 14 employees.

**Voting Exclusion Statement:** the Company will disregard any votes cast on Resolution 4 by all Directors and other potential participants in the OPR Plan and their respective associates.

However, the Company need not disregard a vote cast on Resolution 4 if:

- (i) it is cast by any of the foregoing persons, as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 6. Item – Approval of Managing Director's Long Term Incentive

### BACKGROUND AND REASONS FOR RESOLUTION 5

The Board proposes to offer participation in the Options and Performance Rights Plan ("**OPR Plan**") to Steven McClare, the Managing Director and Chief Executive Officer of the Company. In accordance with the provisions of Listing Rule 10.14, the Company requires that Shareholders approve the grant of securities to Mr McClare under the OPR Plan.

The Board proposes to offer participation in the OPR Plan to Mr McClare by issuing to him of up to 2,500,000 performance rights ("**Performance Rights**") as described in this explanatory statement. Accordingly, Shareholder approval is sought for the grant to Mr McClare of up to that number of Performance Rights to Mr McClare under the OPR Plan ("**2016 LTIP Invitation**")

The terms of the proposed grant are explained in more detail below.

### DIRECTOR'S REMUNERATION

The proposed 2016 LTIP Invitation represents a gross dollar value equal to approximately 25% of Mr McClare's Total Fixed Remuneration, being approximately \$500,000 before any allowance for performance discounts. (Note in the current environment Mr McClare has agreed to this LTIP allowance being reduced from 60% to 25% of his Total Fixed Remuneration.

# PART D: EXPLANATORY STATEMENT

Also in December 2015 Mr McClare agreed to a 15% temporary reduction in his salary (to \$425,000), on the basis that his pre-reduction salary would be used to calculate all other employee benefits).

## MAXIMUM NUMBER OF SHARES

Each vested Performance Right will convert into one Share. Accordingly, the maximum number of Shares that may be acquired by Mr McClare through his exercise of the Performance Rights is 2,500,000 Shares.

## PRICE PAYABLE ON GRANT OR EXERCISE OF PERFORMANCE RIGHTS

Mr McClare will not be required to pay any amount on either the grant or vesting of his Performance Rights under the 2016 LTIP Invitation or upon exercise of any of those Performance Rights, once vested. The Performance Rights are not transferable.

## NAMES OF ALL PERSONS WHO RECEIVED SHARES OR PERFORMANCE RIGHTS UNDER THE LAST APPROVAL

Since the last approval that occurred at the Company's last annual general meeting on 26 June 2013, 875,000 Performance Rights (7,000,000 on an 8:1 pre-consolidation basis) were issued to Mr G Hall, the then Chief Executive Officer and Managing Director of the Company. Mr Hall ceased being the Chief Executive Officer and Managing Director of the Company on 26 May 2015. No cash consideration was payable by Mr Hall in respect of the issue of those Performance Rights and they were duly cancelled.

## NAMES OF ALL DIRECTORS, ASSOCIATES OF DIRECTORS PERSONS WHO ASX REGARDS AS RELATED TO THE COMPANY, WHO ARE ENTITLED TO PARTICIPATE IN OPR PLAN

At the date of this Notice, the only Director entitled to participate in OPR Plan is Mr McClare.

## TERMS OF ANY LOAN RELATING TO THE ACQUISITION OF SHARES

There are no loans relating to the exercise of any Performance Rights or the acquisition of any Shares under the OPR Plan.

## DATE BY WHICH GRANTS OF PERFORMANCE RIGHTS MAY BE MADE

It is proposed that the Performance Rights will be granted to Mr McClare no later than 12 months after shareholder approval is received in respect of the 2016 LTIP Invitation.

## REQUIREMENTS FOR APPROVAL

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

## ASX LISTING RULE 10.14

Under Listing Rule 10.14, an entity must not issue securities to a related party (such as a Director or a company controlled by a Director) under an employee incentive scheme without the approval of Shareholders. Accordingly, approval of Shareholders is sought for the purpose of Listing Rule 10.14 to enable the Company to make grants of Performance Rights, and subsequently issue or transfer Shares, to Mr McClare.

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

## ASSESSED VALUE OF THE BENEFIT

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

The values attributable are based on variables determined at the date of valuation and are indicative only. The Company will prepare and report a valuation based on actual variables at the date of issue, if approved and granted.

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

Input variables:	
Valuation date	5-Apr-16
Share price at valuation date	\$0.05
Exercise Price	\$0.00
Risk free rate assumed	1.85%
Expected dividend yield assumed	0.00%
Standard deviation assumed	72.34%
Number of days	790
Assessed value per Performance Right	\$0.05
Number of Performance Rights	2,500,000

### Gross estimated annualised value

*(before discount for performance probabilities)\**

2016 Financial Year	\$ 36,472
2017 Financial Year	\$ 62,500
2018 Financial Year	\$ 26,027
	<b>\$ 124,999</b>

\* Assumes 1 June 2016 grant

## POTENTIAL VALUE OF THE BENEFIT TO STEVEN MCCLARE

2,500,000 Performance Rights represents approximately 1.3% of the current issued capital of the Company. A benefit will accrue to Mr McClare only if the service and performance conditions set out below are satisfied.

Depending on the future value of the Shares, and assuming all the conditions of the 2016 LTIP Invitation are satisfied, the estimated value of the benefit under a number of future share price assumptions is as follows:

# PART D: EXPLANATORY STATEMENT

Future Share Price	Potential Value of the benefit (\$m)*	Company Market Capitalisation if potential benefit achieved (\$m)^
\$0.10	\$0.25	\$18.8
\$0.12	\$0.30	\$22.6
\$0.15	\$0.38	\$28.2
\$0.20	\$0.50	\$37.6

\* Assumes performance and service conditions met and does not include any dividend benefit.

^ Assumes constant issued capital of 188,109,342 Shares.

## PERFORMANCE CONDITIONS

The number of Performance Rights which will vest in accordance with the Plan Rules and the invitation is dependent on performance conditions which can be summarised as follows:

### Performance Condition : External Performance Condition (TSR outperformance)

100% of the Performance Rights are subject to an external Performance Condition, namely, the Company's Total Shareholder Return (TSR) performance relative to the component companies in the S&P/ASX Small Resources Accumulation Index measured over the Measurement Period. Companies that are removed from the starting list for any reason over the Measurement Period will be tested up until their removal date and their position determined at that date will be carried forward.

Vesting of the Performance Rights subject to the TSR outperformance condition will be calculated based on the following percentile results in the table below:

TSR Ranking versus component companies in the S&P/ASX Small Resources Accumulation Index	% of Performance Rights to vest
Below the 50th percentile	0% vest
Between the 50th and 75th percentile	3% vesting per percent above 50 percentile on a straight line interpolation for each percentile ranking
At or above the 75th percentile	100% vest

TSR will be measured by an independent third party over the Measurement Period being the period from the Grant Date to the second anniversary of the Grant Date.

## SERVICE CONDITIONS

The vesting of the Performance Rights is also subject to Mr McClare remaining continuously employed with the Company until the Vesting Date.

The **Vesting Date** in relation to Mr McClare's 2016 LTIP Invitation Performance Rights will be the second anniversary of the Grant Date. The vesting period has been reduced to two years to reflect the current approved PEPR mine life.

## PRICE PAYABLE ON GRANT OR EXERCISE OF PERFORMANCE RIGHTS

Mr McClare will not be required to pay an amount on grant or vesting of Performance Rights.

## CHANGE OF CONTROL

Subject to the Listing Rules, if a "Change of Control Event" occurs, all unvested Performance Rights will vest on a pro-rata basis. Subject to the Listing Rules, the balance of unvested Performance Rights may also vest at the discretion of the Board.

## EXERCISE ON VESTING

Any Performance Rights that are subject to the 2016 LTIP Invitation and that vest after having met the performance and service conditions may be exercised once the performance condition has been determined and an equal number of Shares will be issued to Steven McClare. Any unvested Performance Rights will lapse.

## LAST EXERCISE DATE

The Last Exercise Date will be 31 July 2018, allowing sufficient time for the TSR hurdle test to be completed and approved.

## NO RIGHT TO DIVIDENDS, BONUS OR RIGHTS ISSUES

None of the Performance Rights that are subject of the 2016 LTIP Invitation confer on the holder an entitlement to receive dividends or to participate in bonus issues or rights issues until such time as those Performance Rights vest and Shares are issued or transferred.

## NO VOTING RIGHTS

The Performance Rights that are subject of the 2016 LTIP Invitation do not confer an entitlement to vote at general meetings of the Company until such time as the Performance Rights vest and Shares are issued or transferred.

## NON-QUOTATION

The Company will not apply to the ASX for official quotation of the Performance Rights that are the subject of the 2016 LTIP Invitation. Shares issued pursuant to the vesting of a Performance Right will rank equally with the Shares then on issue and will be the subject of an application by the Company for official quotation.

## DISCLOSURE OF GRANTS UNDER THE PLAN

Details of any securities, including Performance Rights, granted under the OPR Plan will be disclosed in the Company's annual report relating to the period in which those securities have been issued, and that approval for the issue of those securities was obtained under Listing Rule 10.14.

## VOTING EXCLUSION STATEMENT

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

- Steven McClare; and
- any associate of Steven McClare.

However, the Company will not disregard a vote if:

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

# PART D: EXPLANATORY STATEMENT

## 7. Item G – Approval of Share Issue to Employees under General Employee Share Plan

Further to the approval of the Company's General Employee Share Plan (**GES Plan**) scheme on the 26 June 2013, it is sought that the GES Plan is re-approved.

In accordance with the provisions of Listing Rule 7.2, Exception 9(b), an entity that has obtained the prior approval of its shareholders to a proposed issue of shares or other securities under an "employee incentive scheme" may exclude those shares or other securities issued, from being included in the "15% rule" limit applicable under Listing Rule 7.1.

Accordingly, the Company is seeking shareholder approval to the GES Plan.

As required by the provisions of Listing Rule 7.2, Exception 9(b):

- (a) a summary of all the material terms and conditions of the GES Plan is set out in **Annexure B** to these Documents. The Company recommends that you read and carefully consider all those terms and conditions before voting on Resolution 5; and
- (b) since 26 June 2013, being the last date of Shareholder approval of the GES Plan, the Company has not issued any shares to employees under the provisions of the GES Plan.

A copy of the GES Plan Rules and Trust Deed may be requested from the Company Secretary, at no cost.

**Voting Exclusion Statement:** the Company will disregard any votes cast on Resolution 6 by all Directors and other potential participants in the GES Plan and their respective associates.

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

- (i) it is cast by any of the foregoing persons, as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 8. Item H – Spill Resolution

As set out above in the Explanatory Memorandum relating to Resolution 1, the 2015 Annual Report contains a Remuneration Report which sets out the policy for the remuneration of the Directors and executives of the Company (Remuneration Report). In accordance with section 250R(2) of the Corporations Act the Company is required to put the Remuneration Report to its Shareholders for adoption.

At the Company's 2015 Annual General Meeting, over 25% of the votes cast were against the adoption of the 2014 Remuneration Report. Due to that shareholder decision if at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report, the Company will be required to put this Resolution 7 (Spill Resolution) to the 2016 Annual General Meeting, to approve calling a general meeting.

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene a Spill Meeting within 90 days of the 2016 Annual General Meeting. All of the Directors who were in office when the relevant Directors' Report was approved, other than the Managing Director, cease to hold office immediately before the end of the Spill Meeting. Resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting will be put to the vote at the Spill Meeting.

Shareholders should be aware that the convening of a spill meeting will result in the Company incurring material additional expense in conducting a meeting (including legal, printing, mail out and registry costs) as well as potential disruption to its focus on core business operations as a result of management distraction, the time involved in organising such a meeting and the diversion of resources. A spill meeting would likely have an impact on the market value of the Company.

Moreover shareholders should note that there are no voting exclusions applicable to resolutions appointing Directors at any subsequent meeting of Shareholders. This would mean there is no barrier to the existing major shareholders of the company exercising their voting rights to reappoint the existing Directors of the Company without any changes to the composition of the Board.

In the Board's view it would be inappropriate to remove all of the non-executive directors in the circumstances. However, the Board recognises that Shareholders can remove a director by a majority Shareholder vote at anytime for any reason.

As a public company it is a requirement to have a minimum of three directors, the Corporations Act includes a mechanism to ensure that the Company will have at least three directors (including the Managing Director) after the Spill Meeting. If at the Spill Meeting, three Directors are not appointed by ordinary resolution, the persons taken to be appointed are those with the highest percentage of votes favouring their appointment cast at the Spill Meeting on the Resolution for their appointment (even if less than half the votes cast on the Resolution were in favour of their appointment).

As the Directors' have an interest in the outcome of Resolution 8, the Directors do not make any recommendation to Shareholders as to how the Shareholders should vote on Resolution 7.

## VOTING

Note that a voting exclusion applies to Resolution 7 in the terms set out in the Notice of Meeting. In particular, the Directors and other Key Management Personnel and their respective associates may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair intends to use any such proxies to vote against the Resolution. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 8, in which case an ASX announcement will be made.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

# PART E: GLOSSARY

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

## **2015 Annual Report**

the Company's Annual Report for the 12 month period ended 31 December 2015.

## **ACST**

Australian Central Standard Time

## **ASIC**

Australian Securities & Investments Commission.

## **ASX**

ASX Limited ACN 008 624 691 or the securities exchange market operated by it, as the context requires.

## **Board**

the board of Directors.

## **Change of Control an event:**

(a) where:

- (i) a person has, or is entitled to acquire, the right or power to secure, whether directly or indirectly, 50.1% or more in number of the issued share capital of the Company as a result of a takeover bid; and
- (ii) that takeover bid has become unconditional; or

(b) being the announcement by the Company that:

- (i) shareholders of the Company have, at a court convened meeting of those shareholders, voted in favour of, by the necessary majority, a proposed scheme of arrangement under which all the issued share capital of the Company is to be either:
  - (A) cancelled; or
  - (B) transferred to a third party; and
- (ii) the court, by order, approved that proposed scheme of arrangement.

For the purposes of this Document and any part thereof, the acquisition of all or any of the Consideration Securities and the acquisition of all or any Shares that

are issued as a result of the conversion or enforcement of any Performance Rights, will not be taken into account when determining whether or not a Change of Control Event has occurred.

## **Company**

Hillgrove Resources Limited ACN 004 297 116.

## **Constitution**

the constitution of the Company.

## **Corporations Act**

Corporations Act 2001 (Commonwealth).

## **Director**

a director of the Company.

## **Document**

this document entitled "Notice of Annual General Meeting and Related Documentation" and any annexures or schedules to or of the foregoing.

## **Eligible Employee**

a full or part time employee of the Company who is determined by the Board as eligible for a GES Plan invitation.

## **Eligible Person**

a member of the senior executive management of the Company and any other person nominated by the Board.

## **EST**

Employee Share Trust established to administer the company's employee share schemes in accordance with the rules of those plans.

## **GES Plan**

General Employee Share Plan designed in compliance with the exempt benefit provisions of Division 83A (ITAA 97) and the material terms and conditions of which are more particularly set out in **Annexure B**.

## **Grant Date**

the date upon which the Performance Rights are issued to Mr McClare in accordance with the OPR Plan.

## **Invitation**

an invitation from the Board to an Eligible Person to participate in the OPR Plan.

## **Key Management Personnel**

those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

## **Listing Rule**

the listing rules of the ASX as amended from time to time.

## **Meeting**

the Annual General Meeting referred to in the Notice.

## **Notice or Notice of Meeting**

the Notice of Annual General Meeting, forming part of this Document.

## **OPR Plan**

the Hillgrove Option and Performance Rights Plan as constituted by the Rules adopted by the Company on 3 December, 2010, and the material terms and conditions of which are more particularly set out in **Annexure A**.

## **Option**

the right to acquire a Share.

## **Performance Right**

a right to acquire a Share, the terms and conditions of which are set out in **Annexure A**.

## **Proxy Form**

the proxy form attached to this Document.

## **Resolution**

a resolution set out in the Notice.

## **Share**

a fully paid ordinary share in the Company.

## **Shareholder**

a registered holder of Shares.

# ANNEXURE A

## MATERIAL TERMS AND CONDITIONS OF HILLGROVE OPTION AND PERFORMANCE RIGHTS PLAN

### PLAN RULES

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

### ELIGIBLE PERSONS

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

### OPTIONS OR RIGHTS TO ACQUIRE SHARES

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

### INVITATION TO PARTICIPATE

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

### PERFORMANCE RIGHTS ARE NON-TRANSFERABLE

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

### EXERCISE PRICE

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

### CONSIDERATION

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

### EXERCISE OF PERFORMANCE RIGHTS

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

### EARLY CESSATION OF EMPLOYMENT

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

### CHANGE OF CONTROL

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

### PERFORMANCE HURDLES

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

# ANNEXURE A

## RESTRICTIONS ON DISPOSAL

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

## SOURCE OF SHARES

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

## PAYMENT FOR SHARES

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

## NO LOANS

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

## NO HEDGING OF UNVESTED OPTIONS OR PERFORMANCE RIGHTS

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

## TRUST

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

## RECONSTRUCTIONS, BONUS AND RIGHTS ISSUES

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

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

## LIMITATION ON ISSUES

The number of Shares that may be issued under the OPR Plan is set with regard to the limits prescribed by the Australian Securities & Investments Commission (**ASIC**) with respect to employee share scheme offers that may be made without the issue of a prospectus.

Where an offer of Performance Rights or Options under this Plan is made in reliance of Class Order 14/1000 the Company must, at the time of making the offer, have reasonable grounds to believe that the number of underlying eligible products in a class of underlying eligible products that form part of the issued capital of the listed body that have been or may be issued in any of the circumstances covered by the following paragraphs will not exceed 5% of the total number of underlying eligible products in that class on issue:

- (a) underlying eligible products that may be issued under the offer;
- (b) underlying eligible products issued or that may be issued as a result of offers made at any time during the previous 3 year period under:
  - (i) an employee incentive scheme covered by this instrument; or
  - (ii) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.

## AMENDMENTS TO PLAN RULES

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

Exceptions to this permit amendment for the purpose of complying with State or Commonwealth legislation or to address any adverse tax implications for Participants generally or by any member of the Hillgrove Group.

A copy of the OPR Plan Rules are available on request to the Company Secretary.

# ANNEXURE B

## MATERIAL TERMS AND CONDITIONS OF HILLGROVE GENERAL EMPLOYEE SHARE PLAN

### SUMMARY OF TERMS OF GES Plan

The GES Plan enables eligible employees to be granted Shares up to the value of \$1,000 each year on a tax exempt basis.

All eligible permanent employees at the time of offer may be invited to subscribe for Shares valued at up to \$1,000 at the time of the offer, or such lower level as the Board may determine. The Company may provide the Shares without contribution from the applicable employee or with contributions from the employee, depending on the circumstances of the offer and its incentive and remuneration purpose. In addition, the Company will satisfy the cost of administration of the GES Plan.

### ENTITLEMENT TO SHARES

Shares offered under the GES Plan must be held under the terms of the HEST on behalf of the employees for three years while they remain employed.

### FORFEITURE OF SHARES

Shares offered under the GES Plan cannot be subject to forfeiture.

### ELIGIBLE EMPLOYEE

The GES Plan will be used for offers to eligible invited employees of the Hillgrove group of companies (**Hillgrove Group**) as approved by the Board of the Company (**Board**). Each such person who participates in the GES Plan is hereafter referred to as an Eligible Employee.

### INVITATION TO PARTICIPATE

Under the GES Plan Rules, the Board may invite an Eligible Employees to apply for the grant of up to \$1,000 in Shares of the Company.

### CONSIDERATION

An Eligible Employee may be required to pay for some or none of the \$1,000 subject to Board discretion.

### RESTRICTED PERIOD

The Shares cannot be sold or transferred for a three year period commencing on the date on which the shares are allocated to the Eligible Employee (**Grant Date**).

### EARLY CESSATION OF EMPLOYMENT

If the Eligible Employee ceases employment with any member of the Hillgrove Group during the Restricted Period he will forfeit the shares.

### CHANGE OF CONTROL

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

### SOURCE OF SHARES

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

### PAYMENT FOR SHARES

Any costs associated with the administration of the GES Plan will be paid by the Company.

### TRUST

The GES Plan will operate and be administered under a special purpose 'sole activities' Hillgrove Employee Share Trust (**HEST**), established by the Company for the sole purpose of subscribing for or acquiring, delivering, allocating and holding Shares for the benefit of Eligible Employees under the GES Plan.

### LIMITATION ON ISSUES

The number of Shares that may be issued under the GES Plan is set with regard to the limits prescribed by the Australian Securities & Investments Commission (**ASIC**) with respect to employee share scheme offers that may be made without the issue of a prospectus.

Where an offer of Shares under the GES Plan is made in reliance of Class Order 14/1000 the Company must, at the time of making the offer, have reasonable grounds to believe that the number of underlying eligible products in a class of underlying eligible products that form part of the issued capital of the listed body that have been or may be issued in any of the circumstances covered by the following paragraphs will not exceed 5% of the total number of underlying eligible products in that class on issue:

- (a) underlying eligible products that may be issued under the offer;
- (b) underlying eligible products issued or that may be issued as a result of offers made at any time during the previous 3 year period under:
  - (i) an employee incentive scheme covered by this instrument; or
  - (ii) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.

### SHAREHOLDING RIGHTS

Shares issued under the GES Plan carry full shareholder rights such as in relation to participation in rights and bonus issues, voting and dividends but will not participate in any dividend reinvestment plan, if any, unless specifically approved by the Board to do so at the time.

### VARIATION OF RULES

The Board may alter the rules of the GES Plan or their application subject to the Listing Rules. Prior approval by ordinary resolution of the Shareholders will be required for amendments which are to the advantage of participants and which relate to certain specified events.

A copy of GES Plan rules are available on request from the Company Secretary.

## All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)
- ☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am (ACST) on Tuesday, 24 May 2016**

### 🖥 TO VOTE ONLINE

### 📱 BY SMARTPHONE

- STEP 1: VISIT [www.votingonline.com.au/hgoagm2016](http://www.votingonline.com.au/hgoagm2016)
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)
- STEP 3: Enter your Voting Access Code (VAC):



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

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

#### Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

#### Proxy which is a Body Corporate

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

#### STEP 3 SIGN THE FORM

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

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

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

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

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

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am (ACST) on Tuesday, 24 May 2016**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged:

- 🖥 **Online** [www.votingonline.com.au/hgoagm2016](http://www.votingonline.com.au/hgoagm2016)
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
- 👤 **In Person** Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

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

**Your Address**  
This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

**PROXY FORM**

**STEP 1 APPOINT A PROXY**

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

the Chair of the Meeting (mark box)

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **Adelaide Pavilion, Veale Gardens, Corner South Terrace & Peacock Road, Adelaide SA 5000 on Thursday 26 May 2016 at 10:00am (ACST)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1, 4, 5, 6 & 7, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1,4,5,6 & 7 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of Resolution 1, 4, 5, 6 and against Resolution 7.

If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

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

		For	Against	Abstain*
Resolution 1	To Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	To re-elect Mr Dean Craig Brown as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	To elect Mr Mitchell David Dawney as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Re-approval of OPR Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Managing Director's Long Term Incentive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of GESP and Share Issue under GESP to Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>The Directors recommend you vote AGAINST Resolution 7</b>				
Resolution 7	Spill Resolution (if required)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>
Sole Director and Sole Company Secretary	Director	Director / Company Secretary