

Wednesday, 10 August 2016

BALANCE SHEET RESTRUCTURE UPDATE

The Board is pleased to advise that Hillgrove Resources Limited (the Company) has been progressively closing out its hedging (Australian Dollar copper swaps) over the past few weeks. The close out is now completed and hedge close out proceeds of A\$16.5m have been realised. Today the Company has signed the Refinancing Terms Letter with our financiers, Macquarie Bank Ltd (MBL) and Ventures Australia LLC (Ventures).

Under the Refinancing Terms Letter:

- The hedge proceeds will be held in a restricted cash account, along with the existing restricted cash of \$6.1m.
- The US\$13.65m senior debt owing to Ventures will be repaid from this restricted cash and the balance of the restricted cash will be returned to the Company. The Company has already converted the requisite funds into US\$ and therefore has no further exchange rate exposure in relation to this debt;
- The performance bond issued by MBL in favour of the SA Government will be cancelled;
- The current performance bond issued by MBL to Electranet for \$1.64m will remain in place. The Company will be required to cash back 50% of the bond in December 2016 and the remaining 50% in March 2017, or earlier in the event the Company raises new debt.

These transactions are subject to finalisation of documentation with both the financiers and the SA Government.

This documentation, which will include securing the Company's performance obligations to the SA government on a first ranking basis, is well advanced and the financing restructure is expected to be completed within the next fortnight.

For more information contact:

Mr Steven McClare
CEO & Managing Director
Tel: +61 (0)8 7070 1698

Mr Paul Kiley
CFO and Company Secretary
Tel: +61 (0)8 7070 1698