

Tuesday 22 November 2016

NON-RENOUNCEABLE CONVERTIBLE NOTE OFFER

The Directors of Hillgrove Resources Limited (ASX:HGO, the Company) are pleased to announce a fully underwritten non-renounceable, pro rata entitlement offer of redeemable, convertible notes (**Notes**) to eligible shareholders in the Company as at 5.00pm CST on 28 November 2016 (**Record Date**).

The Company intends to issue approximately 5 million Notes at a price of \$1.00 per Note on the basis of 1 Note for every 37.62 Shares held as at the Record Date (together with 37.62 free attaching Options for every 1 Note subscribed for and issued) to raise approximately \$5 million (**Entitlement Offer**).

The Notes can be converted to Shares based on a formula with a maximum conversion price of \$0.03.

The Options will be exercisable at \$0.03 each and will expire on 20 September 2017. The Options, if exercised, would raise up to a further \$5,643,279 in additional funds.

The Company will apply to ASX within seven days after the date of the Prospectus for the Notes and Options issued under the Prospectus to be quoted on ASX.

Any new Shares issued on conversion of the Notes or exercise of the Options will be fully paid and will rank equally with the Company's existing issued shares and the Company will make an application to the ASX for official quotation of these new Shares.

Ariadne Capital Pty Ltd has agreed to fully underwrite the Entitlement Offer.

The funds raised pursuant to this Entitlement Offer will be used:

- to fund the cutback of the Giant Pit during a period of constrained cash flow;
- to cash back the \$1.6 million performance bond issued by Macquarie Bank Ltd in favour of Electranet Pty Limited; and
- for working capital purposes.

HILLGROVE RESOURCES LIMITED

The anticipated timetable for the Rights Issue is as follows:

EVENT	DESCRIPTION	DATE
Announcement date and lodgment of Appendix 3B with ASX	The Offer is announced	22 November 2016
Ex date	Existing shares commence trading without the entitlement to participate in the Offer	25 November 2016
Record date	The date for determining entitlements to new shares under the Offer	28 November 2016
Offer document despatch date	Offer documents lodged with ASX and despatched to Eligible Shareholders. Rights Issue opens for acceptances	30 November 2016
Closing date	The last day for receipt of acceptance forms	13 December 2016
Deferred settlement	Shares quoted on a deferred settlement basis	14 December 2016
Shortfall Notification Date	ASX is notified of any shortfall	16 December 2016
Issue date	Allotment of New Shares and deferred settlement ends	20 December 2016
Holding statement despatch date	Holding statements despatched to participating shareholders	20 December 2016
Normal trading start date	Normal trading of new shares issued under the Offer commences on ASX	21 December 2016

This timetable is indicative only and is subject to change at the discretion of the directors. The directors also reserve the right not to proceed with the whole or part of the Entitlement Offer at any time prior to allotment. In that event, application monies will be returned without interest.

Full details of the terms and condition of the Entitlement Offer will be contained in the Prospectus lodged with the ASX and to be despatched to Eligible Shareholders in accordance with the timetable set out above.

An Appendix 3B statement in respect of the Entitlement Offer is attached to this announcement.

For more information contact:

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