

Friday, 17 December 2010

### **HILLGROVE COMPLETES \$12.7 MILLION SHARE PURCHASE PLAN**

Hillgrove Resources Limited (ASX:HGO) is pleased to advise that the Company has received strong support for its Share Purchase Plan (SPP) from existing shareholders, raising \$12.7 million, and that it will accept all applications which comply with the SPP terms and conditions.

The SPP was announced on 28 October 2010 and closed on 14 December 2010 and follows the fully underwritten \$65 million share placement completed on 7 December 2010.

Hillgrove's Managing Director Drew Simonsen said he was pleased to see the opportunity to invest had been taken up so strongly among the Company's existing shareholders. "We have received an outstanding level of support from our retail shareholders, with over 1,285 applications received (approx. 18.4% of all shareholders) complying with the SPP terms and conditions".

The funds raised will provide the company with additional comfort that construction of Kanmantoo can be achieved within available cash resources.

Mr Simonsen continued "Our focus will remain on successfully bringing the Kanmantoo project into production on time and on budget. This will provide a clear demonstration of the capabilities we have established over the past year in preparing for the construction period. With the hedging prices we have achieved for the scheduled debt repayment period, and at prevailing copper prices for the unhedged portion of production, the financial outlook for the project appears very robust."

In addition, the funds will also allow Hillgrove the opportunity to consider additional strategic investments in the Company's asset portfolio. These opportunities may include exploration in and around the Kanmantoo Copper Project or by making further investments that fit within Hillgrove's tightened strategic focus, and in Indonesia in particular.

The issue price for shares issued under the SPP will be 25 cents per share, with the new shares being allotted on 21 December 2010. A total of 50,932,000 new shares will be issued to participating eligible shareholders under the SPP.

Holding statements detailing the allocation of new shares under the SPP are expected to be despatched on 22 December 2010, and normal trading of shares issued under the SPP is also expected to commence on 22 December. Hillgrove has reviewed the application forms received from shareholders in relation to the SPP and, in certain limited circumstances, rejected some applications that were non-compliant with the SPP terms and conditions. Accordingly, shareholders who have participated in the SPP are advised to await receipt of allocation statements prior to dealing in any shares applied for under the SPP.



Attached is the Appendix 3B pertaining to the SPP.

### **About Hillgrove**

Hillgrove is an Australian mining company listed on the Australian Securities Exchange (ASX: HGO) focused on developing its Indonesian and Australian base and precious metals projects. The Company is targeting the discovery of world class epithermal gold and porphyry copper/gold deposits in Eastern Indonesia.

Hillgrove's flagship development is the Kanmantoo Copper Mines, located less than 55km from Adelaide in South Australia. Kanmantoo currently hosts a Mineral Resource of 32.2Mt (2.3Mt Measured, 22.5Mt Indicated and 7.4Mt Inferred) grading 0.9% copper and 0.20g/t gold, containing 292,200 tonnes of copper, 191,100 ounces of gold and 3,313,600 ounces of silver. With completion of construction targeted for 2011, Kanmantoo will be a 2.4MT per annum open-cut mine producing approximately 20,000 tonnes of copper in concentrate and 10,000 ounces of gold per annum.

*The information in this report that relates to Mineral Resource estimates is based on information compiled by Mr Paul Payne, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Payne is a full-time employee of Runge Limited and has sufficient relevant experience to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Payne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

For more information contact:

Drew Simonsen  
Managing Director  
Tel: 02 8221 0404

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Hillgrove Resources Limited (*Hillgrove*)

ABN

73 004 297 116

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |  |
|---|--|--|
| 1 | +Class of +securities issued or to be issued   | Fully paid ordinary shares   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 50,932,000 fully paid ordinary shares pursuant to the Share Purchase Plan. |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)   | Fully paid ordinary shares.  |
| 4 | Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?<br><br>If the additional securities do not rank equally, please state: <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust,</li> </ul> | Yes.   |

+ See chapter 19 for defined terms.

	distribution) or interest payment							
	<ul style="list-style-type: none"> <li>the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>							
5	Issue price or consideration	\$0.25 per New Share.						
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p>The proceeds of the Placement will be used towards funding:</p> <ul style="list-style-type: none"> <li>the Kanmantoo Project in South Australia;</li> <li>further exploration in Indonesia; and</li> <li>other general corporate expenses.</li> </ul>						
7	Dates of entering <sup>+</sup> securities into uncertificated holdings or despatch of certificates	21 December 2010						
8	Number and <sup>+</sup> class of all <sup>+</sup> securities quoted on ASX ( <i>including</i> the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th>Number</th> <th><sup>+</sup>Class</th> </tr> </thead> <tbody> <tr> <td>793,550,890</td> <td>Fully paid ordinary shares</td> </tr> </tbody> </table>	Number	<sup>+</sup> Class	793,550,890	Fully paid ordinary shares		
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9	Number and <sup>+</sup> class of all <sup>+</sup> securities not quoted on ASX ( <i>including</i> the securities in clause 2 if applicable)							
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	As per existing fully paid ordinary shares.						

## Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	Not applicable
12	Is the issue renounceable or non-renounceable?	Not applicable
13	Ratio in which the <sup>+</sup> securities will be offered	Not applicable
14	<sup>+</sup> Class of <sup>+</sup> securities to which the offer relates	Not applicable
15	<sup>+</sup> Record date to determine entitlements	Not applicable

16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17	Policy for deciding entitlements in relation to fractions	Not applicable
18	Names of countries in which the entity has <sup>+</sup> security holders who will not be sent new issue documents  Note: Security holders must be told how their entitlements are to be dealt with.  Cross reference: rule 7.7.	Not applicable
19	Closing date for receipt of acceptances or renunciations	Not applicable
20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of <sup>+</sup> security holders	Not applicable
25	If the issue is contingent on <sup>+</sup> security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable

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+ See chapter 19 for defined terms.

- 30 How do <sup>+</sup>security holders sell their entitlements *in full* through a broker?
- 31 How do <sup>+</sup>security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do <sup>+</sup>security holders dispose of their entitlements (except by sale through a broker)?
- 33 <sup>+</sup>Despatch date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35  If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders

36  If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional <sup>+</sup>securities

#### Entities that have ticked box 34(b)

38	Number of securities for which <sup>+</sup> quotation is sought	Not applicable	
39	Class of <sup>+</sup> securities for which quotation is sought	Not applicable	
40	Do the <sup>+</sup> securities rank equally in all respects from the date of allotment with an existing <sup>+</sup> class of quoted <sup>+</sup> securities?  If the additional securities do not rank equally, please state: <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	Not applicable	
41	Reason for request for quotation now  Example: In the case of restricted securities, end of restriction period  (if issued upon conversion of another security, clearly identify that other security)	Not applicable	
42	Number and <sup>+</sup> class of all <sup>+</sup> securities quoted on ASX ( <i>including</i> the securities in clause 38)	Number	<sup>+</sup> Class
		Not applicable	Not applicable

### Quotation agreement

- <sup>+</sup>Quotation of our additional <sup>+</sup>securities is in ASX's absolute discretion. ASX may quote the <sup>+</sup>securities on any conditions it decides.
- We warrant the following to ASX.
  - The issue of the <sup>+</sup>securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those <sup>+</sup>securities should not be granted <sup>+</sup>quotation.
  - An offer of the <sup>+</sup>securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

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<sup>+</sup> See chapter 19 for defined terms.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: .....Date: 17 December 2010  
(Company secretary)

Print name: **Russell Middleton**

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