

Friday, 22 January 2010

## HGO SHARE PURCHASE PLAN

Hillgrove Resources (ASX:HGO) is pleased to outline the key terms of the Share Purchase Plan (SPP) which provides eligible shareholders with the opportunity to subscribe for up to \$15,000 worth of new HGO fully paid ordinary shares, with no brokerage or transaction costs.

The SPP follows the recent \$24.9 million institutional share placement conducted at \$0.40 per share (Placement).

Hillgrove invites all eligible shareholders to participate in the Placement. The SPP is structured so that eligible shareholders have the opportunity to acquire Hillgrove shares free of brokerage, at the same price as that of the recent institutional placement announced on 18 January 2010.

The issue price per share under the SPP will be \$0.40 per ordinary share.

Hillgrove reserves the right under the SPP to scale back on a pro-rata basis where the aggregate amount raised by the SPP exceeds \$10 million.

The SPP also follows Hillgrove's recent ASX announcements of the acquisition of the Pillara Processing Plant, which will shortly be transported to Kanmantoo (10 August 2009) and the conditional approval of Hillgrove's Mining and Rehabilitation Plan for the development of Kanmantoo by Primary Industries and Resources South Australia (18 December 2009).

Although Hillgrove maintains a significant cash balance, it has been determined that the best course of action was to raise a relatively modest amount of interim funding to continue to progress the pre-mine development whilst finalising the Kanmantoo project's overall funding package.

The SPP offer is expected to be mailed to all eligible shareholders on Monday 25 January and close on Friday, 12 February 2010. Accordingly, Hillgrove encourages those eligible shareholders who wish to participate in the SPP, to do so as soon as they are able.

### About Hillgrove

Hillgrove is an Australian mining company listed on the Australian Securities Exchange (ASX: HGO) focused on developing its Indonesian, South Australian and Queensland 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 Gold Project, located less than 60km 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 production targeted for the first quarter of 2011, Kanmantoo will be a 2Mt p.a. open-cut mine producing approximately 17,000 tonnes of copper in concentrate and 8,000 ounces of gold per annum.

*The information in this report that relates to Exploration Results is based on information compiled by Mr. Adam Freeman, who is a Member of The Australasian Institute of Geoscientists. Mr. Freeman is a Geology manager for Hillgrove Resources 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. Freeman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*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.*

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# HILLGROVE RESOURCES

Wednesday, 20 January 2010

## HILLGROVE RESOURCES LIMITED – SHARE PURCHASE PLAN OFFER TERMS

Hillgrove Resources Limited (“**Hillgrove**” or “**Company**”) invites Eligible Members (as defined below) to participate in the Share Purchase Plan (“**Plan**”) by subscribing for up to \$15,000 of new fully paid ordinary shares in HGO, without any brokerage.

Pursuant to the Plan, the Company will offer to all its shareholders, irrespective of the size of their respective shareholding (“**Offer**”), the opportunity to subscribe for up to A\$15,000 worth of fully paid ordinary shares in the Company (“**Plan Shares**”) at a price of A\$0.40 per Plan Share (“**Offer Price**”). No brokerage, commission, stamp duty or other transaction costs will be payable by any Eligible Members in respect of their application for, and issue of, Plan Shares.

The Offer is structured to encourage loyal, smaller shareholders of the Company to apply and increase their respective holding in Hillgrove.

Your Application Form must be received on or before 5.00pm (Eastern Standard Time) on the closing date of Friday 12 February 2010 (“**Closing Date**”).

### Eligibility to participate

- (a) Those members of the Company who will be eligible to apply for shares in the issued capital of the Company (each a “**Plan Share**”) under the Offer (each an “**Eligible Member**”) are those who:
  - are recorded in the Company’s register of members at 5.00pm Eastern Standard Time on the record date of 18 January 2009 (“**Record Date**”); and
  - have an address (as recorded in the Company’s register of members) in Australia, New Zealand or in any other jurisdiction within which it is lawful and (in the opinion of the Company) practical for the Company to offer Plan Shares under the Plan.
- (b) Where a member is expressly noted on the Company’s register of members as a trustee or nominee on account of another person (“**Beneficiary**”), the Beneficiary will be deemed to be the Eligible Member and an acceptance of the Offer and subsequent issue of Plan Shares will be deemed to be made by or to the Beneficiary.
- (c) An Offer does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful, in the reasonable opinion of the Company, to make such an offer.
- (d) Eligible Members may apply for up to a maximum of fifteen thousand dollars (A\$15,000) worth of Plan Shares under the Plan. This maximum amount applies even if an Eligible Member receives more than one Offer or receives the Offer as a joint holder of Plan Shares. If an Offer is received by a member who is expressly noted on the Company’s register of members as a trustee or nominee on account of a Beneficiary, then any Plan Shares issued in relation to that Offer will not be included in calculating the maximum number of Plan Shares that may be applied for by that member, but will be included in calculating the maximum number of Plan Shares that can be applied for by the Beneficiary.

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Offers made under the Plan are non-renounceable. This means that members cannot transfer their right to purchase Plan Shares under this Offer to another person.

### **SPP Offer Key Dates**

<b>Event</b>	<b>Date</b>
Record Date	Monday, 18 January 2010
Offer Opens	Monday, 25 January 2010
Offer Closes	Friday, 12 February 2010
Allotment Date	Friday, 19 February 2010
Quotation of New Shares on Australian Securities Exchange (“ <b>ASX</b> ”)	Wednesday, 24 February 2010
Despatch of Holding Statements	Thursday, 25 February 2010

### **Offer Price**

Shareholders will be required, when submitting their Application Forms, to subscribe for up to \$15,000 of Plan Shares at an Offer Price of A\$0.40 per Plan Share (i.e. a maximum number of 37,500 Plan Shares), being the same price as the offer price under the institutional placement conducted on 15 January 2010.

All Eligible Members should note that the market price of Hillgrove’s shares is likely to rise or fall between the date of the Offer and the date when the new Plan Shares are issued and allotted. This means that the price that an Eligible Member pays for a Plan Share under the Offer may exceed the market price of the Plan Shares at the date of the Offer and/or at the time the Plan Shares are issued and allotted to that Eligible Member. Accordingly, if felt necessary, Eligible Members should seek financial advice in relation to the Offer and their proposed participation under the Plan.

In accordance with:

- ASX Listing Rule 7.2, Exception 15, and express relief provided by the ASX, the Company is not required to obtain any shareholder approval for the proposed issue of Plan Shares under the terms of the Plan;
- ASX Listing Rule 10.12, Exception 8, the Company is not required to obtain any shareholder approval in order to permit Hillgrove’s directors to accept the Offer and participate in the Plan; and
- Policy Statement 125 issued by Australian Securities & Investments Commission (“**ASIC**”) and ASIC Class Order 09/425, the Company is not obliged to issue a prospectus or any analogous disclosure statement in relation to the Offer or the Plan.

### **How much can be Invested**

Under the SPP, each may apply for Plan Shares in the following allotment sizes:

- \$2,500 (6,250 Plan Shares);
- \$5,000 (12,500 Plan Shares);
- \$7,500 (18,750 Plan Shares);
- \$10,000 (25,000 Plan Shares);
- \$12,500 (31,250 Plan Shares); or
- \$15,000 (37,500 Plan Shares).

The maximum amount of A\$15,000 worth of Plan Shares will apply even if an Eligible Member receives more than one Offer – for example, if that Eligible Member has more than one shareholding but under separate accounts.

### **Applications may be Scaled Back**

If applications under the SPP exceed \$10 million HGO may, in its absolute discretion, allocate a smaller number of Plan Shares than you have applied for (“**Scale Back**”). If there is a Scale Back each Eligible Member will receive a pro-rata allocation of Plan Shares based on the aggregate amount of Plan Shares applied for from all Eligible Members.

If there is a Scale Back, each Eligible Member will receive less than the number of Plan Shares for which it has applied.

In the event of a Scale Back the difference between the application monies received from an Eligible Member, and the number of Plan Shares allocated to that Eligible Member, multiplied by the Offer Price, will be refunded to that Eligible Member, without interest payable, as soon as practicable following the allotment.

### **Purpose of the Offer**

The Offer allows many Eligible Members to increase their shareholdings to a more meaningful and financially viable marketable parcel of shares without incurring any brokerage and associated charges. It also offers shareholders the opportunity to support the growth of the Company by making a direct cash investment into Hillgrove.

The funds raised under the plan will be used to continue pre-mine development activities on the Kanmantoo Mine project, whilst finalising the Kanmantoo project’s overall funding package and also for general working capital.

### **Participation in the Plan is entirely optional**

***If you do not want to participate in the Plan, please ignore this document.***

You do not need to confirm to the Company or anyone else your election not to participate in the Plan.

### **How to participate in the Plan**

If you wish to participate in the Plan, please carefully read these Terms and Conditions, and make a BPay payment, or return your completed Application Form together with a cheque, for the value of Plan Shares applied for. Your BPay payment or Application Form must be received before 5.00pm (Eastern Standard Time) on the closing date of Friday 12 February 2010 (“**Closing Date**”).

As stated above, the value of your subscription funds must be in increments of \$2,500, from a minimum of \$2,500 up to a maximum of \$15,000.

If the exact nominated allotment size of money is not tendered with the Application Form, the Company reserves the right to disregard your application and not allot to you any or all of the Plan Shares originally applied for. However, any fractional entitlement to a Plan Share will be rounded up to the nearest whole Plan Share. No stamp duty or brokerage will apply to Plan Shares purchased under the Plan.

The Company may conduct a share purchase plan similar to the terms of this Plan in the future, but is not obliged to do so. However, as a practical matter, primarily due to the current provisions of the ASX Listing Rules and the Corporations Act (including related ASIC class orders), it is unlikely to do so more than once every 12 months.

Before deciding whether to accept the Offer, and if applicable the amount that you wish to subscribe, we recommend that you consider the price at which Hillgrove shares have been trading on the ASX and read the enclosed terms and conditions carefully. If you feel it appropriate, you should seek independent financial or legal advice from your stockbroker, lawyer or financial adviser.

Hillgrove will apply for official quotation of the Plan Shares issued under the Plan on the ASX on or before 24 February 2010. The Plan Shares subscribed for will be allotted within 10 business days of the Closing Date. Shareholders will be issued with a holding statement or confirmation shortly after the allotment of the Plan Shares.

### **Terms of issue of Plan Shares**

- (a) The Board reserves the right to refuse an application if it considers that the applicant is not an Eligible Member or has not otherwise complied with the terms of the Plan or for any other reason. If an application is refused, any monies received with that application will be refunded to the relevant Eligible Member without interest, as soon as practicable following the allotment.
- (b) The Closing Date of the Offer will be Friday, 12 February 2010.
- (c) Plan Shares to be issued under the Plan will be allotted within 10 business days of the Closing Date. Shareholders will be issued with a holding statement or confirmation shortly after the allotment of the Plan Shares.
- (d) Plan Shares allotted under the Plan will rank equally in all respects with all other issued fully paid ordinary shares of the Company on the date of issue of those Plan Shares.
- (e) The Company will, by 24 February 2010, apply to ASX for the official quotation of all the Plan Shares issued under the Plan.
- (f) In accordance with the Listing Rules of the ASX, no more than 30% of the currently issued ordinary shares (i.e. not more than 143,252,193 Plan Shares) may be issued under the Plan.

### **General**

- (a) The Plan will be administered by the Board or a committee of the Board that will have absolute discretion to:
  - (i) determine appropriate procedures for administration of the Plan consistent with these Terms;
  - (ii) resolve conclusively all questions of fact or interpretation arising in connection with the Plan or these Terms; and
  - (iii) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of their powers or discretions under the Plan or these Terms.
- (b) The Plan and these Terms may be suspended, terminated or amended at any time by the Board. In particular, the Board may waive compliance with any provision of these terms and conditions, or vary these terms and conditions if required to comply with the ASX Listing Rules.
- (c) The Company reserves the right to issue fewer Plan Shares than an Eligible Member applied for under the Plan (or none at all) if it believes that the allotment of those Plan Shares would contravene any law, regulation, ASIC class order or ASX Listing Rule.