

25 May 2015

The Manager
Market Announcements Office
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir / Madam

Hillgrove Resources Limited (ASX Code: HGO) – Notice under sections 708AA(2)(f) of the Corporations Act 2001 (Cth) as modified by ASIC Class Order 08/35

This notice is given by Hillgrove Resources Limited (ACN 004 297 116) (**HGO**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (the **Act**) as modified by the Australian Securities & Investments Commission (**ASIC**) Class Order 08/35.

HGO has announced a 'low-doc' pro-rata non-renounceable entitlement offer (the **Offer**) of 3 new HGO shares (**New Shares**) for every 11 HGO shares held as at 7.00pm (Sydney time) on Friday, 29 May 2015 by HGO shareholders with a registered address in Australia and New Zealand and certain other jurisdictions in which HGO decides to extend the Offer.

HGO advises the following.

- (a) The New Shares will be offered for issue without disclosure to investors under Part 6D.2 of the Act.
- (b) This notice is being given under section 708AA(2)(f) of the Act as modified by ASIC Class Order 08/35.
- (c) As at the date of this notice, HGO has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to HGO; and
 - (ii) section 674 of the Act as it applies to HGO.
- (d) As at the date of this notice, there is no 'excluded information' of the type referred to in sections 708AA(8) and 708AA(9) of the Act as modified by ASIC Class Order 08/35.
- (e) The potential effect the Offer will have on the control of HGO, and the consequences of that effect, will depend on a number of factors, including the level of shareholder participation and the extent to which shortfall shares are allocated to the underwriters, Freepoint Metals & Concentrates LLC (**Freepoint**) and Wilson HTM Corporate Finance Ltd (**Wilson HTM**), pursuant to an Underwriting Agreement dated 22 May 2015. Under the terms of the Underwriting Agreement, Freepoint and Wilson HTM will subscribe for 70% and 30% of any shortfall shares, respectively. If no entitlements to New Shares are taken up under the Offer, Freepoint and Wilson HTM could theoretically increase their relevant interest in HGO shares (post-Offer) to 18.8% and 6.4%, respectively. In addition, Freepoint may not acquire New Shares which will result in it and its associates having a relevant interest in greater than 20%

of HGO's total issued share capital (post-Offer). The actual relevant interest in HGO's voting shares Freepoint may acquire in practice may be lower than this amount, depending on investor demand under the Offer.

Yours faithfully



Shanthi Smith
Company Secretary