

HILLGROVE RESOURCES LIMITED

ACN 004 297 116

Notice of Annual General Meeting
and
Related Documentation

**Notice of Annual General Meeting to be held at 10:00am (ACST)
on Thursday 25 May 2017 is included with these documents.**

To be valid, Forms of Proxy for use at this meeting must be completed and returned to the Company
no later than 10:00am (ACST) on Tuesday 23 May 2017.

PART A: ABOUT THESE DOCUMENTS

Shareholders in Hillgrove Resources Limited ABN 73 004 297 116 (Company) are requested to consider and vote upon each of the Resolutions set out in the Notice.

You can vote by:

- attending and voting at the Meeting; or
- appointing someone as your proxy to attend and vote at the Meeting on your behalf, by completing and returning the Proxy Form to the Company or its share registry in the manner set out on the Proxy Form. The Company or its share registry must receive your duly completed Proxy Form by no later than **10:00am** (ACST) on **Tuesday 23 May 2017**.

A glossary of the key terms used throughout this Document (including the Proxy Form) is contained in **Part E** of this Document.

Please read the whole of this Document carefully, determine how you wish to vote and then cast your vote.

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HILLGROVE RESOURCES

21 April 2017

Dear Shareholder

I am pleased to invite you to attend our Annual General Meeting, being held at the Adelaide Pavilion, Veale Gardens, corner South Terrace & Peacock Road, Adelaide SA on Thursday 25 May 2017 at 10:00am (ACST). Enclosed with this letter is the Notice of Meeting which details the items of business to be dealt with.

If you are unable to join us you are encouraged to complete the enclosed Proxy Form. The signed Proxy Form should be returned as instructed in the Notice of Meeting by no later than 10:00am (ACST), Tuesday 23 May 2017. For details regarding voting by proxy please refer to the Notice of Meeting and instructions on the back of the Proxy Form. If you plan to attend the Meeting, please bring your Proxy Form with you to facilitate registration.

Shareholders who did not elect to receive a copy of the Company's annual report by mail are able to access it via our website, at www.hillgroveresources.com.au, by clicking on the link on the home page or via the Investor section. Please remember you can update your communications preferences and holding details by contacting our registry, Boardroom Limited, at enquiries@boardroomlimited.com.au or on 1300 737 760.

Your vote is important and we encourage you to either attend the Meeting in person or complete the Proxy Form and return it in accordance with the directions provided.

Yours faithfully



Paul Kiley
Company Secretary



HILLGROVE RESOURCES LIMITED ACN 004 297 116
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PART C: NOTICE OF ANNUAL GENERAL MEETING

HILLGROVE RESOURCES LIMITED

(ACN 004 297 116)

Notice is hereby given that the annual general meeting of the members of Hillgrove Resources Limited (ACN 004 297 116) (**Company**) will be held at the place, date and time set out in Section 1 below and for the purpose of considering and voting upon the Resolutions set out in Section 2.

SECTION 1: TIME AND PLACE OF MEETING

VENUE

The annual general meeting of members of the Company will be held at:

The Adelaide Pavilion
Veale Gardens
Corner South Terrace & Peacock Road,
ADELAIDE SA 5000

TIME AND DATE

The meeting will commence at **10:00am (ACST) on Thursday 25 May 2017**.

HOW TO VOTE

You may vote by attending the Meeting, by proxy or authorised representative.

VOTING IN PERSON

To vote in person, please attend the Meeting on the date, time and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the Proxy Form enclosed with this Document as soon as possible and **either** send, deliver, courier or mail the duly completed Proxy Form:

- online at www.votingonline.com.au/hgoagm2017
- by facsimile to Boardroom Limited on facsimile number +61 (02) 9290 9655;
- deliver to Boardroom Limited at Level 12, 225 George Street, Sydney NSW 2000, Australia;
- mail to Boardroom Limited at GPO Box 3993, Sydney NSW 2001, Australia; or
- directly to the Company, attention Company Secretary at 5-7 King William Road, Unley SA 5061, Australia;

so that it is received no later than **10:00am (ACST) on Tuesday 23 May 2017**.

Details on how to vote by proxy are set out on the back of your Proxy Form.

Please read this Document carefully and in its entirety, determine how you wish to vote in relation to each of the Resolutions and then cast your vote accordingly. If you do not understand any part of this Document, or are in any doubt as to the course of action you should follow, you should contact your financial or other professional adviser immediately.

DETERMINATION OF MEMBERSHIP AND VOTING ENTITLEMENT FOR THE PURPOSE OF THE MEETING

For the purpose of determining a person's entitlement to vote at the Meeting and in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), a person will be recognised as a member and the holder of Shares if that person is registered as a holder of Shares at **7:00pm (ACST) on Tuesday 23 May 2017**.

VOTING EXCLUSION STATEMENT

In accordance with the Corporations Act and the Listing Rules, the following persons must not cast any votes on the following Resolutions, and the Company will disregard any votes cast on that Resolution by:

Resolution(s)	Excluded Voters
1	All Directors, other Key Management Personnel and their respective associates or any other closely related party (other than by means of a directed proxy)
2 and 3	None
4	All Directors in the OPR and their respective associates
5 (a) & (b)	Roc-Drill Pty Ltd and Ariadne Capital Pty Ltd who participated in the share issues that are the subject of Resolution 5 (a) and (b) or any associate of any such person.
6	None

However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with an express authorisation in the proxy form to exercise the proxy even though this resolution is connected with the remuneration of the KMP.

PART C: NOTICE OF ANNUAL GENERAL MEETING

PROXIES

A Shareholder, entitled to attend and vote at this Meeting pursuant to the Constitution, is entitled to appoint no more than two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion of the member's voting rights. A proxy need not be a Shareholder. Any instrument of proxy deposited or received by the Company in which the name of the appointee is not filled in shall be deemed to be given in the favour of the Chair of the Meeting.

The instrument appointing a proxy must be lodged, and any power of attorney or an office copy of a notarially certified copy thereof under which an attorney for a member appoints a proxy, must be lodged by no later than **10:00am (ACST) on Tuesday 23 May 2017** in accordance with the instructions provided in the Proxy Form.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney or if such appointor is a corporation, under the hand of its attorney or the hand of a person duly authorised by the corporation. The Proxy Form which accompanies this Notice may be used.

SECTION 2: RESOLUTIONS OF ANNUAL GENERAL MEETING

BUSINESS

ACCOUNTS

To receive and consider the Company's financial statements for the 12 months ended 31 December 2016 (CY16) and the related reports of the Directors and auditor.

1. REMUNERATION REPORT

The Remuneration Report is in the Directors' Report section of the Company's 2016 Annual Report. In accordance with section 250R(2) of the Corporations Act, listed companies are required, to submit the Remuneration Report to a vote for adoption at the Company's Annual General Meeting. The resolution will be determined as an ordinary resolution but is advisory only and does not bind the Directors or the Company.

To consider and, if thought fit, to pass, with or without amendment, the following motion:

Resolution 1 – Remuneration Report

“That the Remuneration Report in the 2016 Annual Report of the Company be adopted.”

For a detailed discussion of the circumstances material to a consideration of Resolution 1, please read Part D, Item 1 below.

2. RE-ELECTION OF DIRECTOR

In accordance with Article 6.3 of the Constitution, John Edwin Gooding retires by rotation, effective at the conclusion of the Meeting, and being eligible, offers himself for re-election.

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

Resolution 2 – Re-election of Director Retiring By Rotation

“That John Edwin Gooding is re-elected as a director of the Company.”

For a supporting statement on the merits of Resolution 2, please refer to Part D, Item 2 below.

3. RE-ELECTION OF DIRECTOR

In accordance with Article 6.3 of the Constitution, Maurice William Loomes retires by rotation, effective at the conclusion of this Meeting, and being eligible, offers himself for re-election.

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

Resolution 3 – Re-Election of Director Retiring By Rotation

“That Maurice William Loomes is re-elected as a director of the Company.”

For a supporting statement on the merits of Resolution 3, please refer to Part D, Item 3 below.

4. APPROVAL OF MANAGING DIRECTOR'S LONG TERM INCENTIVE

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

Resolution 4 – Approval of Managing Director's Long Term Incentive

“That for the purposes of Listing Rule 10.14 and for all other purposes, the Shareholders approve the proposed issue by the Company to Steven McClare of 3,800,000 Performance Rights which once issued and otherwise in accordance with the Hillgrove Option and Performance Rights Plan and as more particularly described in Part D of this document, will entitle Steven McClare to be issued with an equal number of Shares, upon and subject to the satisfaction of specific performance criteria by the second anniversary of the date of issue of those Performance Rights.”

For a detailed discussion of the circumstances material to a consideration of Resolution 4, please read Part D, Item 4 below.

PART C: NOTICE OF ANNUAL GENERAL MEETING

5. RATIFICATION OF SHARE ISSUES

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

Resolutions 5 (a) & (b) – Approval of Share Issues

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue by the Company:

- (a) *on 12 December 2016 of 10,157,905 fully paid, ordinary shares in the capital of the Company at a price of \$0.10 per share, and*

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue by the Company:

- (b) *on 21 December 2016 of 8,500,000 fully paid, ordinary shares in the capital of the Company at a price of \$0.03 per share.”*

For a discussion of the circumstances material to a consideration of Resolutions 5 (a) & (b), please read Part D, Item 5 below.

6. APPOINTMENT OF NEW AUDITOR

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

Resolution 6 – Appointment of New Auditor

“That PricewaterhouseCoopers

- (a) *having been nominated by a Shareholder, in accordance with section 328B(1) of the Corporations Act; and*
- (b) *having given its consent to act as auditor of the Company to the Directors, in accordance with section 328A(1) of the Corporations Act,*

be appointed as the auditor of the Company.”

For a discussion of the circumstances material to a consideration of Resolution 6, please read Part D, Item 6 below.

OTHER BUSINESS

To transact any other business as may be brought before the Meeting.

By order of the Board



Paul Kiley
Company Secretary

Dated: 21 April 2017

PART D: EXPLANATORY STATEMENT

This Explanatory Statement is included in and forms part of the Notice of Meeting. It contains an explanation of, and information about, the Resolutions to be considered at the Meeting. It is given to Shareholders to help them determine how to vote on the Resolutions set out in the accompanying Notice of Meeting.

Shareholders should read this Explanatory Statement in full as individual sections do not necessarily give a comprehensive review of the Resolutions contemplated in this Explanatory Statement.

If you are in doubt about what to do in relation to a Resolution, you should consult your financial or other professional advisor.

Accounts

The Company's Financial Report for the 12 month period ended 31 December 2016 is set out in the Annual Report. In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on the Financial Report and on the business and management of the Company.

During the discussion of this item, the Company's auditor will be present and will answer qualifying questions.

WRITTEN QUESTIONS FOR THE AUDITOR

If you would like to submit a written question to the Company's auditor, please post your question to the Company Secretary or send it by facsimile to +61 8 8538 5255. Written questions must relate to the content of the auditor's report or the conduct of the audit to be considered at the Meeting. A list of qualifying questions will be made available at the Meeting.

Please note that all questions must be received at least four business days before the date of the Meeting, that is, by no later than 10.00am (ACST) on 19 May 2017.

Item 1 – Remuneration Report

The Remuneration Report is in the Directors' Report section of the Company's 2016 Annual Report. Listed companies are required to submit the Remuneration Report to a vote for adoption at the Meeting. The resolution will be determined as an ordinary resolution but is advisory only and does not bind the Directors or the Company.

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at two consecutive annual general meetings, the Company will be required to put a resolution to the second Annual General Meeting (**Spill Resolution**), to approve calling a general meeting (**Spill Meeting**).

If more than 50% of the votes by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) vote in favour of the Spill Resolution, the Company must convene the Spill Meeting within 90 days of the second AGM.

All of the Directors who were in office when the Company's 2016 Directors' Report was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting, but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as a Director is approved will be the Directors of the Company.

At the Company's 2016 Annual General Meeting, the adoption of the Remuneration Report was carried on a proxy vote, and in excess of 75% of the votes cast were in favour of Resolution 1.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and key management personnel of the Company. The Remuneration Report is part of the Directors' Report contained in the Annual Financial Report of the Company for the 12 month period ending 31 December 2016 which is also available on the Company's website at www.hillgroveresources.com.au.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

PROXY RESTRICTIONS ON KEY MANAGEMENT PERSONNEL

The Corporations Act restricts members of the key management personnel (KMP) of the Company and their closely related parties (which includes a KMP's spouse, dependent and any company controlled by the KMP) (each a Closely Related Party) from voting in relation to remuneration related items in certain circumstances.

This restriction does not limit Shareholders from appointing the Chairman as their proxy with a direction to cast the votes on a resolution (which may be contrary to the Chairman's stated voting intention) or from abstaining from voting on a resolution.

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of KMP whose remuneration details are included in the Remuneration Report, or any Closely Related Party of that KMP member, as your proxy to vote on Resolution 1, please ensure that you direct them how to vote on Resolution 1. If you intend to appoint the Chairman as your proxy, you may also direct him or her how to vote by marking the first Chairman's box on the proxy form and then completing Step 2 with your Voting Directions (in which case the Chairman will vote your proxy vote as directed in relation to Resolution 1). By marking that Chairman's box, you acknowledge that the Chairman may exercise your proxy vote even though the Chairman has an interest in the outcome of Resolution 1 and that votes cast by the Chairman in relation to Resolution 1, other than as a proxyholder, would be disregarded because of that interest. If you appoint a member of the KMP other than the Chairman as your proxy and it is otherwise undirected, your vote will be disregarded by the Company for determining whether Resolution 1 has been duly approved.

Item 2 – Re-election of John Edwin Gooding as Director

Mr John Edwin Gooding provides important skills to the balance of the Board having 35 years' experience in the resources industry. John has held executive management positions with Normandy Mining, MIM, Xstrata (CEO Xstrata Copper Australia), Ok Tedi Mining and Roche Mining. John has worked in gold and base metal mining (both open-cut and underground) through the management and operation of mines in Australia and internationally. He was the Managing Director and CEO of Highlands Pacific for nine and a half years until November 2016, and was a Board member of the PNG Chamber of Mines and Petroleum from 2009. He has recently accepted the position as Chairman of the Board for Kasbah Resources Ltd.

The Board (other than Mr Gooding) unanimously recommends that Shareholders vote in favour of this resolution.

Item 3 – Re-election of Maurice William Loomes as Director

Maurice William Loomes has over 40 years of experience in investment analysis and strategy gained across many industries including Bain and Company, Industrial Equity Limited, Westmex Limited, Guinness Peat Group PLC and many others. He has also held numerous directorships of public companies including Tower Limited, CIC Australia Limited, The Colonial Motor Group Company, Tyndall Australia Limited and Guinness Peat Group PLC to name a few. Maurice is currently a Non-Executive Director of Ariadne Australia Limited (a significant shareholder of Hillgrove Resources) and was formerly a Non-Executive Director of the Calliden Group Ltd from 2004 - 2014. Maurice's experience on Boards and providing value to shareholders is an important skill for the Board of Directors.

The Board (other than Mr Loomes) unanimously recommends that Shareholders vote in favour of this resolution.

Item 4 – Approval of Managing Director's Long Term Incentive

BACKGROUND AND REASONS FOR RESOLUTION 5

The Board proposes to offer participation in the Options and Performance Rights Plan ("**OPR Plan**") to Steven McClare, the Managing Director and Chief Executive Officer of the Company. In accordance with the provisions of Listing Rule 10.14, the Company requires that Shareholders approve the grant of securities to Mr McClare under the OPR Plan.

The Board proposes to offer participation in the OPR Plan to Mr McClare by issuing to him of up to 3,800,000 performance rights ("**Performance Rights**") as described in this explanatory statement. Accordingly, Shareholder approval is sought for the grant to Mr McClare of up to that number of Performance Rights to Mr McClare under the OPR Plan ("**2017 LTIP Invitation**")

The terms of the proposed grant are explained in more detail below.

DIRECTOR'S REMUNERATION

The proposed 2017 LTIP Invitation represents a gross dollar value equal to approximately 60% of Mr McClare's Total Fixed Remuneration, being approximately \$500,000 before any allowance for performance discounts. (Note in December 2016 the Board agreed to amend Mr McClare's previously announced 15% temporary reduction to a 10% salary deferment in line with all other Hillgrove staff, on the basis that his pre-reduction salary would be used to calculate all other employee benefits).

MAXIMUM NUMBER OF SHARES

Each vested Performance Right will convert into one Share. Accordingly, the maximum number of Shares that may be acquired by Mr McClare through his exercise of the Performance Rights is 3,800,000 Shares.

PRICE PAYABLE ON GRANT OR EXERCISE OF PERFORMANCE RIGHTS

Mr McClare will not be required to pay any amount on either the grant or vesting of his Performance Rights under the 2017 LTIP Invitation or upon exercise of any of those Performance Rights, once vested. The Performance Rights are not transferable.

NAMES OF ALL PERSONS WHO RECEIVED SHARES OR PERFORMANCE RIGHTS UNDER THE LAST APPROVAL

Since the last approval that occurred at the Company's annual general meeting on 26 May 2016, 2,500,000 Performance Rights were issued to Mr S McClare, the Chief Executive Officer and Managing Director of the Company.

No cash consideration was payable by Mr McClare in respect of the issue of those Performance Rights.

PART D: EXPLANATORY STATEMENT

NAMES OF ALL DIRECTORS, ASSOCIATES OF DIRECTORS PERSONS WHO ASX REGARDS AS RELATED TO THE COMPANY, WHO ARE ENTITLED TO PARTICIPATE IN OPR PLAN

At the date of this Notice, the only Director entitled to participate in the OPR Plan is Mr McClare.

TERMS OF ANY LOAN RELATING TO THE ACQUISITION OF SHARES

There are no loans relating to the exercise of any Performance Rights or the acquisition of any Shares under the OPR Plan.

DATE BY WHICH GRANTS OF PERFORMANCE RIGHTS MAY BE MADE

It is proposed that the Performance Rights will be granted to Mr McClare no later than 12 months after shareholder approval is received in respect of the 2017 LTIP Invitation.

REQUIREMENTS FOR APPROVAL

Shareholder approval of the participation of Mr McClare in the OPR Plan and his acquisition of Performance Rights as detailed above and of Shares on vesting of those Performance Rights is sought for all purposes under the Corporations Act and the Listing Rules, including Listing Rule 10.14.

ASX LISTING RULE 10.14

Under Listing Rule 10.14, an entity must not issue securities to a related party (such as a Director or a company controlled by a Director) under an employee incentive scheme without the approval of Shareholders. Accordingly, approval of Shareholders is sought for the purpose of Listing Rule 10.14 to enable the Company to make grants of Performance Rights, and subsequently issue or transfer Shares, to Mr McClare. As approval will be given under Listing Rule 10.14, no approval is required under Listing Rule 7.1.

The Board (other than Mr McClare) unanimously recommends Shareholders vote in favour of Resolution 4.

ASSESSED VALUE OF THE BENEFIT

The value of the Performance Rights has been assessed by an independent consultant applying a modified binomial valuation methodology.

The values attributable are based on variables determined at the date of valuation and are indicative only. The Company will prepare and report a valuation based on actual variables at the date of issue, if approved and granted.

The input variables applied in the model for the purposes of the indicative value are as follows:

Input variables:	
Valuation date (Date of release of FY2016 financials)	28 February 2017
Share price at valuation date (5 day VWAP)	\$0.077
Exercise Price	\$0.00
Risk free rate (2 year swap rate)	1.92%
Expected dividend yield assumed	0.00%
Standard deviation (Stock Volatility based on rolling 12 months at valuation date)	140%
Number of days (Contract Life)	790
Assessed value per Performance Right	\$0.077
Number of Performance Rights	3,800,000
Gross estimated annualised value (before discount for performance probabilities)*	
2017 Financial Year	\$73,350
2018 Financial Year	\$146,300
2019 Financial Year	\$72,950
	\$ 292,600

* Assumes 1 June 2017 grant

POTENTIAL VALUE OF THE BENEFIT TO STEVEN MCCLARE

3,800,000 Performance Rights represents approximately 1.748% of the current issued capital of the Company or approximately 0.68% on a fully diluted basis (assuming all the options are exercised and convertible notes converted to shares). A benefit will accrue to Mr McClare only if the service and performance conditions set out below are satisfied.

Depending on the future value of the Shares, and assuming all the conditions of the 2017 LTIP Invitation are satisfied, the estimated value of the benefit under a number of future share price assumptions is as follows:

Future Share Price	Potential Value of the benefit (\$m)*	Approximate HGO Market Capitalisation if potential benefit achieved (\$m)^
\$0.10	\$0.38m	\$21.7m
\$0.12	\$0.456m	\$26.1m
\$0.15	\$0.57m	\$32.6m
\$0.20	\$0.76m	\$43.5m

* Assumes performance and service conditions met and does not include any dividend benefit.

^ Assumes constant issued capital of 217,399,327 Shares.

PERFORMANCE CONDITIONS

The number of Performance Rights which will vest in accordance with the Plan Rules is dependent on performance conditions which can be summarised as follows:

Performance Condition : External Performance Condition (TSR outperformance)

100% of the Performance Rights are subject to an external Performance Condition, namely, the Company's Total Shareholder Return (TSR) performance relative to the component companies in the S&P/ASX Small Resources Accumulation Index measured over the Measurement Period. Companies that are removed from the starting list for any reason over the Measurement Period will be tested up until their removal date and their position determined at that date will be carried forward.

Vesting of the Performance Rights subject to the TSR outperformance condition will be calculated based on the following percentile results in the table below:

TSR Ranking versus component companies in the S&P/ASX Small Resources Accumulation Index	% of Performance Rights to vest
Below the 50th percentile	0% vest
At the 50th percentile	50% vest
Between the 50th and 75th percentile	2% vesting per percent above the 50th percentile on a straight line interpolation for each percentile ranking
At or above the 75th percentile	100% vest

TSR will be measured by an independent third party over the Measurement Period being the period from the Grant Date to the second anniversary of the Grant Date. The Grant will be subject to Noteholder approval, if required.

SERVICE CONDITIONS

The vesting of the Performance Rights is also subject to Mr McClare remaining continuously employed with the Company until the Vesting Date.

The **Vesting Date** in relation to Mr McClare's 2017 LTIP Invitation Performance Rights will be the second anniversary of the Grant Date. The vesting period is two years in line with the current approved PEPR mine life.

PRICE PAYABLE ON GRANT OR EXERCISE OF PERFORMANCE RIGHTS

Mr McClare will not be required to pay an amount on grant or vesting of Performance Rights.

CHANGE OF CONTROL

Subject to the Listing Rules, if a "Change of Control Event" occurs, all unvested Performance Rights will vest on a pro-rata basis. Subject to the Listing Rules, the balance of unvested Performance Rights may also vest at the discretion of the Board.

EXERCISE ON VESTING

Any Performance Rights that are subject to the 2017 LTIP Invitation and that vest after having met the performance and service conditions may be exercised once the performance condition has been determined and an equal number of Shares will be issued to Steven McClare. Any unvested Performance Rights will lapse.

LAST EXERCISE DATE

The Last Exercise Date will be 31 July 2019, allowing sufficient time for the TSR hurdle test to be completed and approved.

NO RIGHT TO DIVIDENDS, BONUS OR RIGHTS ISSUES

None of the Performance Rights that are subject of the 2017 LTIP Invitation confer on the holder an entitlement to receive dividends or to participate in bonus issues or rights issues until such time as those Performance Rights vest and Shares are issued or transferred.

NO VOTING RIGHTS

The Performance Rights that are subject of the 2017 LTIP Invitation do not confer an entitlement to vote at general meetings of the Company until such time as the Performance Rights vest and Shares are issued or transferred.

NON-QUOTATION

The Company will not apply to the ASX for official quotation of the Performance Rights that are the subject of the 2017 LTIP Invitation. Shares issued pursuant to the vesting of a Performance Right will rank equally with the Shares then on issue and will be the subject of an application by the Company for official quotation.

RIGHTS PREVIOUSLY GRANTED TO MCCLARE

Mr McClare currently holds 2,500,000 unvested performance rights under the 2016 LTI Plan Offer. These rights will vest, assuming the performance and service conditions are satisfied on or about 1 June 2018.

DISCLOSURE OF GRANTS UNDER THE PLAN

Details of any securities, including Performance Rights, granted under the OPR Plan will be disclosed in the Company's annual report relating to the period in which those securities have been issued, and that approval for the issue of those securities was obtained under Listing Rule 10.14.

PART D: EXPLANATORY STATEMENT

VOTING EXCLUSION STATEMENT

In accordance with Listing Rule 10.15A.6, the Company will disregard any votes cast on Resolution 4 by:

- Steven McClare; and
- any associate of Steven McClare.

However, the Company will not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Item 5 – Subsequent Approval of Share Issues

On 12 December 2017, the Company allotted and issued 10,157,905 Shares to Roc-Drill Pty Ltd (Roc-Drill) in consideration for Roc-Drill agreeing to forgive and release the Company's subsidiary, Hillgrove Copper Pty Ltd (Hillgrove Copper), from any further obligation to pay the amount of \$1,015,790 owing to Roc-Drill under the terms of the Supply Agreement for Drilling Services between Roc-Drill and Hillgrove Copper dated 16 September 2013.

On 21 December 2017, the Company allotted and issued 8,500,000 Shares to Ariadne Capital Pty Ltd (Ariadne) in satisfaction of \$255,000 of the underwriting commission payable by the Company to Ariadne for underwriting the fully underwritten non-renounceable, pro rata entitlement offer of redeemable, convertible notes to eligible shareholders in the Company announced on 22 November 2016.

Ratification is now being sought for these issues under ASX Listing Rule 7.4.

All Shares so issued by the Company rank equally with all other Shares.

The effect of Shareholders passing Resolutions 5 (a) and (b) will be to "refresh", by the number of 10,157,905 Shares and 8,500,000 Shares, respectively, the number of Shares which the Company can issue within any 12 month period in accordance with ASX Listing Rule 7.1 without further Shareholder approval. The purpose of seeking this Shareholder ratification by means of passing Resolutions 5 (a) and (b) is that it will allow the Company to raise further funds from equity capital raisings for working capital – up to a maximum of 15% of the Company's capital base at the time of that proposed capital raising – with a higher degree of flexibility and speed, without the need to obtain further Shareholder approval.

The Company will disregard any votes cast on Resolution 5 (a) by:

- (a) Roc-Drill Pty Ltd who participated in the share issue that is the subject of Resolution 5 (a); or
- (b) any associate of any such person.

The Company will disregard any votes cast on Resolution 5 (b) by:

- (a) Ariadne Capital Pty Ltd who participated in the share issue that is the subject of Resolution 5 (b); or
- (b) any associate of any such person.

However, the Company will not disregard a vote cast on Resolutions 5 (a) or (b) if it is cast by:

- (c) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

Item 6 – Appointment of New Auditor

The Company's present audit firm, Deloitte Touche Tohmatsu, has agreed to resign with effect on the day of the Meeting, subject to ASIC giving its consent to the resignation and to the members approving the appointment of PricewaterhouseCoopers as the Company's auditor.

The appointment of PricewaterhouseCoopers will be effected by and conditional upon the outcome of a vote of Shareholders on Resolution 6 as an ordinary resolution.

In accordance with section 328A(1) of the Corporations Act, PricewaterhouseCoopers has consented in writing to act as auditor of the Company and the entities it controls, immediately after the Shareholders' approval of Resolution 6 and the resignation of Deloitte Touche Tohmatsu as auditors of the Company taking effect.

In accordance with subsection 328B(1) of the Corporations Act 2001, notice in writing nominating PricewaterhouseCoopers as auditor has been given to the Company by a shareholder. A copy of this notice is provided to shareholders with the Notice of Meeting.

Deloitte Touche Tohmatsu has been the auditor of the Company for a number of years, and the Directors would like to thank Deloitte Touche Tohmatsu publicly for its work over that period.

The Directors are not aware of any circumstance that would prejudice the independence and integrity of the audit function if PricewaterhouseCoopers was appointed as auditor of the Company.

The Board unanimously recommends that Shareholders vote in favour of this resolution.

12 April 2017

The Board of Directors
c/- The Company Secretary
Hillgrove Resources Limited
5-7 King William Road,
Unley SA 5061, Australia

Dear Directors,

Notice of Nomination of Auditor

Pursuant to subsection 328B(1) of the Corporations Act 2001, I, *Glenn Norris*, a member of Hillgrove Resources Limited ('**Company**'), nominate PricewaterhouseCoopers for appointment as auditor of the Company at its next Annual General Meeting to be held on Thursday 25 May 2017 or any adjournment thereof.

Yours sincerely



Glenn Norris

For the purposes of this document, the following terms have the meanings prescribed below:

2016 Annual Report

the Company's Annual Report for the 12 month period ended 31 December 2016.

ACST

Australian Central Standard Time

ASIC

Australian Securities & Investments Commission.

ASX

ASX Limited ACN 008 624 691 or the securities exchange market operated by it, as the context requires.

Board

the board of Directors.

Change of Control

an event:

(a) where:

- (i) a person has, or is entitled to acquire, the right or power to secure, whether directly or indirectly, 50.1% or more in number of the issued share capital of the Company as a result of a takeover bid; and

- (ii) that takeover bid has become unconditional; or

(b) being the announcement by the Company that:

- (i) shareholders of the Company have, at a court convened meeting of those shareholders, voted in favour of, by the necessary majority, a proposed scheme of arrangement under which all the issued share capital of the Company is to be either:

(A) cancelled; or

(B) transferred to a third party; and

- (ii) the court, by order, approved that proposed scheme of arrangement.

For the purposes of this Document and any part thereof, the acquisition of all or any of the Consideration Securities and the acquisition of all or any Shares that are issued as a result of the conversion or enforcement of any Performance Rights, will not be taken into account when determining whether or not a Change of Control Event has occurred.

Company

Hillgrove Resources Limited ACN 004 297 116.

Constitution

the constitution of the Company.

Corporations Act

Corporations Act 2001 (Commonwealth).

Director

a director of the Company.

Document

this document entitled "Notice of Annual General Meeting and Related Documentation" and any annexures or schedules to or of the foregoing.

Grant Date

the date upon which the Performance Rights are issued to Mr McClare in accordance with the OPR Plan.

Invitation

an invitation from the Board to an Eligible Person to participate in the OPR Plan.

Key Management Personnel

those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

Listing Rule

the listing rules of the ASX as amended from time to time.

Meeting

the Annual General Meeting referred to in the Notice.

Noteholder

means a holder of the redeemable, convertible notes with a fixed term of three years and a fixed interest rate of 6%, issued by the Company on 21 December 2016.

Notice or Notice of Meeting

the Notice of Annual General Meeting, forming part of this Document.

OPR Plan

the Hillgrove Option and Performance Rights Plan as constituted by the Rules adopted by the Company on 3 December, 2010, and the material terms and conditions of which are more particularly set out in **Annexure A**.

Performance Right

a right to acquire a Share, the terms and conditions of which are set out in **Annexure A**.

Proxy Form

the proxy form attached to this Document.

Resolution

a resolution set out in the Notice.

Share

a fully paid ordinary share in the Company.

Shareholder

a registered holder of Shares.

ANNEXURE A: MATERIAL TERMS AND CONDITIONS OF HILLGROVE OPTION AND PERFORMANCE RIGHTS PLAN

Plan Rules

The Hillgrove Resources Option & Performance Rights Plan (**OPR Plan**) Rules will establish the OPR Plan. The specific terms of a particular grant, including any conditions of offer will be contained in the Invitation and associated documentation attached to any offer to an Eligible Person.

Eligible Persons

The OPR Plan will be used for offers to eligible invited executives of the Hillgrove group of companies (**Hillgrove Group**) as approved by the Board of the Company (**Board**). Each such person who participates in the OPR Plan is hereafter referred to as a Participant.

Options or Rights to Acquire Shares

Grants under the OPR Plan will be of options or rights to acquire shares in the Company (each a **Performance Right**). The grants may comprise one or several tranches.

Invitation to Participate

Under the OPR Plan Rules, the Board may invite an Eligible Person to apply for Performance Rights. At the request of the Participant and with the approval of the Board, to the extent that the Participant does not personally apply for the full number of Performance Rights referred to in an Invitation, some or all of the balance of the Performance Rights may be granted to an Associate of, and as nominated in writing by, the Participant. "Associate" for this purpose has the meaning given in the Income Tax Assessment Act.

Performance Rights are non-transferable

A Performance Right granted to a Participant (including a nominated Associate) is not transferable and may not otherwise be dealt with, except with the Board's approval, or by force of law on death or legal incapacity.

Exercise Price

The exercise price, if any, of a Performance Right will be an amount determined by the Board, fixed at the date of grant or determined by application of methodology approved by the Board.

Consideration

A Participant may be required to pay nominal consideration to the Company to receive the Performance Rights or the Performance Rights may be offered for no consideration, at the discretion of the Board.

Exercise of Performance Rights

Performance Rights will have a term as determined by the Board (**Exercise Period**). The Board may prescribe the date or the method of calculating the date on which a Performance Right becomes exercisable (**Exercise Date**). On or after the prescribed Exercise Date and provided any conditions to the exercise of a Performance Right prescribed by the Board have been achieved, including the achievement of any performance hurdles as referred to below, and where applicable, to the extent they have been achieved, a Participant may then acquire Shares by exercising his or her Performance Rights. In certain circumstances this exercise process may be automatic. A Performance Right will lapse if not exercised on or before the expiry of the Exercise Period pertaining to that Performance Right, and otherwise in accordance with its terms of issue.

Early Cessation of Employment

If the Participant ceases employment with any member of the Hillgrove Group prior to the Exercise Date as a result of death or incapacity, the Board will have the discretion to allow some or all of the Performance Rights to be exercised. In accordance with the applicable provisions of the Corporations Act, the number and value of the Performance Rights able to be exercised will be determined by the Board having regard to the individual circumstances of the cessation event.

Change of Control

If as a result of a takeover, scheme of arrangement or other change of control, the conditions attaching to the Performance Rights are rendered incapable of being met, the Board may determine that either a pro-rata number of, or all, the Performance Rights may be exercised, depending on the individual circumstances.

Performance hurdles

The Board is aware that best practice executive equity incentive design requires that long-term equity-based rewards should be linked to the achievement of relevant performance hurdles. The performance hurdle(s) to be applied to an Invitation will be determined by the Board and may vary from offer to offer or from person to person.

Restrictions on disposal

The Board may implement an appropriate procedure to restrict the disposal of or other dealing with any Shares converted on the exercise of the Performance Rights to meeting any market or inside trading restrictions or holding locks.

ANNEXURE A: MATERIAL TERMS AND CONDITIONS OF HILLGROVE OPTION AND PERFORMANCE RIGHTS PLAN

Source of Shares

Shares required for the purposes of the OPR Plan may be sourced either by issuing new Shares or by, in accordance with the requirements of the Corporations Act, acquiring existing Shares off market or on market, at the Board's discretion.

Payment for Shares

Any costs associated with Shares issued, purchased or otherwise acquired for the purposes of the OPR Plan will be paid by the Company. Any Exercise Price payable on the exercise of a Performance Right will be paid by the Participant or his Associate.

No Loans

Loans made by the Company or any other member of the Hillgrove Group will not be permitted as part of the OPR Plan.

No hedging of Unvested Options or Performance Rights

No Participant will be permitted to enter into transactions or arrangements, including by way of derivatives or similar financial products, which limit the economic risk of holding unvested Performance Rights or of exercising any right attaching to any Performance Right.

Trust

To manage the vesting conditions attaching to any Performance Right, exercise procedures, any holding lock or restrictions and the employee share scheme reporting requirements, settlement of vested Performance Rights may be arranged using an employee share trust.

Reconstructions, Bonus and Rights Issues

The Exercise Price of a Performance Right will be adjusted in a manner contemplated by the Listing Rules from time to time to take account of capital reconstructions and bonus issues.

If there is a rights issue by the Company to all Shareholders before a Performance Right under the OPR Plan is exercised, the Exercise Price for a Performance Right will be appropriately adjusted in the same manner as provided in the formula applicable to options, as set out in the Listing Rules.

Limitation on Issues

The number of Shares that may be issued under the OPR Plan is set with regard to the limits prescribed by the Australian Securities & Investments Commission (**ASIC**) with respect to employee share scheme offers that may be made without the issue of a prospectus.

Where an offer of Performance Rights or Options under this Plan is made in reliance of Class Order 14/1000 the Company must, at the time of making the offer, have reasonable grounds to believe that the number of underlying eligible products in a class of underlying eligible products that form part of the issued capital of the listed body that have been or may be issued in any of the circumstances covered by the following paragraphs will not exceed 5% of the total number of underlying eligible products in that class on issue:

- (a) underlying eligible products that may be issued under the offer;
- (b) underlying eligible products issued or that may be issued as a result of offers made at any time during the previous 3 year period under:
 - (i) an employee incentive scheme covered by this instrument; or
 - (ii) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.

Amendments to Plan Rules

Subject to the provisions of the OPR Plan, the Board may amend the OPR Plan Rules or the terms of grant, if required to do so. However, the OPR Rules may not be amended if, broadly, in the Board's opinion the amendment would materially reduce the rights of the relevant Participant in respect of Performance Rights already granted.

Exceptions to this permit amendment for the purpose of complying with State or Commonwealth legislation or to address any adverse tax implications for Participants generally or by any member of the Hillgrove Group.

A copy of the OPR Plan Rules are available on request to the Company Secretary.

HILLGROVE

RESOURCES

HILLGROVE RESOURCES LIMITED

ACN 004 297 116

Adelaide Office

Ground Floor, 5-7 King William Road,
Unley SA 5061, Australia

P.O. Box 372, Unley SA 5061, Australia

T: +61 8 7070 1698

W: www.hillgroveresources.com.au

All Correspondence to:

- ✉ **By Mail:** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am ACST on Tuesday 23 May 2017.**

🖥 TO VOTE ONLINE

- STEP 1: VISIT** www.votingonline.com.au/hgoagm2017
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am ACST on Tuesday 23 May 2017.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 **Online** www.votingonline.com.au/hgoagm2017
- 📠 **By Fax** +61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Hillgrove Resources Limited

ACN 004 297 116

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of Hillgrove Resources Limited and entitled to attend and vote hereby appoint:

the Chair of the Meeting (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of Hillgrove Resources Limited to be held at Adelaide Pavilion, Veale Gardens, corner South Terrace & Peacock Road, Adelaide SA 5000 on Thursday 25 May 2017 at 10:00am ACST and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 and 4, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1 and 4 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1 and 4). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	To Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	To re-elect Mr John Edwin Gooding as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	To re-elect Mr Maurice William Loomes as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Managing Director's Long Term Incentive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5a	Ratification of Share Issue to Roc-Drill Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5b	Ratification of Share Issue to Ariadne Capital Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Appointment of New Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2017