

Thursday, 17 December 2020

ASX Market Announcements Office  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

## Hillgrove Resources Limited (ASX Code: HGO)

### Cleansing Notice – Notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth)

This notice is given by Hillgrove Resources Limited ACN 004 297 116 (**Company**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by the ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73 (**ASIC Instruments**). Where applicable, references in this notice to sections of the Corporations Act are to those sections as modified by the ASIC Instruments.

The Company today announced a two tranche placement to professional and institutional investors of new fully paid ordinary shares in the Company (**New Shares**) (**Placement**) to raise approximately \$8.1 million at \$0.031 per share and a non-renounceable pro-rata entitlement offer New Shares in the Company to raise up to approximately \$2.8 million (**Entitlement Offer** and, together with the Placement, the **Offer**).

Under the Entitlement Offer, the Company's existing shareholders who are eligible to participate in the Entitlement Offer (**Eligible Shareholders**) will be entitled to subscribe for 1 New Share for every 6.5 ordinary shares they hold in the Company as at 7:00pm (AEDT) on the record date, being Wednesday, 23 December 2020. Each New Share issued under the Entitlement Offer will be issued at the issue price of \$0.031. The Entitlement Offer will be open from Wednesday 30 December 2020 to Monday 8 February 2021, unless extended.

With respect to the Entitlement Offer, the Company confirms that:

- (a) the New Shares will be offered for issue without disclosure to investors under Part 6D.2 of the Corporations Act 2001 (Cth) (**Corporations Act**);
- (b) this notice is being given under section 708AA(2)(f) of the Corporations Act as modified by the ASIC Instruments;
- (c) as at the date of this notice, the Company has complied with:
  - (i) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
  - (ii) section 674 of the Corporations Act as it applies to the Company; and
- (d) as at the date of this notice, there is no excluded information of the type referred to in sections 708A(8) and 708A(9) of the Corporations Act that is required to be set out in this notice under section 708AA(7) of the Corporations Act;

- (e) the potential effect of the issue of New Shares on the control of the Company and the consequences of that effect will depend on a number of factors, including shareholder demand under the Entitlement Offer, and the extent to which Eligible Shareholders take up New Shares under the Entitlement Offer and apply for shares under the top up facility. Having regard to those factors, the Offer is not expected to have any material effect or consequence on the control of the Company.
- (i) Given the structure of the Offer, the potential effect that the issue of the New Shares will have on control of the Company is as follows:
- (A) if all of the Eligible Shareholders take up their entitlements to New Shares under the Entitlement Offer, there will be no material effect on the control of the Company as Eligible Shareholders would continue to hold the same percentage interest in the Company. Shareholders who are ineligible to participate in the Entitlement Offer will have their percentage holding in the Company's shares diluted as a consequence of the issue of New Shares. If the New Shares of ineligible shareholders are acquired by Eligible Shareholders, those shareholders percentage interest in the Company would increase; and
- (B) to the extent that an Eligible Shareholder fails to take up their entitlement under the Entitlement Offer, that Eligible Shareholder's percentage holding in the Company's shares would be diluted by the issue of the New Shares relative to those who did take up their full entitlement (and those who acquire more New Shares than their entitlement).
- (ii) Portfolio Services Pty Limited (**Ariadne**), the largest shareholder in the Company has voting power in the Company of 25.31% at the date of this notice. Ariadne has:
- (A) subscribed for 32,258,065 New Shares with a value of approximately \$1.0 million under the first tranche of the Placement; and
- (B) subject to the second tranche of the Placement being approved by shareholders in general meeting, committed to taking up 19,354,839 New Shares with a value of approximately \$600,000 under the Entitlement Offer (being part of Ariadne's pro rata entitlement under the Entitlement Offer).
- The New Shares acquired by Ariadne will be within, and limited to, Ariadne's 3% capacity to acquire further shares in the Company under item 9 of section 611 of the Corporations Act.
- (iii) Following completion of the Offer, Ariadne's voting power in the Company will not exceed a maximum of 28.31%.

Yours faithfully



Joe Sutanto  
Company Secretary  
Hillgrove Resources Limited