

17 December 2020

INSTITUTIONAL PLACEMENT AND ENTITLEMENT OFFER

SUMMARY

- **Combined equity raising to raise up to ~\$10.9 million at a price of \$0.031 per share:**
 - \$8.1 million to be received through a strongly supported placement to institutional and sophisticated investors.
 - Seeking to raise up to ~\$2.8 million through a 1 for 6.5 non underwritten non-renounceable entitlement offer of which \$0.6 million pre-commitment received from a key shareholder.
 - Introduction of several new institutions in the placement along with strong ongoing support from existing shareholders.
- **Proceeds from the capital raising will be used to fund:**
 - Infill and expansion drilling and engineering studies for the first stage of the Kanmantoo Underground project to reach a final investment decision (FID);
 - Exploration targeted at depth extensions below the current Mineral Resource Estimate;
 - Care and maintenance costs on the existing processing plant and tailings dam to keep these assets production ready for fast restart; and
 - General working capital purposes.

Hillgrove's Managing Director, Lachlan Wallace said, *"It is pleasing to see the strong institutional investor interest in Hillgrove's 100% owned Kanmantoo underground project along with the ongoing support from existing shareholders. At the conclusion of the capital raise, we will be well positioned to complete the drilling and study phase for the Kanmantoo underground project through to final investment decision and continue to investigate the depth extensions of the copper and gold mineralisation which remains open both along strike and at depth in all lodes. I am confident that the planned works will create value for Hillgrove through the potential recommencement of copper and gold production at Kanmantoo, which enables us to unlock the value of the region through further advancement of the near mine and regional exploration projects."*

CAPITAL RAISING TERMS

Placement

Hillgrove Resources Limited (ABN 73 004 297 116) (ASX:HGO) (“Hillgrove” or the “Company”) advises that it has received strong support for a share placement to institutional and sophisticated/professional investors who qualify under s.708(8) to (12) (“Placement”). Key terms of the Placement are as follows:

- Issue of 261,290,322 shares at an issue price of \$0.031 per share raising gross proceeds of \$8.1 million before costs.
- The Placement will be settled in two tranches as follows:
 - Tranche 1: the issue of 76,209,676 new fully paid ordinary shares pursuant to the Company’s available placement capacity under ASX Listing Rules 7.1 raising ~\$2.4 million. The issue of the Tranche 1 shares is expected to occur on or about Tuesday 29 December 2020.
 - Tranche 2: subject to shareholder approval, the issue of 185,080,646 new fully paid ordinary shares to raise ~\$5.7 million. The Company intends to hold a General Meeting of shareholders to approve the Tranche 2 shares on or about Friday 5 February 2021. The issue of Tranche 2 shares will occur as soon as possible after shareholder approval is obtained.

Two of Hillgrove's directors have committed to investing a combined \$150,000 in the Tranche 2 Placement.

Entitlement Offer

Hillgrove is also offering existing eligible shareholders the opportunity to participate in a non underwritten non-renounceable entitlement offer (“**Entitlement Offer**”) to raise gross proceeds of up to ~\$2.8 million through the issue of approximately 90.1 million shares at the same issue price as the Placement, being \$0.031 per share. Eligible shareholders recorded on the register at 7:00 pm (AEST) on Wednesday 23 December 2020 will be entitled to apply for shares on a 1 for 6.5 ratio based on their existing shareholding. Eligible shareholders will be entitled to apply for additional shares if they have taken up their entitlement in full.

The Entitlement Offer is not underwritten however a key shareholder has committed to take at least \$600,000 of their entitlement.

Participation in the Entitlement Offer is entirely optional and is open to all shareholders, other than shareholders who have registered addresses in countries outside Australia and New Zealand where regulatory requirements make participation by the shareholder unlawful or impracticable.

Hillgrove will apply for quotation of the new shares issued under the Placement and Entitlement Offer on the ASX, which will rank equally in all respects with existing Hillgrove fully paid ordinary shares.

The offer price of \$0.031 per share represents a discount of 13% to Hillgrove’s last closing price of \$0.0355 per share on 14 December 2020, a 21% discount to the 10-day VWAP and a 8% discount to TERP (including Placement shares and gross proceeds received). Taylor Collison is acting as Lead Manager for the capital raise.

HILLGROVE RESOURCES LIMITED

Hillgrove's major shareholder, Portfolio Services Pty Limited ("Ariadne") has:

- subscribed for 32,258,065 New Shares with a value of approximately \$1.0 million under Tranche 1 Placement; and
- subject to the Tranche 2 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 Hillgrove under item 9 of section 611 of the Corporations Act.

Following completion of the Capital Raising, Ariadne's voting power in Hillgrove will not exceed a maximum of 28.31%.

TIMETABLE

INDICATIVE TIMETABLE INFORMATION	
Announcement of Capital Raising	Thursday 17-Dec-2020
"Ex" date	Tuesday 22-Dec-2020
Record date	Wednesday 23-Dec-2020
Settlement of Placement (Tranche 1)	Thursday 24-Dec-2020
Issue (and normal trading) of new shares issued under the Placement (Tranche 1)	Tuesday 29-Dec-2020
Entitlement Offer opens and despatch of offer booklet	Wednesday 30-Dec-2020
General Meeting for approval to issue Tranche 2 Placement Shares	Friday 5-Feb-2021
Entitlement Offer closing date	Monday 8-Feb-2021
Announce results of Entitlement Offer	Thursday 11-Feb-2021
Settlement and issue of new shares under the Placement (Tranche 2)	Thursday 11-Feb-2021
Quotation of new shares under Placement (Tranche 2)	Friday 12-Feb-2021
Allotment of new shares under the Entitlement Offer	Monday 15-Feb-2021
Quotation of new shares under Entitlement Offer	Tuesday 16-Feb-2021

Note – The timetable is indicative only and subject to change. The commencement and quotation of new shares is subject to confirmation from ASX. Subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable rules, Hillgrove reserves the right to amend this timetable at any time, including extending the period for the Entitlement Offer or accepting late applications, either generally or, in particular cases, without notice – unless otherwise specified, all times and dates refer to Sydney time.

INVESTOR PRESENTATION

Further details of the capital raising are detailed in the investor presentation released on the ASX platform today.

ABOUT HILLGROVE

Hillgrove is an Australian mining company listed on the Australian Securities Exchange (ASX: HGO) and focused on the development of the Kanmantoo Underground Copper Mine in South Australia and mineral exploration in the south-east of South Australia. The Kanmantoo Copper Mine is located less than 55 kilometres from Adelaide in South Australia.

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