

**HILLGROVE RESOURCES LIMITED**

ACN 004 297 116

**HILLGROVE**  
**RESOURCES**

Notice of  
**Annual General Meeting**  
and **Related Documentation**

**Notice of Annual General Meeting to be held at 9:30am (ACST)  
on Friday 7 May 2021 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 9:30am (ACST) on Wednesday 5 May 2021.

# 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 **9:30am** (ACST) on **Wednesday 5 May 2021**.

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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# PART B: LETTER FROM THE COMPANY SECRETARY

## HILLGROVE RESOURCES

6 April 2021

Dear Shareholder

I am pleased to invite you to attend our Annual General Meeting, being held at the Adelaide Pavilion, Veale Gardens, at the corner of South Terrace & Peacock Road, Adelaide SA on Friday 7 May 2021 at 9:30am (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 9:30am (ACST), Wednesday 5 May 2021. 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](http://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 Pty Limited, at [enquiries@boardroomlimited.com.au](mailto: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



**Joe Sutanto**  
*Company Secretary*

# 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 **9:30am (ACST) on Friday 7 May 2021**.

### 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 <https://www.votingonline.com.au/hgoagm2021>
- by facsimile to Boardroom Pty Limited on facsimile number +61 (02) 9290 9655;
- deliver to Boardroom Pty Limited at Level 12, 225 George Street, Sydney NSW 2000, Australia; or
- mail to Boardroom Pty Limited at GPO Box 3993, Sydney NSW 2001, Australia.

so that it is received no later than **9:30am (ACST) on Wednesday 5 May 2021**.

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.

### Listening to the AGM

Those Shareholders that are unable to attend the venue may listen via teleconference by using the following dial in numbers:

**Australia Dial-in Number: 1300 254 410**

**International Dial-in Number: +61 2 9696 0706**

**Access Code: 7120823**

Shareholders are encouraged to submit any questions they may have of the Company in writing to the Company Secretary at [info@hillgroveresources.com.au](mailto:info@hillgroveresources.com.au) by 5:00pm (ACST) Monday 3 May 2021. Shareholders are directed to the recent presentation on the Company's website.

The teleconference will allow Shareholders to listen to the Meeting live, but not to vote or ask questions.

Shareholders will be only able to vote in person or by proxy as set out above.

### 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 **6:30pm (ACST) on Wednesday 5 May 2021**.

# PART C: NOTICE OF ANNUAL GENERAL MEETING *(cont.)*

## 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	A person who is eligible to participate in the Company's Option and Performance Rights Plan, and any associate of those persons
5	Lachlan Wallace and any associate of Lachlan Wallace
6	Derek Carter, and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company), and any associate of those persons
7	Murray Boyte, and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company), and any associate of those persons
8	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities), and any associate of those persons

However, the Company need not disregard a vote on Resolution 1 and Resolutions 4 to 8 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 a proxy for a person who is entitled to vote on the resolution, in accordance with an express authorisation in the Proxy Form to exercise the proxy even though Resolution 1 and Resolutions 4 to 8 are connected with the remuneration of members of the KMP; or

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

## 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 certified copy thereof under which an attorney for a member appoints a proxy, must be lodged by no later than **9:30am (ACST) on Wednesday 5 May 2021** 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.

# PART C: NOTICE OF ANNUAL GENERAL MEETING *(cont.)*

## 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 2020 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 2020 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 2020 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. ELECTION OF DIRECTOR

In accordance with Article 6.3 of the Constitution and Listing Rule 14.4, Derek Carter who has been casually appointed as a Director after the Company's last annual general meeting, retires effective at the conclusion of this Meeting, and being eligible, offers himself for election.

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

##### Resolution 2 – Election of Director

***“That Derek Carter is elected as a director of the Company.”***

For a detailed discussion of the circumstances material to a consideration of Resolution 2, please read Part D, Item 2 below.

#### 3. RE-ELECTION OF DIRECTOR

In accordance with Article 6.3 of the Constitution and Listing Rule 14.4, Murray Boyte 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 3 – Re-election of Director Retiring By Rotation

***“That Murray Boyte is re-elected as a director of the Company.”***

For a detailed discussion of the circumstances material to a consideration of Resolution 3, please read Part D, Item 3 below.

#### 4. ADOPTION OF OPTION AND PERFORMANCE RIGHTS PLAN (OPRP)

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

##### Resolution 4 – Adoption of OPRP:

***“That for the purposes of Listing Rule 7.2, Exception 13(b) and for all other purposes, the Shareholders approve the Company adopting an employee incentive scheme titled Option and Performance Rights Plan.”***

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 *(cont.)*

## SECTION 2: RESOLUTIONS OF ANNUAL GENERAL MEETING

### 5. APPROVAL OF MANAGING DIRECTOR'S LONG TERM INCENTIVE

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

#### Resolution 5 – 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 Lachlan Wallace of 18,121,622 Performance Rights which once issued and as more particularly described in Part D of this document, will entitle Lachlan Wallace to be issued with an equal number of Shares, upon and subject to the satisfaction of specific criteria as set out in the Explanatory Statement.”*

For a detailed discussion of the circumstances material to a consideration of Resolution 5, please read Part D, Item 5 below.

### 6. APPROVAL FOR THE ISSUE OF OPTIONS TO DEREK CARTER

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

#### Resolution 6 – Approval for the Issue of Options to Derek Carter

*“That for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue by the Company of 7,000,000 Options to Derek Carter (or his nominee) on the terms and conditions as set out in the Explanatory Statement.”*

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

### 7. APPROVAL FOR THE ISSUE OF OPTIONS TO MURRAY BOYTE

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

#### Resolution 7 – Approval for the Issue of Options to Murray Boyte

*“That for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue by the Company of 7,000,000 Options to Murray Boyte (or his nominee) on the terms and conditions as set out in the Explanatory Statement.”*

For a detailed discussion of the circumstances material to a consideration of Resolution 7, please read Part D, Item 7 below.

### 8. APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY

To consider and, if thought fit, pass the following resolution as a special resolution:

#### Resolution 8 – Approval of Additional 10% Placement Capacity

*“That for the purposes of Listing Rule 7.1A and all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

For a detailed discussion of the circumstances material to a consideration of Resolution 8, please read Part D, Item 8 below.

### 9. OTHER BUSINESS

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

By order of the Board



Joe Sutanto

Company Secretary

Dated: 6 April 2021

# 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 2020 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. 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 9.30am (ACST) on 3 May 2021.

## Item 1 – Remuneration Report

The Remuneration Report is in the Directors' Report section of the Company's 2020 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 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 2020 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 2020 which is also available on the Company's website at [www.hillgroveresources.com.au](http://www.hillgroveresources.com.au).

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

The Directors recommend that Shareholders vote in favour of Resolution 1.

The chair intends to vote undirected proxies in favour of Resolution 1.

## Item 2 – Election of Derek Carter as Director

Mr Derek Carter has over 40 years' experience in exploration and mining geology and management. He held senior positions in Burmine Ltd and the Shell Group of Companies where he was responsible for discovering the Los Santos tungsten deposit in Spain, before founding Minotaur Gold NL in 1993. He resigned as Chairman of Minotaur Exploration Ltd in November 2016. Derek was awarded AMEC's Prospector of the Year Award (jointly) in 2003 for the discovery of the Prominent Hill copper-gold deposit, the AusIMM President's Award and is a Centenary Medallist. Derek is currently the Chairman of Petratherm Limited (ASX: PTR).

The Directors (with Mr Carter abstaining) recommend that Shareholders vote in favour of Resolution 2.

The chair intends to vote undirected proxies in favour of Resolution 2.



## PART D: EXPLANATORY STATEMENT *(cont.)*

### Item 3 – Re-election of Murray Boyte as Director

Mr Murray Boyte has over 35 years' experience in merchant banking and finance, undertaking company reconstructions, mergers and acquisitions in Australia, New Zealand, North America and Hong Kong. Murray holds a Bachelor of Commerce and Administration from the Victoria University in Wellington and is a member of the Australian Institute of Company Directors, the Institute of Directors of New Zealand and Chartered Accountants Australia & New Zealand. In addition, Murray has held executive positions and directorships in the transport, horticulture, finance service, investment, health services and property industries. Murray is currently the Chairman of Eureka Group Holdings (ASX: EGH) and National Tyre & Wheel Limited (ASX: NTD).

The Directors (with Mr Boyte abstaining) recommend that Shareholders vote in favour of Resolution 3.

The chair intends to vote undirected proxies in favour of Resolution 3.

### Item 4 – Adoption of Options and Performance Rights Plan

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. Listing Rule 7.2 (Exception 13(b)) sets out an exception to Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 4 is passed, the Company will be able to issue a limited number of securities under the OPRP to eligible participants over a period of 3 years without impacting on the Company's 15% placement capacity under Listing Rule 7.1. If Resolution 4 is not passed, the Company will not be able to rely on Exception 13(b) under Listing Rule 7.2 and the issue of securities under the OPRP to eligible participants will remain subject to the 15% placement capacity on issuing securities without shareholder approval set out in Listing Rule 7.1.

The objective of the OPRP is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issues of securities under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

For the avoidance of doubt, any future issues of securities under the OPRP to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under Listing Rule 10.14.

As required by the provisions of Listing Rule 7.2, Exception 13(b):

- a summary of all the material terms and conditions of the OPRP is set out in Annexure C to these Documents. The Company recommends that you read and carefully consider all those terms and conditions before voting on Resolution 4. A copy of the complete OPRP will be made available, free of charge, upon request by any shareholder to the Company Secretary;
- as at 26 March 2021, there are no Performance Rights outstanding; and
- the maximum number of securities which may be issued by the Company under the OPRP over the next 3 years is 5% of the issued Shares of the Company, which as at 26 March 2021 is 46,848,469.

The Directors recommend that Shareholders vote in favour of Resolution 4.

The chair intends to vote undirected proxies in favour of Resolution 4.

# PART D: EXPLANATORY STATEMENT (cont.)

## Item 5 – Approval of Managing Director’s Long Term Incentive

### Replacing the KEP

Following the termination of the agreement with AGL Energy Limited to sell the pumped hydro energy storage project in February 2020, and pivoting the business strategy towards the development of the Kanmantoo Underground, the Board decided that the cash based KEP granted in July 2019 was no longer an appropriate LTI scheme for the revised business strategy. The KEP would obligate the Company to make a cash payment of \$1.8 million if the market capitalisation of the Company reached \$53.8 million at the vesting date of 31 December 2021, increasing to \$5.0 million if the market capitalisation of the Company was greater than or equal to \$86.8 million on 31 December 2021.

The Board determined that this was not in the best interest of Shareholders, the Kanmantoo Underground, or the Company to be obliged to potentially make a significant cash-based incentive payment to employees during the exploration or development phase of the Kanmantoo Underground and successfully negotiated with eligible employees to replace the KEP with the OPRP – which enables the Company to focus the Company’s cash resources towards the exploration and development activities associated with the Kanmantoo Underground.

As part of Mr Wallace’s employment contract, and used by the Company as a retention and incentive mechanism linked to the performance of the Company, Mr Wallace is entitled to long term incentives. Mr Wallace has agreed to substitute his entitlement under the KEP with an issue of Performance Rights under the OPRP proposed to be adopted under Resolution 4.

### Performance Rights to be issued

The Board proposes to issue Lachlan Wallace, the Managing Director and Chief Executive Officer of the Company 18,121,622 Performance Rights, by offering Mr Wallace participation in the OPRP. These will be issued through the tranches set out in the table below.

Service year	No. of Performance Rights	Service period	Anticipated issue date
2019	3,121,622	31 December 2021	14 May 2021
2020	5,000,000	1 January 2023	14 May 2021
2021	5,000,000	1 January 2024	14 May 2021
2022	5,000,000	1 January 2025	1 July 2022

As recommended by independent remuneration consultant Egan Associates, the proposed Performance Rights issue will also form part of Mr Wallace’s remuneration package for 2020, 2021, and 2022.

### Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- obtain the approval of the public company’s members in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in section 210 to 216 of the Corporations Act.

The grant of the Performance Rights constitutes giving a financial benefit and Mr Wallace is a related party of the Company by virtue of being a Director.

The Directors consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required because the grant of the Performance Rights is considered reasonable remuneration in the circumstances and was negotiated on an arm’s length basis.

### Requirements for approval

Shareholder approval of the participation of Mr Wallace in the OPRP 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 Listing Rules, including Listing Rule 10.14.

### ASX Listing Rule 10.14

Under ASX 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 ASX Listing Rule 10.14 to enable the Company to make grants of Performance Rights, and subsequently issue or transfer Shares, to Mr Wallace. As approval will be given under ASX Listing Rule 10.14, no approval is required under ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 10.15, the following information is provided:

- The Performance Rights will be issued to Mr Wallace.
- Mr Wallace is a Director of the Company.
- 18,121,622 Performance Rights are proposed to be issued.
- no Performance Rights have been issued under the OPRP, as the OPRP is only proposed to be adopted at this Meeting pursuant to Resolution 4.

## PART D: EXPLANATORY STATEMENT *(cont.)*

### Item 5 – Approval of Managing Director’s Long Term Incentive *(cont.)*

- The Performance Rights will be granted to Mr Wallace no later than 24 months after shareholder approval is received.
- The Performance Rights will be issued for no cash consideration and accordingly, no funds will be raised.
- There are no loans relating to the issue or exercise of any Performance Rights or the acquisition of any Shares under the OPRP.
- Details of any securities, including Performance Rights, granted under the OPRP 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 ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the scheme after the resolution is approved and who were not named in this notice of meeting will not participate until approval is obtained.
- In accordance with Listing Rule 10.15.12, the Company will disregard any votes cast on Resolution 5 by Lachlan Wallace and any associate of Lachlan Wallace.
- A summary of the terms and conditions are set out in **Annexure A**.

#### Assessed value of the benefit

The value of the Performance Rights has been assessed by an independent valuer.

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 by the independent valuer for the purposes of the indicative valuation are as follows:

#### Service year performance rights

Detail	2019 service year	2020 service year	2021 service year	2022 service year
Number of Performance Rights	3,121,622	5,000,000	5,000,000	5,000,000
Exercise Price	Nil	Nil	Nil	Nil
Measurement Price	Refer “2019 Service Year Measurement Price Hurdle” in Annexure A	6.0 cents	8.0 cents	10.0 cents
Price Calculation Methodology	15 Day Volume Weighted Average Price	10 Day Volume Weighted Average Price		
Start of Testing Date	31 December 2021	1 March 2022	1 March 2023	1 March 2024
First Exercise Date	31 December 2021	1 March 2023	1 March 2024	1 March 2025
Last Exercise Date	31 December 2021	30 March 2024	30 March 2025	30 March 2026
Valuation	\$53,067	\$148,500	\$136,500	\$133,500
Maximum LTI Entitlement (Employment Contract)	50%	50%	50%	50%
<b>LTI Received (Proposed)</b>	<b>13%</b>	<b>35%</b>	<b>33%</b>	<b>32%</b>

#### Performance rights valuation and link to Mr Wallace’s total fixed remuneration

The valuation of the proposed long term incentive invitation represents a value equal to approximately 28% of Mr Wallace’s Total Fixed Remuneration of \$1,680,000 for the period between 2019 and 2022 that these incentives relate to (ie four years). This is lower than Mr Wallace’s employment contract, under which he is entitled up to 50% of his Total Fixed Remuneration of \$840,000 for long term incentives.

The Directors (with Mr Wallace abstaining) recommend that Shareholders vote in favour of Resolution 5 in order to reduce any future potential cash payment liabilities of up to \$5.0 million.

The Directors (with Mr Wallace abstaining) recommend that Shareholders vote in favour of Resolution 5.

The chair intends to vote undirected proxies in favour of Resolution 5.

# PART D: EXPLANATORY STATEMENT *(cont.)*

## Item 6 – Approval for the Issue of Options to Derek Carter

The Board has resolved, subject to obtaining shareholder approval, to allot and issue 7,000,000 Options to the Company's proposed non-executive Director, Mr Derek Carter (or his nominee), each to acquire one new ordinary share in the Company on the terms and conditions set out in **Annexure B**.

The Options will be granted as a key component of Mr Carter's remuneration in order to retain his services and provide incentive linked to the performance of the Company.

### Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in section 210 to 216 of the Corporations Act.

The grant of the Options constitutes giving a financial benefit and Mr Carter is a related party of the Company by virtue of being a proposed Director.

The Directors (other than Derek Carter) consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required because the grant of the Options is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

### ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Options involves the issue of securities to a related party of the Company, shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstance.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of the Options to Mr Carter will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 10.13, the following information is provided:

- The Options will be issued to Mr Carter (or his nominee), on or around 14 May 2021.
- Mr Carter is a proposed Director of the Company, and is therefore a related party of the Company.
- 7,000,000 Options will be issued across two tranches.
- The Options will be issued for no cash consideration and accordingly, no funds will be raised.
- The current total remuneration package for Mr Carter for the current financial year is \$125,000.
- In accordance with Listing Rule 10.13.10, the Company will disregard any votes cast on Resolution 6 by Derek Carter and any associate of Derek Carter.
- A summary of the terms and conditions are set out in **Annexure B**.

The Directors (with Mr Carter abstaining) recommend that Shareholders vote in favour of Resolution 6.

The chair intends to vote undirected proxies in favour of Resolution 6.

The passing of Resolution 6 is conditional upon, and subject to Resolution 2 being approved by shareholders. Accordingly, if you vote in favour of Resolution 6, you should also vote in favour of Resolution 2.

## PART D: EXPLANATORY STATEMENT *(cont.)*

### Item 7 – Approval for the Issue of Options to Murray Boyte

The Board has resolved, subject to obtaining shareholder approval, to allot and issue 7,000,000 Options to the Company's proposed non-executive Director, Mr Murray Boyte (or his nominee), each to acquire one new ordinary share in the Company on the terms and conditions set out in **Annexure B**.

The Options will be granted as a key component of Mr Boyte's remuneration in order to retain his services and provide incentive linked to the performance of the Company.

#### Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in section 210 to 216 of the Corporations Act.

The grant of the Options constitutes giving a financial benefit and Mr Boyte is a related party of the Company by virtue of being a proposed Director.

The Directors consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required because the grant of the Options is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

#### ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Options involves the issue of securities to a related party of the Company, shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstance.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of the Options to Mr Boyte will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 10.13, the following information is provided:

- The Options will be issued to Mr Boyte (or his nominee), on or around 14 May 2021.
- Mr Boyte is a proposed Director of the Company, and is therefore a related party of the Company.
- 7,000,000 Options will be issued.
- The Options will be issued for no cash consideration and accordingly, no funds will be raised.
- The current total remuneration package for Mr Boyte for the current financial year is \$80,000.
- In accordance with Listing Rule 10.13.10, the Company will disregard any votes cast on Resolution 7 by Murray Boyte and any associate of Murray Boyte.
- A summary of the terms and conditions are set out in **Annexure B**.

The Directors (with Mr Boyte abstaining) recommend that Shareholders vote in favour of Resolution 7.

The chair intends to vote undirected proxies in favour of Resolution 7.

The passing of Resolution 7 is conditional upon, and subject to Resolution 3 being approved by shareholders. Accordingly, if you vote in favour of Resolution 7, you should also vote in favour of Resolution 3.

# PART D: EXPLANATORY STATEMENT *(cont.)*

## Item 8 – Approval of Additional 10% Placement Capacity

Resolution 8 is a special resolution, requiring approval of 75% of the votes cast 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) in order to be passed.

### Background

Listing Rule 7.1A enables an eligible entity to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the Annual General Meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity will be eligible to seek approval under Listing Rule 7.1A if:

- (a) the entity has a market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300 million or less; and
- (b) the entity is not included in the S&P ASX 300 Index.

The Company has a market capitalisation of \$45 million as at 26 March 2021 and is an eligible entity for the purposes of Listing Rule 7.1A.

The number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in Listing Rule 7.1A.2.

Resolution 8 seeks Shareholders' approval to issue additional Equity Securities under the Additional 10% Placement Capacity. It is anticipated the cash consideration received from the issue of Equity Securities under the Additional 10% Placement Capacity would be applied towards the Company's exploration and development activities, the acquisition of new assets (should suitable assets be found), administration costs and general working capital.

### Listing Rule 7.1A

The effect of Item 8 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) without using the Company's 15% placement capacity under Listing Rule 7.1.

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice the Company has Shares and unlisted Performance Rights on issue. Based on the number of Shares on issue at the date of this Notice, the Company will have 936,969,381 Shares on issue and therefore, subject to Shareholder approval being obtained under Resolution 8, 93,696,938 Equity Securities will be permitted to be issued in accordance with Listing Rule 7.1A. Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based the formula set out in Listing Rule 7.1A.2 at the time of issue of the Equity Securities. That formula is:

### **(A X D) – E**

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (a) plus, the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
  - (b) plus, the number of partly paid Shares that became fully paid in the 12 months;
  - (c) plus, the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without Shareholder approval;
  - (d) less, the number of fully paid Shares cancelled in the 12 months.

Note that 'A' has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

- D** is 10%
- E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue, that are not issued with the approval of Shareholders under Listing Rules 7.1 or 7.4.

## PART D: EXPLANATORY STATEMENT *(cont.)*

### Item 8 – Approval of Additional 10% Placement Capacity *(cont.)*

The table below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

Variable 'A'		No. Shares issued under 10% placement capacity	Dilution at different share prices		
			\$0.024 (50% decrease)	\$0.048 (Current price) Issue Price at current market price	\$0.096 (100% increase)
Current	936,969,381	93,696,938	\$2,248,727	\$4,497,453	\$8,994,906
150%	1,405,454,072	140,545,407	\$3,373,090	\$6,746,180	\$13,492,359
200%	1,873,938,762	187,393,876	\$4,497,453	\$8,994,906	\$17,989,812

Note this table assumes:

- No Performance Rights vest and are exercised before the date of the issue of the Equity Securities.
- The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, for the purposes of the above table, it is assumed that those quoted Options are exercised into Shares for the purposes of calculating the voting dilution effect on existing Shareholders.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2, with approval under Listing Rule 7.1 or ratified under Listing Rule 7.4.
- This table does not set out any dilution pursuant to ratification under Listing Rule 7.4.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

### SPECIFIC INFORMATION REQUIRED BY LISTING RULE 7.3A

The following information in relation to the Shares proposed to be issued is provided to Shareholders for the purposes of Listing Rule 7.3A:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 Trading Days on which trades in the class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within five Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 8 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' economic and voting interests in the Company will be diluted. There is also a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date of the Equity Securities which may have an effect on the amount of funds raised by the issue of Equity Securities under the Additional 10% Placement Capacity.

# PART D: EXPLANATORY STATEMENT (cont.)

## Item 8 – Approval of Additional 10% Placement Capacity (cont.)

- (c) The table above on page 15 shows the dilution of existing Shareholders upon the issue of the maximum number of Equity Securities under the Additional 10% Placement Capacity, using different variables for the number of ordinary securities for variable 'A' (as defined in Listing Rule 7.1A) and the market price of Shares. It is noted that variable 'A' is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities. The table shows:
- (i) examples of where variable 'A' is at its current level, and where variable 'A' has increased by 50% and by 100%;
  - (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on 26 March 2021, being \$0.048, (current market price), where the issue price is halved, and where it is doubled; and
  - (iii) the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.
- (d) Approval of the Additional 10% Placement Capacity will be valid during the period (**Additional Placement Period**) from the date of the Annual General Meeting and will expire on the earlier of:
- (i) the date that is 12 months after the date of the Annual General Meeting; and
  - (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- (e) The Company must issue the Equity Securities for cash consideration and may use the funds for exploration and development activities, the acquisition of new assets (should suitable assets be found), administration costs and general working capital.
- The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 upon issue of any Equity Securities.
- (f) The identity of the persons to whom Shares will be issued is not yet known and will be determined on a case by case basis having regard to market conditions at the time of the proposed issue of Equity Securities and the Company's allocation policy, which involves consideration of matters including, but not limited to:
- (i) the ability of the Company to raise funds at the time of the proposed issue of Equity Securities and whether the raising of any funds under such placement could be carried out by means of an entitlements offer, or a placement and an entitlements offer;
  - (ii) the dilutionary effect of the proposed issue of the Equity Securities on existing Shareholders at the time of the proposed issue of Equity Securities;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from its professional advisers, including corporate, financial and broking advisers (if applicable). The persons to whom Shares will be issued under the Additional 10% Placement Capacity have not been determined as at the date of this Notice, but will not include related parties (or their Associates) of the Company.
- (g) No Equity Securities were issued by the Company under Listing Rule 7.1A.2 during the 12 month period preceding the date of the Meeting.
- (h) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not determined who the Company will issue Equity Securities to under the Additional 10% Placement Capacity, other than noting that the persons to whom Shares will be issued will be determined on a case by case basis having regard to the factors outlined in paragraph (f) above. The Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity, therefore no existing security holders' votes would be excluded under the voting exclusion statement included in this Notice.

The Directors recommend that Shareholders vote in favour of Resolution 8.

The chair intends to vote undirected proxies in favour of Resolution 8.



# PART E: GLOSSARY

For the purposes of this document, including Annexures A to C, the following terms have the meanings prescribed below:

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**2020 Annual Report**

the Company's Annual Report for the 12 month period ended 31 December 2020.

---

**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.

---

**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.

---

**Equity Securities**

has the same meaning given to it in the Listing Rules.

---

**KEP**

key employees plan (long term incentive for the Company's executives).

---

**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.

Measurement Date the date in which the Measurement Price will be tested against.

---

**Measurement Price**

the performance hurdle for vesting of the Performance Rights to occur.

---

**Meeting**

the Annual General Meeting referred to in the Notice.

---

**Notice or Notice of Meeting**

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

---

**OPRP**

the Company Options and Performance Rights Plan as contemplated in this Notice

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**Option**

call option.

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**Performance Right**

a right to acquire a Share.

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**Proxy Form**

the proxy form attached to this Document.

---

**Resolution**

a resolution set out in the Notice.

---

**Service Condition**

period in which the employee remains in the employment of the to be entitled to exercise the Performance Rights.

---

**Share**

a fully paid ordinary share in the Company.

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**Shareholder**

a registered holder of Shares.

---

**Trading Day**

means a day determined by ASX to be a trading day in accordance with the Listing Rules.

# ANNEXURE A

## MATERIAL TERMS AND CONDITIONS OF MANAGING DIRECTOR'S LONG TERM INCENTIVE

A summary of the key terms of the Performance Rights proposed to be issued to Lachlan Wallace are set out in the table below.

Detail	2019 service year	2020 service year	2021 service year	2022 service year
Number of Performance Rights	3,121,622	5,000,000	5,000,000	5,000,000
Exercise Price	Nil	Nil	Nil	Nil
Measurement Price	Refer below titled "2019 Service Year Measurement Price Hurdle"	6.0 cents	8.0 cents	10.0 cents
Price Calculation Methodology	15 Day Volume Weighted Average Price	10 Day Volume Weighted Average Price		
Start of Testing Date	31 December 2021	1 March 2022	1 March 2023	1 March 2024
First Exercise Date	31 December 2021	1 March 2023	1 March 2024	1 March 2025
Last Exercise Date	31 December 2021	30 March 2024	30 March 2025	30 March 2026

### 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 Wallace through his exercise of the Performance Rights is 18,121,622 Shares.

### Price payable on grant or exercise of Performance Rights

Mr Wallace will not be required to pay any amount on either the grant or vesting of his Performance Rights under the proposed long term incentive invitation or upon exercise of any of those Performance Rights, once vested. The Performance Rights are not transferable.

### Change of control

Subject to the Listing Rules, if a "Change of Control Event" occurs, all unvested Performance Rights will vest provided the Performance Conditions have been met for the respective tranche.

### Exercise on vesting

Any Performance Rights that vest after having met the Measurement Price and Service Conditions may be exercised once the Measurement Price has been determined and an equal number of Shares will be issued. Any unvested Performance Rights will lapse.

### No right to dividends, bonus or rights issues

None of the Performance Rights 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 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-quotations

The Company will not apply to the ASX for official quotation of the Performance Rights. 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.

# ANNEXURE A (cont.)

## 2019 Service Year Measurement Price Hurdle

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

### 2019 Service Year Measurement Price Hurdle:

#### 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 from 10 August 2020 to 31 December 2021. Companies that are removed from the starting list for any reason during this 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 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 between 10 August 2020 to 31 December 2021.

# ANNEXURE B

## MATERIAL TERMS AND CONDITIONS OF DIRECTOR OPTIONS

A summary of the key terms of the Options proposed to be issued to Derek Carter and Murray Boyte across two tranches are set out in the table below.

	Option Tranche 1	Option Tranche 2
Exercise Price	\$0.10 / share	\$0.15 / share
Grant Date	14 May 2021	14 May 2021
First Exercise Date	14 May 2023	14 May 2024
Last Exercise Date	14 May 2025	14 May 2026
Number of Options	4,000,000	3,000,000

- Each Option entitles the holder to one ordinary share in the Company.
- Each Option is exercisable in whole or in part at any time during the period commencing on the First Exercise Date and expiring on the Last Exercise Date (**Exercise Period**). Options not exercised before the Last Exercise Date will lapse.
- Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price per Option in cleared funds.
- The Company will not apply to ASX for official quotation of the Options.
- The Company will make application for official quotation on ASX of new shares allotted on exercise of the Options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the Options will qualify for dividends declared after the date of their allotment.
- Options can only be transferred with Board approval, except that if at any time before the expiry of the Exercise Period the optionholder dies, the legal personal representative of the deceased optionholder may:
  - Elect to be registered as the new holder of the Options;
  - Whether or not he becomes so registered, exercise those Options in accordance with the terms and conditions on which they were granted; and
  - If the deceased has already exercised the Options, pay the exercise price in respect of those Options.

- An optionholder may only participate in new issue of securities to holders of ordinary shares in the Company if the Option has been exercised and shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give prior notice to the optionholder of any new issue before the record date for determining entitlements to the issue in accordance with ASX Listing Rules.

- If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the Option is exercisable will be increased by the number of ordinary shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

- If the Company makes a rights issue (other than a bonus issue), the exercise price of the Options on issue will be reduced according to the following formula:

$$A = \frac{O - E[P - (S+D)]}{N + 1}$$

$$N + 1$$

Where:

**A** = the new exercise price for the Option.

**O** = the old exercise price for the Option.

**E** = the number of Shares into which one Option is then exercisable.

**P** = the average market price per Share (weighted by reference to volume) of Shares during the 5 trading days ending on the before the ex rights date or ex entitlements date.

**S** = the subscription price for a Share under the pro rata issue.

**D** = the dividend due but not yet paid on the existing ordinary shares (except those to be issued under the pro rata issue).

**N** = the number of shares with rights or entitlements that must be held to receive a right to one new share.

- If, during the currency of the Options the issued capital of the Company is reorganised, those Options will be reorganised to the extent necessary to comply with ASX Listing Rules.

# ANNEXURE C

## MATERIAL TERMS AND CONDITIONS OF HILLGROVE OPTION AND PERFORMANCE RIGHTS PLAN

### Plan rules

The Hillgrove Resources OPRP Rules will establish the OPRP. 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 OPRP will be used for offers to eligible invited executives of the Hillgrove group of companies as approved by the Board. Each such person who participates in the OPRP is hereafter referred to as a Participant.

### Options or rights to acquire shares

Grants under the OPRP 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 OPRP 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, the Board will have the discretion to allow some or all of the Performance Rights to be exercised. In accordance 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 in its absolute discretion may determine that all then outstanding Option or Performance Rights will become exercisable or lapse.

### 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.

# ANNEXURE C (cont.)

## MATERIAL TERMS AND CONDITIONS OF HILLGROVE OPTION AND PERFORMANCE RIGHTS PLAN (cont.)

### 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.

### No loans

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

### 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 OPRP 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 OPRP is set with regard to the limits prescribed by 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 OPRP, the Board may amend the OPRP Rules or the terms of grant, if required to do so. However, the OPRP 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 OPRP Rules are available on request to the Company Secretary.

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**HILLGROVE**  
**RESOURCES**

**HILLGROVE RESOURCES LIMITED**

ACN 004 297 116

**Adelaide Office**

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## All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited  
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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 9:30am (ACST) on Wednesday 5 May 2021.**

### 🖥 TO VOTE ONLINE

- STEP 1: VISIT** <https://www.votingonline.com.au/hgoagm2021>
- 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 **9:30am (ACST) on Wednesday 5 May 2021**. 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** <https://www.votingonline.com.au/hgoagm2021>

📠 **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** (Company) 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 the Company to be held at the **Adelaide Pavilion, Veale Gardens, Corner South Terrace & Peacock Road, Adelaide SA 5000 on Friday, 7 May, 2021 at 9:30am (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 4-7, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1 and 4-7 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 4-7). 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	Election of Director – Derek Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director Retiring By Rotation – Murray Boyte	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Adoption of Option and Performance Rights Plan (OPRP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Managing Directors Long Term Incentive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval for the issue of Options to Derek Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval for the issue of Options to Murray Boyte	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of Additional 10% Placement Capacity	<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 / / 2021