

30 December 2020

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Dear Shareholder

Hillgrove Resources Limited Entitlement Offer – Notification to ineligible shareholders

On 17 December 2020, Hillgrove Resources Limited ACN 004 297 116 (ASX: HGO) (**Hillgrove** or the **Company**) announced its intention to raise approximately \$10.9 million through a two tranche placement to institutional investors of new fully paid ordinary shares in Hillgrove (**New Shares**) (**Placement**) and a non-renounceable pro rata entitlement offer to eligible shareholders to subscribe for 1 New Share in Hillgrove for every 6.5 existing fully paid ordinary shares in Hillgrove (**Shares**) held as at 7.00 pm (AEDT) on the record date (being, Wednesday, 23 December 2020) (**Record Date**) (**Entitlement**) at an issue price of \$0.031 per New Share (**Issue Price**) (**Entitlement Offer** and, together with the Placement, the **Offer**).

As announced to ASX on Thursday, 17 December 2020, Hillgrove has received strong support for the Placement. The Placement will be settled in two tranches as follows:

- the issue of 76,209,676 New Shares pursuant to Hillgrove's available placement capacity under ASX Listing Rule 7.1 raising approximately \$2.4 million (**Tranche 1 Placement**); and
- subject to shareholder approval, the issue of 185,080,645 New Shares to raise approximately \$5.7 million (**Tranche 2 Placement**). As the Tranche 2 Placement will exceed Hillgrove's 15% limit under ASX Listing Rule 7.1, it is subject to shareholder approval at a general meeting of Hillgrove to be held on 5 February 2021.

Hillgrove seeks to raise up to approximately \$2.8 million under the Entitlement Offer. The Entitlement Offer is non-renounceable, and Entitlements that are not taken up by Eligible Shareholders, together with the Entitlements of Ineligible Shareholders (as defined below), will lapse.

The Entitlement Offer is being made by Hillgrove in accordance with section 708AA of the *Corporations Act 2001* (**Corporations Act**) as modified by the Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84.

Documents relating to the Entitlement Offer were lodged with the Australian Securities Exchange (**ASX**) today and are being mailed to Eligible Shareholders.

This letter has been sent to you to inform you about the Entitlement Offer and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. **You are not required to**

do anything in response to this letter but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of.

Details of the Entitlement Offer

The Entitlement Offer is being made to Eligible Shareholders on the basis of 1 New Share for every 6.5 existing Shares held at 7.00 pm (AEDT) on the Record Date, being Wednesday, 23 December 2020.

Eligibility criteria

Hillgrove has determined, pursuant to section 9A(3) of the Corporations Act and Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers to Hillgrove shareholders in all countries in connection with the Entitlement Offer. Accordingly, in compliance with section 9A(3) of the Corporations Act and ASX Listing Rule 7.7.1(b), Hillgrove wishes to inform you that it will not be extending the Entitlement Offer to you and you will not be able to subscribe for New Shares under the Entitlement Offer.

Shareholders who are eligible to participate in the Entitlement Offer (**Eligible Shareholders**) are those shareholders of Hillgrove who:

- a) are registered as a holder of fully paid ordinary shares in Hillgrove as at 7.00pm (AEDT) on the Record Date;
- b) have a registered address in Australia or New Zealand as recorded on Hillgrove's share register on the Record Date or are beneficial shareholders who are institutional or professional investors in certain foreign countries to the extent contemplated in the Entitlement Offer booklet, investor presentation or as Hillgrove may otherwise permit in compliance with applicable law;
- c) are not in the United States and are not acting for the account or benefit of person in the United States (to the extent such a person holds Shares for the account or benefit of such a person in the United States; and
- d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or other formal offer document to be lodged or registered,

Shareholders who are not Eligible Shareholders are ineligible shareholders and are consequently unable to participate in the Entitlement Offer (**Ineligible Shareholders**). Hillgrove may (at its absolute discretion) extend the Entitlement Offer to certain institutional or professional shareholders in foreign jurisdictions (subject to compliance with applicable laws).

Non-renounceable offer

As the Entitlement Offer is non-renounceable, entitlements in respect of the New Shares you would have been entitled to if you were an Eligible Shareholder will lapse and you will not receive any payment or value for your entitlements in respect of any New Shares that would have been offered to you if you had been eligible. New Shares equivalent to the number of New Shares you would have been entitled to if you were an Eligible Shareholder may be allocated to other Eligible Shareholders who subscribe for New Shares in excess of their entitlement under the Entitlement Offer, under the top-up facility available to Eligible Shareholders.

Further information

If you have any questions in relation to any of the above matters, please contact the Hillgrove Entitlement Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (from outside Australia) from 9.00am to 5.00pm (AEDT) Monday to Friday.

On behalf of the Board and management of Hillgrove, thank you for your continued interest.

Yours sincerely



Derek Carter
Chairman
Hillgrove Resources Limited

This letter is not a prospectus or offering document under Australian law or under any other law. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia or New Zealand. This letter is for information purposes only and does not constitute or form part of an offer, invitation, solicitation, advice or recommendation with respect to the issue, purchase or sale of any New Shares in Hillgrove.

This notice does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the entitlements nor the New Shares have been or will be registered under the U.S. Securities Act of 1933 (the **Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered or sold in the United States or to any person acting for the account or benefit of a person in the United States unless they are registered under the Securities Act or unless they are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable U.S. state securities laws. The New Shares to be offered and sold in the Entitlement Offer may only be offered and sold outside the United States in “offshore transactions” (as defined in Regulation S under the Securities Act) in reliance on Regulation S under the Securities Act.

The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.