Hillgrove Gold Limited
ABN 73 004 297 116

20 January 2004

Dear Shareholder,

HILLGROVE GOLD LIMITED SHARE PURCHASE PLAN

I am pleased to advise that Hillgrove Gold Limited (the "Company or "Hillgrove") has introduced a share purchase plan (the "Plan"). The Plan entitles shareholders, irrespective of the size of their shareholding to subscribe for up to $5,000 worth of fully paid ordinary shares ("Shares") in the Company at a 15% discount to the weighted average market price of all Shares sold in the five (5) trading days prior to the closing date of the offer (the "Offer"). No brokerage, commission, stamp duty or other transaction costs will be payable by shareholders in respect of the application for, and issue of, Shares pursuant to the Plan.

You should note that the market price of the Shares may rise or fall between the date of the Offer closing and the date when the new Shares are allotted. This means that the price you pay per Share under the Offer may exceed the market price of the Shares at the time the Shares are allotted to you. Accordingly, you should seek your own financial advice in relation to the Offer and your participation under the Plan.

A waiver from ASX Listing Rule 7.1 has been granted to permit the issue of shares, under the terms of the Plan, without shareholder approval. A waiver from ASX Listing Rule 10.11 has also been granted to permit the Hillgrove's directors to participate in the Plan.

Entitlement

The Offer is open to all shareholders who are registered as holders of Shares in the Company at 5.00pm Eastern Standard Time on the record date of Monday 19 January 2004 (the "Record Date") and whose address as recorded in the register is in Australia or in any other jurisdiction within which it is lawful and (in the opinion of the Company) practical for the Company to offer Shares under the Plan.

Purchase Price

The price payable for each Share issued pursuant to the Plan will be at a 15% discount to the weighted average market price of all Shares sold in the five (5) trading days prior to the closing date of the Offer.

How much can be Invested

Under the Plan eligible shareholders may invest an amount from $1,000 up to $5,000. The maximum amount will apply even if eligible shareholders receive more than one offer (for example, if they have more than one shareholding under separate accounts).

Purpose of the Offer

The offer allows shareholders who do not have a marketable parcel of at least $500 worth of shares to increase their holdings into a more meaningful and financially viable marketable parcel of shares without brokerage and associated charges. In addition, shareholders with marketable parcels have an identical opportunity to support the Company by increasing their holdings without brokerage and additional charges. The funds raised under the Plan will be used to:

1. carry out exploration activities at the Kanmantoo Project, the acquisition of which was announced on 3 November 2003 and the Alford Copper Project which was announced on 12 January 2004; and

2. assist the Company in identifying additional resources opportunities and providing the Company with the financial capacity to evaluate and complete potential acquisitions which the Company may consider are compatible with its stated parameters and which will offer value enhancing opportunities to shareholders.

This letter and the enclosed terms and conditions and Application Form set out in full the terms and conditions of the Offer. By accepting the Offer, you will have agreed to be bound by those terms and conditions.

Participation in the Plan is entirely optional. However, shareholders are encouraged to support the Company by subscribing for new Shares under the Plan.

How to participate

If you would like to participate in the Plan, please read the attached terms and conditions and return your completed Application Form, together with your cheque for the value of shares applied for. Your Application Form must be received **on or before 5.00pm on the closing date of 16 February 2004** (the "Closing Date").

Eligible shareholders may choose one of the following levels of acceptance:

- $1,000 minimum amount
- $2,500
- $5,000 maximum amount

The price at which Shares will be issued under the Plan will be announced on 16 February 2004.

Once the purchase price has been determined, the number of Shares in the level of acceptance that you have applied for will be calculated by dividing the relevant amount ($1,000, $2,500 or $5,000) by the purchase price, and it may not equal a whole number of Shares. In this case, the number of shares allotted to you will be rounded up to the nearest whole share.

If the exact amount of money is not tendered with the Application Form, Hillgrove reserves the right to disregard your application and not to allot any shares.

No stamp duty or brokerage will apply to shares purchased under the Plan on application.

The Company may conduct a share purchase plan in the future, but is not obliged to do so.

The Company reserves the right to issue fewer Shares than an eligible shareholder applied for under the Plan (or none at all) if it believes that the allotment of those Shares would contravene any law or rules of Australian Stock Exchange Limited ("ASX"), on which the Shares are listed.

Before deciding whether to accept the Offer, please consider the price at which the Shares have been trading on ASX and read the enclosed terms and conditions carefully.

The Company will apply for quotation of the Shares to be issued under the Plan on ASX on or before 2 March 2004. The Shares subscribed for will be allotted within 10 business days of the Closing Date. Shareholders will be issued with a holding statement or confirmation shortly after the allotment of the Shares.

Yours faithfully

David Archer
Chairman

HILLGROVE GOLD LIMITED SHARE PURCHASE PLAN
TERMS AND CONDITIONS

The following sets out the terms and conditions of the Plan (the "Terms"). By accepting the Offer, you will have agreed to be bound by the Terms and the Company's Constitution.

1. Eligibility to participate

1.1 Those members of the Company who will be eligible to apply for Shares under the Offer ("the Eligible Members") are those who, subject to Clause 1.2:

- are recorded in the Company's register of members at 5.00pm on the Record Date; and
- have an address (as recorded in the Company's register of members) in Australia.

1.2 Where a member is expressly noted on the Company's register of members as a trustee or nominee on account of another person ("Beneficiary"), the Beneficiary will be deemed to be the Eligible Member and an acceptance of the Offer and subsequent issue of Shares will be deemed to be made by or to the Beneficiary.

1.3 An Offer does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

1.4 Eligible Members may apply for up to a maximum of five thousand dollars ($5,000) worth of Shares in any consecutive twelve (12) month period. This maximum amount applies even if an Eligible Member receives more than one Offer or receives the Offer as a joint holder of Shares. If an Offer is received by a member who is expressly noted on the Company's register of members as a trustee or nominee on account of a Beneficiary, then any Shares issued in relation to that Offer will not be included in calculating the maximum number of Shares that may be applied for by that member, but will be included in calculating the maximum number of Shares that can be applied for by the Beneficiary.

1.5 Offers made under the Plan are non-renounceable. This means that members cannot transfer their right to purchase Shares under this Offer to another person.

2. Purchase price

2.1 The price at which Shares will be issued under the Plan will be at a 15% discount to the weighted average market price of all Shares sold in the five (5) trading days prior to the Closing Date (the "Purchase Price").

2.2 By accepting an Offer and applying for Shares under the Plan, each Eligible Member acknowledges that the Shares are a speculative investment and the price of the Shares quoted on ASX may change between the date of the Offer and the date of issue of the Shares and that the value of Shares received under the Plan may rise or fall accordingly. Accordingly you should seek your own financial advice in relation to this offer and your participation in the Plan.

3. Terms of issue of shares

3.1 The Board reserves the right to refuse an application if it considers that the applicant is not an Eligible Member or has not otherwise complied with the terms of the Plan or for any other reason. If an application is refused, the application monies received will be refunded without interest.

3.2 Subject to clause 3.1, Shares to be issued under the Plan will be allotted within 10 business days of the Closing Date. Shareholders will be issued with a holding statement or confirmation shortly after the allotment of the Shares.

3.3 Shares allotted under the Plan will rank equally in all respects with all other Shares in the Company on the date of issue.

3.4 The Company will, by 2 March 2004, apply to ASX for quotation of the Shares issued under the Plan.

3.5 In accordance with a waiver granted by ASX, no more than 20,000,000 Shares may be issued under the Plan.

3.6 Eligible shareholders may choose one of the following levels of acceptance:

- $1,000
- $2,500
- $5,000

3.7 If the value of Shares subscribed for by an Eligible Shareholder is not exactly divisible by the Purchase Price, in calculating the number of Shares to be issued, all fractional entitlements will be rounded up to the nearest whole number.

4. General

4.1 The Plan will be administered by the Board or a committee of the Board that will have absolute discretion to:

(a) determine appropriate procedures for administration of the Plan consistent with these Terms;

(b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan or these Terms; and

(c) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of their powers or discretions under the Plan or these Terms.

4.2 The Plan and these Terms may be suspended, terminated or amended at any time by the Board. In particular the Board may waive compliance with any provision of these terms and conditions, or vary these terms and conditions if required to comply with the ASX Listing Rules.

4.3 The Company reserves the right to issue fewer Shares than an Eligible Member applied for under the Plan (or none at all) if it believes that the allotment of those Shares would contravene any law or rules of ASX.

HILLGROVE GOLD LIMITED ABN 73 004 297 116 ("Hillgrove")

SHARE PURCHASE PLAN APPLICATION FORM

Plan to allow Eligible Shareholders to purchase up to $5,000 worth of Shares payable in full on acceptance of the Offer

ACCEPTANCES must be received by: 5.00pm on 16 February 2004

Name: ______________________________

(Must be exactly the same as shareholder's existing registered name)

Address: ______________________________

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I/We, the abovementioned, being registered as ordinary shareholder(s) in the Company do hereby apply for the value of Shares stated below in accordance with the Terms and the Constitution of the Company.

- The **minimum** value of Shares you can apply for is $1,000
- The **maximum** value of Shares you can apply for is $5,000

Please tick ☑ one only box below:

$1,000 worth of Shares or ☐
$2,500 worth of Shares or ☐
$5,000 worth of Shares ☐

I/We enclose my/our cheque for the amount indicated above.

CHEQUE DETAILS: Cheques should be made payable to "Hillgrove Gold Limited – Share Issue Account" and crossed 'not negotiable'.

DRAWER	BANK	BSB-A/C No.	AMOUNT OF CHEQUE

YOUR CONTACT DETAILS IN CASE OF ENQUIRIES:

CONTACT NAME	TELEPHONE (DAY)	TELEPHONE (A/H)

EMAIL ADDRESS

RETURN OF THIS FORM WITH YOUR CHEQUE FOR PAYMENT WILL CONSTITUTE YOUR ACCEPTANCE OF THE OFFER AND APPLICATION FOR SHARES UNDER THE TERMS AND CONDITIONS OF THE PLAN

YOUR DECLARATION AND ACKNOWLEDGEMENT AND INSTRUCTIONS ON HOW TO COMPLETE THIS FORM ARE ON THE REVERSE SIDE OF THIS PAGE

INSTRUCTIONS TO APPLICANTS
Please read these instructions carefully

Payment

The amount of your cheque should be equal to the total value of Shares for which you apply. Payment must be made in Australian currency only.

Cheques should be made payable to "Hillgrove Gold Limited – Share Issue Account" and crossed "Not Negotiable". Sufficient cleared funds should be held in your account, as your application will be rejected if your cheque is dishonoured. Receipts for payment **will not** be issued. Cash payments will not be accepted.

How to Lodge your Application

The competed form should be forwarded with your payment by post or by hand delivery to the addresses set out below and must reach that address by 5.00pm on 16 February 2004..

Delivered to:	*OR*	*Mailed to:*
Hillgrove Share Purchase Plan c/-Computershare Investor Services Pty Limited Level 3, 60 Carrington Street Sydney NSW 2000 Australia		Hillgrove Share Purchase Plan c/- Computershare Investor Services Pty Limited GPO Box 7115 Sydney NSW 2001 Australia

If you are unsure how to complete this application form please contact Hillgrove's Company Secretary, Mr. Ron Belz, on (02) 9906 3211 or fax (02) 9906 4654.

Declaration and Acknowledgement

By forwarding and completing this application form, each member;

(a) Acknowledges that they have read and understood the terms and conditions of the Plan and they agree to be bound by those terms and conditions and by the Constitution of the Company;

(b) Acknowledges that Hillgrove has reserved the right to scale back applications under the Plan and as such the value of Shares which may be allotted to them under the Plan may be less than the value of Shares applied for under the Plan;

(c) Certifies that (except where Shares are held as trustee or nominee on account of a beneficiary which is expressly noted on the Company's register of members) the aggregate of the application price for

   i) the Shares or interests the subject of the application; and

   ii) any other Shares or interests in the class applied for by, or on behalf of, the shareholder under the Plan or any similar plan operated by the Company in the 12 months prior to the application,

   does not exceed $5,000; and

(d) certifies that (where Shares are held as trustee or nominee on account of a beneficiary which is expressly noted on the Company's register of members ("Beneficiary")) the aggregate of the application price for:

   i) the Shares or interests the subject of the application; and

   ii) any other Shares or interests in the class applied for by, or on behalf of, the Beneficiary under the Plan or any similar plan in the 12 months prior to the application,

   does not exceed $5,000.

Hillgrove may settle in any manner it thinks fit, any dispute or anomalies which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any applicant or application for Shares. The decision of Hillgrove will be conclusive and binding on all persons to whom the determination relates. Hillgrove reserves the right to waive compliance with any provision of the Terms, or to vary the Terms if required to comply with the ASX Listing Rules.