ASX RELEASE

Monday, 23 September 2013

HILLGROVE ANNOUNCES SUCCESSFUL $10.8 MILLION EQUITY RAISING

Hillgrove Resources Limited (**Hillgrove** or the **Company**) is pleased to announce the successful completion of a placement to raise $10.8 million through the issue of approximately 153.7 million ordinary shares to institutional and sophisticated investors at an issue price of $0.07 per share (**Placement**).

The Placement was well oversubscribed, with over 70% subscribed for by current Hillgrove shareholders, and strong support from new shareholders, endorsing Hillgrove's commercial and operational outlook.

The Placement price of $0.07 per share represents a discount of 12.5% to the closing price of $0.08 per share on 18 September 2013 and 12.0% to the volume weighted average price of Hillgrove during the 5 trading days up to and including 18 September 2013.

Wilson HTM Corporate Finance Ltd was the Lead Manager for the Placement. The Placement has been conducted within the 15% placement capacity of the Company in accordance with ASX Listing Rule 7.1. The new shares will rank equally with existing fully paid Hillgrove shares and are expected to be issued on Friday, 27 September 2013.

The funds from this equity raising will be used to finalise the settlement with the previous mining contractor, in addition to providing an appropriate level of working capital buffer. Providing this solid capital platform for the Company is prudent at this important time when the new mining operations have successfully transitioned to Hillgrove's management and operators, and new long term contracts for equipment supply and maintenance and blasthole drilling services have been entered into.

Hillgrove's Managing Director and CEO, Greg Hall said: "With the successful transition at Kanmantoo to the new mining services, and the process plant and new crusher continuing to perform in a reliable manner, this successful equity raising will allow us to support our improving cashflow and profit from the Kanmantoo Copper Mine."

Uses of Funds

Hillgrove's sources and uses of funds are shown in the following table.

Sources	$ million
Cash Balance – End July 2013	17.1
Less: Restricted Cash (required by end Jan 2014)	(10.0)
Total pre-placement	7.1
Add: Placement	10.8
Total sources of funds	**17.9**
Uses	$ million
Initial settlement payment	5.0
Finalisation of settlement	4.0
Working capital and transaction costs	8.9
Total uses of funds	**17.9**

Indicative Equity Raising timetable

Event	**Date**
Settlement of Placement	Thursday, 26 September 2013
Allotment of new shares issued under the Placement and commencement of trading of new shares on ASX	Friday, 27 September 2013

Please note the timetable is subject to change and Hillgrove reserves the right to vary the timetable without notice. The commencement of trading of new shares is subject to confirmation from the ASX.

Hillgrove recently announced operating revenues of $58.6 million, EBITDA of $18.6 million and net profit after tax of $4.0 million for the half year ended 31 July 2013, derived from the production and sale of copper concentrate from the Company's Kanmantoo Copper Mine in South Australia. Additionally, the Company advised shareholders that based on the further operational improvements planned at Kanmantoo, the guidance for total Copper in Concentrate production for the financial year ended January 2015 is in excess of 20,000 metric tonnes per annum.

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Disclaimer and caution regarding forward looking statements

This release is not an offer or an invitation to acquire Hillgrove shares.

This release contains certain “forward-looking statements”. The words “anticipate”, “believe”, “will”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, production targets, the ability to secure financing, expansion and mine development timelines, infrastructure alternatives and financial position and performance are also forward-looking statements. Any forecast or other forward-looking statement contained in this release is subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the issuer, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward-looking statements. These forward-looking statements are based on information available to us as of the date of this release. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update these forward-looking statements.

ABOUT HILLGROVE

Hillgrove is an Australian mining company listed on the Australian Securities Exchange (ASX: HGO) focused on the operation of the Kanmantoo Copper Mine in South Australia, and exploration on its Indonesian tenements. The Kanmantoo Copper Mine is located less than 55km from Adelaide in South Australia. With construction completed in late 2011, Kanmantoo is an open-cut mine which has now ramped up to a throughput of 2.8Mtpa, to produce approximately 80,000 dry metric tonnes of concentrate per annum.

Kanmantoo Global Mineral Resource Estimate at end February 2013

	JORC 2012 Classification	Tonnage (Mt)	Cu (%)	Au (g/t)	Ag (g/t)
In Situ Resource	Measured	2.63	0.88	0.10	1.95
	Indicated	21.77	0.82	0.23	2.21
	Inferred	5.0	0.67	0.13	1.79
		29.46	**0.80**	**0.20**	**2.11**
Long Term Stockpiles	Measured	1.39	0.46	N/A	N/A
	Indicated	0.50	0.18	N/A	N/A
		1.89	**0.39**	**-**	**-**
	Total	**31.30**	**0.78**	**0.20**	**2.11**

Note: In Situ Resource >0.20% Cu, Long Term Stockpiles >0.15% Cu.

Competent Person's Statement

The information in this release that relates to Mineral Resources is based upon information compiled by Mrs Michaela Wright, who is a Member of The Australasian Institute of Mining and Metallurgy. Mrs Wright is a full-time employee of Hillgrove Resources Limited and has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code)’. Mrs Wright has consented to the inclusion in the release of the matters based on their information in the form and context in which it appears.