

Monday, 14 August 2017

NOTIFICATION OF EXPIRY OF LISTED OPTIONS

Hillgrove Resources (ASX:HGO), advises that the attached letter has been sent to holders of listed options (ASX:HGOOA) exercisable at \$0.03 on or before 21 September 2017, as notification of the expiry of their options on 21 September 2017.

The last date of quotation of HGOOA options on the ASX will be 15 September 2017.

For more information contact:

Mr Paul Kiley
CFO & Company Secretary
Tel: +61 (0) 8 7070 1698

14 August 2017

Dear Option Holder,

EXPIRY OF LISTED OPTIONS

You are the registered holder of options (the **Options**) in Hillgrove Resources Limited (ASX:HGO) (**Hillgrove** or the **Company**). These options were issued to shareholders who participated in the December 2016 Convertible Notes Issue or have been acquired on market since that time.

The Options will expire at 5.00pm (AEDT) on Thursday, 21 September 2017.

Option Holders Choices:

1. Exercise all or a portion of your options

You may complete the enclosed 'Application for Shares on Exercise of Options' form in full, sign it and send it to Boardroom Pty Limited by post. Exercise of options will be completed and processed in accordance with the Terms of Options set out on the back of the Application Form. Payment must be made by Cheque, payable to Hillgrove Resources Limited or BPAY.

2. Sell all or a portion of your options

The Options are listed (ASX:HGOOA) and may be traded on the ASX. The last traded price for HGOOAs was \$0.065 on 11 August 2017. Your options will cease trading at close of trade on Friday, 15 September 2017 (last day of quotation).

3. Do Nothing

If you choose to do nothing, your Options will expire at **5.00pm (AEDT) on Thursday, 21 September 2017** and have no value.

Additional Information required by the ASX Listing Rules

In accordance with the ASX Listing Rules, the Company advises the following:

- (a) The name of the option holder is contained on the enclosed personalised 'Application for Shares on Exercise of Options'.
- (b) The number of Options held, and the number of fully paid ordinary shares in the Company to be issued on the conversion of the Options is contained in the enclosed personalised 'Application for Shares on Exercise of Options' for the option holder.
- (c) The exercise price for the Options is \$0.03.
- (d) The due date for payment of the exercise price is on or before **5pm (AEDT) on Thursday, 21 September 2017**.
- (e) If payment is not received by 5pm (AEDT) on Thursday, 21 September 2017, then your Options will expire with no value and no further entitlement will exist.
- (f) Official quotation of Options on the ASX will cease at the close of trading on Friday, 15 September 2017.
- (g) The last traded price for Hillgrove shares was \$0.099 on 11 August 2017.
- (h) The highest and lowest market price for Hillgrove shares during the 3 months immediately before the notice is as follows
Highest: \$0.099 on 11 August 2017
Lowest: \$0.061 on 17 May 2017
- (i) The board confirms that there is no underwriting agreement in place for the exercise of the Options.



Further Information

The board encourages you to consider your choices as an Option holder and to take the action that best suits your individual circumstances. If you require more information on how to exercise your Options, please contact Boardroom Pty Limited on 1300 737 760. If you are unsure whether to take up your Options, please contact your stockbroker, financial advisor or other professional advisor.

Yours faithfully,

A handwritten signature in black ink, consisting of a large, stylized loop with a small 'K' or similar mark at the top left.

PAUL KILEY

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

|||||||

**Number of Options
Registered in your name:**

To be completed by Optionholder:

Number of Options being exercised:	Multiplied by the exercise price of A\$0.03	Amount Paid:
---	--	---------------------

Payment may only be made by BPAY or cheque. Cash will not be accepted via the mail or at the Hillgrove Resources Limited Share Registry. Payments cannot be made at any bank. Please tick the relevant box below to confirm your method of payment.

Payment Option 1 – BPAY ☐ (tick the relevant box)



Biller Code: 237701
Ref:

Telephone & Internet Banking - BPAY®

Contact your bank, credit union or building society to make this payment from your cheque or savings account.

More info: www.bpay.com.au

© Registered to BPAY Ltd ABN 69 079 137 518

- If paying by BPAY you must still return this exercise notice with your signature(s) below
- The amount of your payment received in the account divided by the exercise price will be deemed to be the total number of options you are exercising

Payment Option 2 – Cheque (Record cheque details below) ☐ (tick the relevant box)

DRAWER	CHEQUE NO.	BSB NO.	ACCOUNT NO.	AMOUNT \$AUD
				\$

- Only cheques or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted.
- Your cheque or bank draft must be made payable to "Hillgrove Resources Limited" and crossed Not Negotiable and should be attached to this form.
- The amount of your payment received in the account divided by the exercise price will be deemed to be the total number of options you are exercising

To the Directors

Hillgrove Resources Limited ('Company')

I/We being the registered holders of Options each to acquire one Fully Paid Ordinary Share in the Company hereby give notice of the exercise of Options and attach hereto my/our cheque payable to "HILLGROVE RESOURCES LIMITED" in payment of such exercise.

I/We agree to my/our name/s being placed on the Register of Members in respect to the number of shares in the Company allotted and to be bound by the Constitution of the Company.

Please sign here:

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director & Company Secretary

Director

Director / Company Secretary

Telephone No. (Business Hours)

()

Date

Lodgement of Application

Hillgrove Resources Limited C/- Boardroom Pty Limited, GPO Box 3993, SYDNEY NSW 2001; or hand delivery at Level 12, 225 George Street, Sydney NSW 2000 or e-mail to corporateactions@boardroomlimited.com.au

Neither Boardroom Pty Limited nor the Company accepts any responsibility if you lodge this Application at any other address or by any other means

TERMS OF OPTIONS

Hillgrove Resources Limited

1 EXERCISE PRICE: The exercise price of each Option is \$0.03 (Exercise Price).

2 OPTION PERIOD: Each Option may be exercised at any time before the date that is 9 months after the Issue Date (Expiry Date). An Option not exercised, automatically expires on the Expiry Date.

3 ENTITLEMENT: Subject to and conditional upon any adjustment in accordance with the terms set out below, each Option entitles the Optionholder to subscribe for one (1) fully paid Share upon payment of the Exercise Price prior to the Expiry Date.

4 TRANSFERABILITY: The Options are transferable.

5 HOLDING STATEMENTS: The Company must give each Optionholder a Holding Statement stating:

- (a) the number of Options issued to the Optionholder;
- (b) the Exercise Price; and
- (c) the Issue Date of the Options.

6 PARTICIPATION RIGHTS, BONUS ISSUES, RIGHTS ISSUES AND REORGANISATIONS

6.1 Participation: An Optionholder is not entitled to participate in any new issue to existing Shareholders of securities in the Company unless they have exercised their Options before the record date for determining entitlements to the new issue of securities and participate as a result of holding Shares.

6.2 Notice of new issue: Where required pursuant to the ASX Listing Rules, the Company will give an Optionholder notice of:

- (a) the proposed terms of the issue or offer proposed under clause 7.1; and
 - (b) the right to exercise their Options under clause 7.1,
- in accordance with the requirements of the ASX Listing Rules.

6.3 Bonus issues: If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for determining entitlements to the issue.

6.4 Pro rata issues: If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the exercise price of each Option is reduced in accordance with the following formula:

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

Where:

A = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying securities into which one Option is exercisable;

P = the average market price per security (weighted by reference to volume) of the underlying securities during the five trading days ending on the day before the ex right date or the ex entitlements date;

S = the subscription price for a security under the pro rata issue;

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);

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

6.5 Reorganisation: If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Optionholder (including the number of Options to which each Optionholder is entitled to and the exercise price) is changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

6.6 Calculations and adjustments: Any calculations or adjustments which are required to be made under clause 7 will be made by the Board of the Company and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Optionholder.

6.7 Notice of change: The Company must within a reasonable period give to each Optionholder notice of any change under clause 7 to the exercise price of any Options held by an Optionholder or the number of shares which the Optionholder is entitled to subscribe for on exercise of an Option.