



**ACN 072 692 365**

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28 November 2013

The Manager  
Company Announcements Platform  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

## **HEG AGM - CHAIRMAN'S ADDRESS**

The external conditions faced by gold miners and explorers deteriorated markedly during the 2012/13 Year, and Hill End Gold has necessarily adapted to a drastically changed world.

During the 2012/13 financial year the gold price fell 25% from US\$1598 to US\$1192 per ounce. An unexpected crash in the gold price occurred in April 2013, and at year end the price was down 33% from the year's high of US\$1791 on 4 October 2012. It is currently at US\$1237, US\$564 below the peak price.

Gold miners and explorers, almost regardless of their fundamentals, have seen their share prices decline much further than the decline in the gold price. The Australian Junior Explorers Index decreased some 68% over the year. Survival of much of the junior exploration industry worldwide is in serious doubt, and a solution to the problem is not readily apparent. It is a very uncomfortable time to be a junior explorer.

However, opportunity can arise from adversity for those companies that both retain strong shareholder support and are willing to adapt. The current low market valuations have created a situation where excellent corporate and project acquisitions are available cheaply relative to prices of only a year ago. The challenge for Hill End Gold is raising sufficient capital to take advantage of this situation.

A year ago our strategy basically focused on advancing our flagship Hargraves Project through exploration drilling and various pre-development studies that are required if the Project's development potential is to be ultimately realised. Our subsequent drilling successfully increased the gold resources at the Big Nugget Hill Deposit at the Hargraves Project to 245,000 contained ounces. Pre-development studies required for a Mining Lease application were also completed, but substantial work remains to be completed before any development decision can be made. Additionally, as Hargraves is a relatively low- grade deposit, its development economics have been negatively impacted by the large decline in the gold price described earlier. The timeline for potential development has consequently been extended. Funding

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constraints and new priorities have required us to take a longer-term approach at both the Hargraves and Hill End Projects. Nevertheless, we continue to rank the development potential of Hargraves highly, provided the gold price strengthens significantly in the future.

Hill End Gold adapted to the changed world, and throughout the year progressively placed greater emphasis on the acquisition of direct and indirect interests in other attractive, higher grade, gold projects worldwide. Such projects are likely to produce revenue in the short to medium term.

Despite extremely poor capital market conditions for junior mineral resource companies, we have been able to raise finance to pursue this acquisition strategy. Importantly, our cornerstone shareholders support the Company using its considerable in-house technical expertise to seek out and acquire interests in new projects with potential for production in the short term. We have over the last year technically and financially evaluated numerous corporate and project acquisition opportunities worldwide to decrease our reliance on the Hargraves and Hill End projects as drivers of growth. We made a substantial investment in Bassari Resources Limited in August 2013 reflecting our positive evaluation of that company's gold assets in Senegal, West Africa. A second investment in Bassari was announced 22 November 2013. Given further shareholder support, we will continue to emphasise the acquisition strategy.

We are now minimising our exploration expenditure generally, and we are concentrating our efforts on advanced projects with potential for near-term gold production and cash flow. Although such economy is necessary, it is nonetheless frustrating. It means that several targets of outstanding technical merit including Mares Nest at Hill End and the Meroo Trend at Hargraves will remain untested at least for the short term.

I do not want to diminish the magnitude of the task ahead of Hill End Gold as we strive to achieve our strategic goals. However, I believe that strong shareholder support combined with our considerable technical expertise will see our Company's potential converted to reality.

As a junior resource company, we live in very hard and challenging times for everyone involved. I would, therefore, like to acknowledge the efforts of directors, employees and contractors who, together with the support of our shareholders, have advanced the Company throughout the year.

Dr Denis Clarke  
Chairman