



ACN 072 692 365

ASX Limited

23 November 2016

Exchange Centre  
Level 6, 20 Bridge Street  
Sydney NSW 1215

ASX Code: HEG, HEGO

## Chairman's address to AGM

On behalf of the Board of Directors I welcome you to the Hill End Gold Limited Annual General Meeting for 2016.

As you know, the past year has been a volatile one for resource companies. However the gold price is expected to remain firm with the US economy showing increased strength, interest rates likely to rise and the consequent inflation supporting the long term gold price.

The volatile investment climate for companies in the junior resources sector and the likely market strengthening over the coming years provides your Company and investors with the ideal opportunity to invest in companies and projects with undervalued upside.

In addition to funding our projects, our aim is to acquire direct and indirect interests in attractive mineral projects to build a significant mining company, to increase our asset value and improve the share price. This strategy is partially to reduce our reliance on the Hargraves and Hill End projects as our only drivers of growth. While funding is required to realise the potential of these significant assets, a number of external investment opportunities were evaluated during the year.

Your Company operates with very tight costs and has made changes over this past year to reduce costs and to position itself to leverage up from its current base and for strong growth in the near future.

We reduced our Board numbers and brought onto the Board Mr Bill Condon, who is well-placed in Hong Kong to open global project acquisition opportunities to the Company and to sources of development funds.

We completed a restructure of management and reduced staffing levels and operating costs to an optimal low level, while maintaining access to technical and administrative expertise and advancing our projects.

We resolved that cash payment of remuneration for Directors and contractors and for some related party payables be accrued to preserve our funds.

We minimised our direct expenditure with a cut-back in employees, while providing for the key development properties at Hill End and Hargraves.

The Reward and Red Hill projects in Hill End are ready for drilling and pre-development studies and the Hargraves Gold Project is at the pre-mining permitting stage with data for the Mining Lease Application being compiled.

The Hargraves project has a Pre-Feasibility Study for a 100,000oz open pit and low impact project. A pre-development study based on optimisation studies, metallurgical test work and project design

Hill End Site Office  
4 Bowen Street  
Hill End NSW 2850  
Phone +612 6337 8343  
Fax +612 6337 8345

Sydney and Registered Office  
Suite 111, 350 George Street  
Sydney NSW 2000  
Phone +612 8283 1915

Website: [www.hillendgold.com.au](http://www.hillendgold.com.au)  
Email: [admin@hillendgold.com.au](mailto:admin@hillendgold.com.au)

estimates has indicated that an initial project of two open pits producing 1.2Mt of ore at 2.9g/t would generate ~25,000 ounces per year over four years at a cash cost of <\$900/ounce. The Hargraves Gold Project could be developed at a low capital cost of approximately \$15M and produce a net profit of \$40M after full cost recovery and payment of royalties at an Australian gold price of \$1,600/ounce.

The Red Hill project is in preparation for a Pre-feasibility Study on an open pit project with an onsite processing plant or as a source of ore for an offsite plant.

The Reward Gold Mine requires drilling of the near-surface Frenchmans - Stevens wide zone and, if successful, the modification of the existing development approvals and mining permits to commence production.

Your Company is in the listed junior resources sector and is engaged in a high risk/ high reward business. Our current share price and market appeal is subdued, pending a reasonable funding arrangement for our projects and/or a significant acquisition. Considerable progress has been made on both these fronts.

We will continue to pursue our growth strategy, while carefully using our available funds, and with your support we believe our Company's potential and share price rerating will be realised.

Mr Philip Bruce  
Chairman / Managing Director