



ACN 072 692 365

Due Diligence Commenced on High Purity Alumina Project

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ASX Code: HEG, HEGOC

High Purity Alumina Project update

- Due Diligence has commenced on the 100% acquisition of High Purity Alumina (HPA) Project from Pure Alumina Pty Ltd, a company controlled by Syrah Resources founders Tolga Kumova and Tom Eadie, who will continue their association with the project.
- Following due diligence, and further studies, HEG is to acquire and develop the PAL kaolin tenements in Victoria and produce high value HPA products.
- Among other matters, the due diligence is to confirm that:
 - the HPA products will be at least 99.99% (4N) Al₂O₃, which is experiencing strong rising demand in its use in electronics and lithium batteries;
 - the project is expected to be low unit cost with a significant proportion of its production in long term offtake arrangements.
- Due diligence is progressing satisfactorily and is anticipated to be completed by 9 June 2017.
- Hill End Gold has appointed independent consultants:
 - metallurgical test work on a Lal Lal tenement bulk sample is being supervised by BHM Process Consultants in Perth;
 - geological review of previous exploration and development information for the Ballarat tenements is being done by GEOS Mining in Sydney;
 - process engineering, consumable usage, costs and HPA facility logistics is being done by Mincore in Melbourne.
- Other consultants are providing resource drilling layouts, marketing and financial and input for the due diligence report.
- Further information will be provided as milestones are achieved.

HPA Project

The HPA Project tenements (Exploration Licences 5457 and 5461 and Exploration Licence applications 006447 and 006428) are located near Ballarat, Victoria at Pittong and Lal Lal in areas where high grade kaolin mining and processing has continued for decades.

Metallurgical testwork is continuing under the guidance of BHM Process Consultants, which is expected to yield results over the coming months. In addition, resource drilling will confirm the historical mineralisation and allow resource calculation as weather permits.

HPA prices range up to US\$30/kg for 4N products (Altech Chemicals: February 2017) and HPA demand is forecast to increase by approximately 20% year-on-year growth rate over the next few years (Orbite Technologies: March 2017).

The HEG HPA Project strategy is to be in the lowest quartile of operating costs and with reduced capital cost due to a high grade HPA feedstock.

HPA Project acquisition terms

The key terms of the Heads of Agreement, which subject to satisfactory due diligence, will be incorporated into a Sale Agreement are as follows:

- Upon completion of due diligence and conditions precedent, a Sale Agreement will be entered into and HEG will issue 8M shares and pay \$100,000 in cash;
- HEG will be operator of the assets and will pay for all costs;
- Upon completion of conditions precedent and signing of a Sale Agreement, the vendors will have the right to appoint one director to the HEG board;
- On completion of a Prefeasibility Study, HEG will issue 20M shares to PAL and HEG will own the tenements, HPA information and related rights;
- Completion of a viable Definitive Feasibility Study (DFS) is expected to occur within 2 years and at such time HEG will issue \$1.5M shares at lesser of 20c per share and 30 day VWAP;
- If viable DFS not achieved within two years then \$100kpa payments, pro rata per month, until achieved or up to 31 December 2022; and
- Upon receipt of sales contract for 100% offtake arrangement for 1.5 time payback period, HEG will issue \$0.5M shares at lesser of 20c per share and 30 day VWAP.

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Hill End Gold Limited (HEG) is an ASX-listed exploration and resource investment company with projects and investments that have advanced development potential as drivers for share price growth.

The HEG growth strategy is to leverage up its extensive experience in exploration, development and the operation of resource projects and in acquiring and enhancing project and corporate opportunities. HEG intends to acquire direct and indirect interests in projects Australia and in selected countries throughout the world to increase its asset and shareholder value.

The HEG advanced projects of Hargraves and Hill End are in the historically gold-rich region of central New South Wales, Australia with existing gold resources totalling 571,000 ounces (20.9.2016). Exploration and pre-development activities continue for the open pit development of Hargraves and Red Hill and the underground extensions of the Hill End project.