



*Notice of*  
**Annual General Meeting**  
and Explanatory Memorandum

Notice is hereby given that the Annual General Meeting of the Shareholders of Hill End Gold Limited ("**Company**") will be convened at 11.00 am on Thursday, 25 November 2004 at Christies Corporate, Cavalier Room, Level 1, 56 Berry Street, North Sydney, NSW, to consider, and if thought fit, to pass the following resolutions.

If you are unable to attend the meeting, we encourage you to complete and return the enclosed proxy form. The completed proxy form must be received by the Company at least 48 hours before the commencement of the meeting.

The Explanatory Memorandum, which accompanies and forms part of this Notice of Meeting describes the various matters to be considered and contains a glossary of terms that are not defined in full in this notice.

# Notice of Annual General Meeting

## General business

### **Annual accounts:**

“To receive and consider the Annual Company Financial Statements and reports of the Directors and the Auditor for the period ended 30 June 2004.”

## Ordinary business

To consider and, if thought fit, to pass the following as ordinary resolutions:

### Resolution 1

#### **Re-election of Mr Graham Reveleigh as a Director**

*“To elect as a Director, Mr Graham Reveleigh, being a Director of the Company who retires in accordance with the Company’s Constitution and, being eligible offered himself for re-election, be re-elected as a Director.”*

### Resolution 2

#### **Approval of Share issue**

*“THAT for the purposes of Listing Rule 7.1 of the Australian Stock Exchange Limited and for all other purposes, the Board is authorised to approve an issue of up to 35% of the current issued capital of the Company to selected institutional investors if the opportunity so arises (up to a maximum of 16.4 million shares as per the terms and for the purpose as set out in the Explanatory Memorandum forming part of this Notice of Meeting). Under the Listing Rules, this approval, if forthcoming, is applicable for up to three months or until 25 February 2005.”*

#### **Voting Exclusion Statement**

*The Company will disregard any votes cast on this resolution by institutional investors who, at the date of the meeting, may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is, passed and an associate of any institutional investor or an associate of a person who might obtain a benefit.*

### Resolution 3

#### **Issue of Options to Mr Philip Bruce**

*“That for the purposes of ASX Listing Rules 7.1 and 10.11, Chapter 2E of the Corporations Act 2001 and all other purposes, the Directors be authorised to issue 5,000,000 options to subscribe for shares in the Company to Mr Philip Bruce or his nominee, the details of which are set out in the Explanatory Memorandum forming part of this Notice of Meeting.*

#### **Voting Exclusion Statement**

*The Company will disregard any vote cast on this resolution by Mr Philip Bruce or any person associated with Mr Philip Bruce. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form, or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

# Explanatory memorandum

This Explanatory Memorandum has been prepared for the information of Shareholders in conjunction with the business to be considered at the Annual General Meeting of shareholders to be held at the, Christies Corporate, Cavalier Room, Level 1, 56 Berry Street, North Sydney NSW at 11 am on Thursday 25 November 2004.

The Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting. For the assistance of Shareholders, a glossary of defined terms is included at the end of the Explanatory Memorandum.

Full details of the business to be considered at this General Meeting are set out below.

## 1. Background

Amongst other things, this Explanatory Statement provides Shareholders with the information required to be provided to Shareholders by the Corporations Act 2001 and the Official Listing Rules of the Australian Stock Exchange Limited (ASX Listing Rules).

The Explanatory Statement sets out an explanation of each of the resolutions to be put to Shareholders.

## 2. General Business

The Corporations Law 2001 requires that Shareholders view the Annual financial statements and reports of the Directors and the Auditor each and every year.

Shareholders will be given an opportunity to ask questions of the Directors and the Auditors in relation to the financial statements of the Company that have been provided to shareholders with this Notice and Explanatory Statement at the Annual General Meeting.

## 3. Resolution 2

### **Approval of issue of Shares**

As detailed in the 2004 Annual Report, the Company is making significant progress, in identifying what may be an area containing significant mineralisation in several areas that the Company believes has the potential to host numerous high grade deposits. The Company now has the infrastructure in place to progress the search which will identify these potential ore bodies, to date achieved using relatively minimal capital resources. With the information the Company is compiling, there is a real opportunity for the Company to move from a small time player to an explorer/producer of some significance. The probability of successfully achieving this goal is, however, tied to the normal operating and economic risks associated with this type of ore body, which in turn is tied to the capital base which the Company can apply to achieve its goal. Accordingly, relative to the current planned strategy, additional capital would allow exploration and development to be accelerated.

The Company's lease holdings are, with the recent work, gaining in prospectivity, a message which we have yet to get across to the market. However, there are those in the market who are gaining an appreciation of the Company's potential and additional support is becoming available. In the event that this was to occur, and importantly to occur on terms favourable for existing shareholders, the Company would benefit from being able to pursue such opportunities expeditiously without the need for a further shareholder meeting at that time.

## Explanatory memorandum continued

Thus Resolution 2 calls for approval of an extension of the abovementioned Listing Rule 7.1 allowing Directors to approve a placement of shares in the Company to Institutional Investors and Sophisticated Investors for an amount of up to 35% of the capital of the Company or up to a maximum of 14.8 million shares provided: (1) the price of any such issue represents a discount of no greater than 20% of the weighted average market price of shares (calculated over the last five days on which sales in the securities were recorded) before the day on which the placement occurred; and (2) any shares to be issued will rank *pari passu* with the Company's currently quoted class of fully paid ordinary shares.

Under the Listing Rules, this approval, if forthcoming, is applicable for up to three months after the date of the meeting, or until 25 February 2005. The intended date of allotment of the shares would be on the day that the placement is made and the issue announced to the ASX. The names of allottees are not known at this time.

If the Company proceeds with such a placement to institutional investors, it would undertake to make an issue under a share purchase plan so that all existing shareholders have an opportunity to purchase up to \$5,000 worth of shares at the same price as that paid by Institutional Investors and or Sophisticated Investors..

The funds may also be applied to transact any other business that may be brought forward in accordance with the Company's Constitutions.

## 4. Resolution 3

### **Issue of Options to Mr Philip Bruce**

The purpose of the issue of options to Mr Bruce is to provide an incentive for future services. The issue of options is part of the remuneration package of the newly appointed Managing Director, which is an established practice of junior public listed companies and, has the benefit of conserving cash whilst properly rewarding the executives. The options will expire five years from the date of issue.

### **Listing Rule 10.13**

ASX Listing Rule 10.13 and the Corporations Act 2001 requires shareholder approval to be obtained for the issue of any options to Directors.

### **Disclosure Requirements**

ASX Listing Rule provides that the Notice of Annual General Meeting include the following information:

- (a) The name of the person to whom the securities will be issued – Mr Bruce
- (b) The number of securities to be issued – 5,000,000 options
- (c) The date by which the Company will issue the securities – within 1 month of the AGM
- (d) The issue price of the securities – There is no issue price for these Options
- (e) A voting Exclusion Statement – See Notice of Meeting
- (f) The intended use of the funds raised – There will be no funds raised.

By reason of ASX Listing Rule 7.2 (Exception 14), if the approval of the Shareholders for the issue of these options is obtained pursuant to Listing Rule 10.11, approval is not required pursuant to Listing Rule 7.1. This means that the issue of these options will not erode the Company's ability to issue equity securities up to the 15% limit prescribed by the ASX Listing Rule 7.1, without further shareholder approval.

## Explanatory memorandum continued

### Chapter 2E of the Corporations Act 2001 (“the Act”)

The Act prohibits, subject to certain exceptions (none of which is relevant here), a Company from giving a financial benefit to a related party of the Company without Shareholder approval.

In accordance with Section 228 of the Act, Mr Bruce is a “related party” for this purpose, whilst the issue of options to him constitutes “financial benefits” for this purpose.

### Disclosure Requirements

In accordance with Section 219 of the Act, the following information is provided to shareholders to allow them to assess whether or not it is in the Company’s interests to pass this resolution.

- (a) Mr Bruce is a related party by virtue of Section 228 of the Act and to whom the proposed resolution would provide a financial benefit.
- (b) The nature of the financial benefit is the issue of the options for nil consideration and on the terms set out at the end of this Explanatory Memorandum.
- (c) Mr Bruce expresses no opinion and makes no recommendations in respect of this resolution.
- (d) Mr Bruce has an interest in the outcome of this resolution and details of the potential benefits are listed below.
- (e) There is no other known information that could be provided to assist the shareholders in deciding whether this resolution is in the interests of the Company.

If the options are issued pursuant to the proposed resolution, the Company considers that Mr Bruce will have a vested interest in the affairs of the Company. As options are a performance based incentive, they will have that incentive to ensure that the market price of the shares of the Company increases to create a value in the options and this will benefit all shareholders. Should the options be exercised, a minimum of \$1.6 million of working capital will be raised at no significant cost.

The potential cost to the Company of the issue of 5,000,000 options is that there will be dilution of the issued share capital if the options are exercised. Based on the current issued capital of 42,209,625, the dilution effect would be 0.11%, however if all of the listed options on the same terms were exercised the dilution effect would be significantly smaller.

If the options were exercised at a time when the market price of the Company’s shares is greater than the exercise price of the options, there would be a detriment insofar as the Company will be required to issue shares at a price lower than it might otherwise have been able to, with the results that less funds will be raised.

At the time of preparing this notice of meeting, the closing price of the Company’s shares on the ASX was 10 cents. Using the Black and Scholes option valuation model (assumptions- 5.5% interest rate, 27% volatility, discounted by 30% as the options are non transferable) each one of these options would be worth approximately 0.3 cents – a total value of circa \$3,048. Currently, Mr Bruce receives an Executive Salary of \$200,000 per annum which includes statutory superannuation and he holds 2,641,855 shares and 463,702 options in the Company.

The price of the Company’s shares quoted on the ASX over the period since quotation have ranged from a high of 27 cents in November 2003 and a high of 9 cents in October 2004.

Mr Paton, Mr Sloan and Mr Reveleigh recommend that Shareholders support this resolution and Mr Bruce is excluded from voting.

Full details of the terms and conditions of the options to be issued are shown at the end of the Explanatory Memorandum.

Explanatory memorandum **continued****Terms and Conditions of Options**

- (a) Subject to condition (g) the options are exercisable wholly or in part at any time from day of issue as follows:

No. of Options	Vest Date	Expiry Date	Exercise Price
1,000,000	30.11.04	30.06.05	20 cents/per share
2,000,000	01.07.05	30.06.07	30 cents/per share
2,000,000	01.07.07	30.11.09	40 cents/per share

Options not exercised in any one period will carry over into the next vesting period and be subject to the revised exercise price. Options will to be retained on leaving company for any reason. The options will expire five years from the date of issue.

- (b) Each option shall entitle the option holder to acquire one share in the capital of the Company upon payment of the exercise price for options which have vested, as set out in (a) above.
- (c) Each option may be exercised by notice in writing to the Company during the period referred to in condition (a), accompanied by payment of the exercise price asset out in (a) above.
- (d) These options will be unlisted.
- (e) The options are not transferable.
- (f) Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of the receipt.
- (g) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of securities. Offered to Shareholders of the Company during the currency of the issue, the record date will be at least 10 Business Days after the issue is announced so as to give holders the opportunity to exercise their Options before the date for determining entitlement to participate in any issue.
- (h) Shares allotted pursuant to the exercise of the Options will be allotted following the receipt of all the relevant documents and payment and will rank equally with existing issued shares.
- (i) In the event of a reconstruction (including consolidations, subdivision, reduction or return) of the issued capital of the Company, all rights of the option holder shall be reconstructed in accordance with the ASX Listing Rules.

Explanatory memorandum **continued**

## 5. Glossary of terms

The following terms and abbreviations used in the Notice of Meeting and this Explanatory Memorandum have the following meanings:

ASX	Australian Stock Exchange Limited.
Company	Hill End Gold Limited, A.C.N. 072 692 365
Explanatory Memorandum	This explanatory memorandum.
Listing Rules	The official listing rules of the ASX.
Meeting	The Annual General Meeting of Shareholders to be held at, Christies Corporate, Cavalier Room, Level 1, 56 Berry Street North Sydney NSW or any adjournment thereof.
Notice of Meeting	The Notice of Meeting which accompanies the Explanatory Memorandum.
Resolution	A resolution in the Notice of Meeting.
Shareholder	Registered holders of Shares.
Shares	Fully paid ordinary shares in the capital of the company

# Company reports and announcements

Hill End Gold Limited currently mails a hard copy of the Annual Report to all shareholders. In addition, we email all announcements made to ASX and to those shareholders who have provided us with their email address (and have not elected to unsubscribe to this service).

We appreciate that shareholders have divergent preferences for how they wish to receive this information. To assist us with delivering this information in your preferred format, please could you email the following information to: [info@hillendgold.com.au](mailto:info@hillendgold.com.au)

## **1 Annual Report:**

- (a) To only receive a copy of the Annual Report by email – please insert in the Subject line “Annual Report only to be emailed.”
- (b) If you prefer to only download an Annual Report from our website (web address, see below) – please insert in the subject line “No Annual Report required to be mailed or emailed.”

*Note that if you choose not to respond to this notice, we will continue to mail a hard copy of the Annual Report. By reducing the number of reports being mailed out, you are not only assisting the Company to reduce costs, but helping the environment by minimising unnecessary paper usage. Further, all notices of meetings, proxy forms and certain other communications will continue to be mailed to all shareholders as required by law.*

## **2 ASX Email Updates:**

If you wish to receive ASX updates by email, please write in the body of the email “I wish to be emailed with company updates to this address” (or please nominate another address).

*Please note that all information provided above is to be used strictly for internal company purposes and is not to be shared with any third party.*

**Kevin Lynn**  
Company Secretary

12 October 2004

### **Registered Office**

41 Cavendish Street, P O Box 92  
Earlville QLD 4870

Telephone: +61 7 4033 1805  
Facsimile: +61 7 4033 6415  
[info@hillendgold.com.au](mailto:info@hillendgold.com.au)

# Annual General Meeting

## Proxy Form

Mark this box with an 'X' if you are Issuer Sponsored and want to make any changes to your address details (see reverse)

### Appointment of Proxy

If appointing a proxy to attend the General Meeting on your behalf, please complete the form and submit it in accordance with the directions at the bottom of the page.

I/We being a shareholder/shareholders of Hill End Gold Limited pursuant to my/our right to appoint not more than two proxies, appoint

The Chairman of the Meeting  
(mark with an "X")

OR

Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting.

or failing him/her

Write here the name of the other person you are appointing.

or failing him/her, (or if no proxy is specified above) the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the General Meeting to be held at Christies Corporate, Cavalier Room, Level 1, 56 Berry Street, North Sydney NSW 2060 on 25 November 2004 at 11am and at any adjournment of that meeting.

This proxy is to be used in respect of \_\_\_\_\_ % of the ordinary shares I/we hold.

If you do not wish to direct your proxy how to vote, please place a mark in the box. If you have appointed the Chair of the meeting to exercise your proxy, by marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of a particular resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chair intends to vote 100% of all open proxies in favour of the resolution.

### Voting directions to your proxy – please mark to indicate your directions

Resolution	For	Against	Abstain*
1. Re-election of Mr Graham Reveleigh as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Approval of new issue of shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Issue of Options to Mr Philip Bruce	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### PLEASE SIGN HERE

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented. Executed in accordance with section 127 of the Corporations Act:

Individual or Shareholder 1	Joint Shareholder 2	Joint Shareholder 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Director	Director/Company Secretary	Sole Director & Sole Company Secretary

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2004

Contact Name \_\_\_\_\_

Contact Business Telephone \_\_\_\_\_

## Instructions for completing proxy form

1. Your pre-printed name and address is as it appears on the share register of Hill End Gold Limited. If you are Issuer Sponsored and this information is incorrect, please mark the box at the top of the proxy form and make the correction on the form. Securityholders sponsored by a broker on the CHESSE subregister should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.
2. Completion of a proxy form will not prevent individual shareholders from attending the General Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the General Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the General Meeting.
3. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment do not specify this proportion, each proxy may exercise half of the votes.
4. A proxy need not be a shareholder of the Company.
5. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.
6. If a representative of a company shareholder is to attend the Meeting, a properly executed original (or certified copy) of the appropriate "Certificate of Appointment of Corporate Representative" should be produced for admission to the Meeting. Previously lodged "Certificates of Appointment of Corporate Representative" will be disregarded by the Company.
7. If a representative as Power of Attorney of a shareholder is to attend the meeting, a properly executed original (or originally certified copy) of an appropriate Power of Attorney should be produced for admission to the General Meeting. Previously lodged Powers of Attorney will be disregarded by the Company.
8. **Signing Instructions**  
You must sign this form as follows in the spaces provided:  
**Individual:**  
Where the holding is in one name, the holder must sign.  
**Joint Holding:**  
Where the holding is in more than one name, all of the shareholders should sign.  
**Power of Attorney:**  
If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form.  
**Companies:**  
Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person.  
If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone.  
Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.
9. **Lodgement of a Proxy**  
This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address below not later than 11.00am on Tuesday, 25 November 2004 (48 hours before the commencement of the meeting). Any Proxy Form received after that time will not be valid for the scheduled meeting.  
**Hand deliveries:**  
Hill End Gold Limited  
41 Cavendish Street  
Earlville QLD 4870  
**Postal address:**  
Hill End Gold Limited  
PO Box 92  
Earlville QLD 4870  
**Fax number (within Australia):**  
(07) 4033 6415  
**Fax number (overseas):**  
+61 7 4033 6415