

Corporate

On 17 July 2003 the Company completed an Initial Public Offering raising \$2.57 million after fees and listed on the ASX. It immediately set about establishing operational facilities, hiring staff and constructing plant for the underground activities at Hill End and for the bulk sampling of gold bearing material.

In March 2004 the Company made a placement of \$1 million to undertake surface exploration at the Red Hill project area located five kilometres to the north of Hill End. This was supplemented with a Share Purchase Plan in April 2004, which raised a further \$0.32 million.

The Company has 42.1 million shares and 10.5 million options on issue.

The Hill End Project

Hill End Gold's objectives are the development of substantial gold deposits in the Hill End area and to expand its asset base through discovery and acquisition.

The Company has redeveloped the Hawkins Hill workings at the Amalgamated level and has established a gravity sampling plant to test the large Hawkins Hill – Reward mineralised system.

Priority activities are :

- Developing access under the Hawkins Hill – Reward zone of workings
- Opening new underground deposits by drilling and development
- Recovery of gold from sampling of high grade zones intersected during development
- Bringing new deposits into production
- Surface exploration over extensive areas of high grade workings along the Hill End Anticline

Hill End is a gold mining district located approximately sixty kilometres north-west of Bathurst, New South Wales. The potential for discovery in the Hill End area is high given the low exploration effort over the area since the 1870's.

The Company's tenements in the the Hill End area of the Lachlan Fold Belt cover the very rich old mining areas of Hawkins Hill, Tambaroora and Red Hill and prolific gold workings along thirty five kilometres strike of the Hill End Anticline.

The immediate target for a significant deposit is the area to the north of Hawkins Hill, where diamond drilling and recent underground mapping have indicated that extensions of the high grade gold zones in Hawkins Hill occur as repetitions down plunge and down stratigraphy at a relatively shallow depth. Additional high grade targets have been identified during redevelopment of the underground and following compilation of historical data.

Regional surface exploration has provided exciting results with the identification of shallow oxide and deeper primary potential along the east and west flanks of the Hill End Anticline with initial resources delineated during the year at Red Hill, located five kilometres north of Hill End.

Potential for discovery

Hill End is located in the north-eastern Lachlan Fold Belt, which is the fastest growing gold producing area in Australia with over 40 million ounces of gold in new projects developed since the 1980's. Significant projects

include Cadia/Ridgeway, Cowal, Browns Creek, Lewis Ponds, Tomingley, Peak Hill, Northparkes, Mineral Hill and the deposits near Hill End such as Sofala, Hargraves and the Bowdens Gift silver deposit.

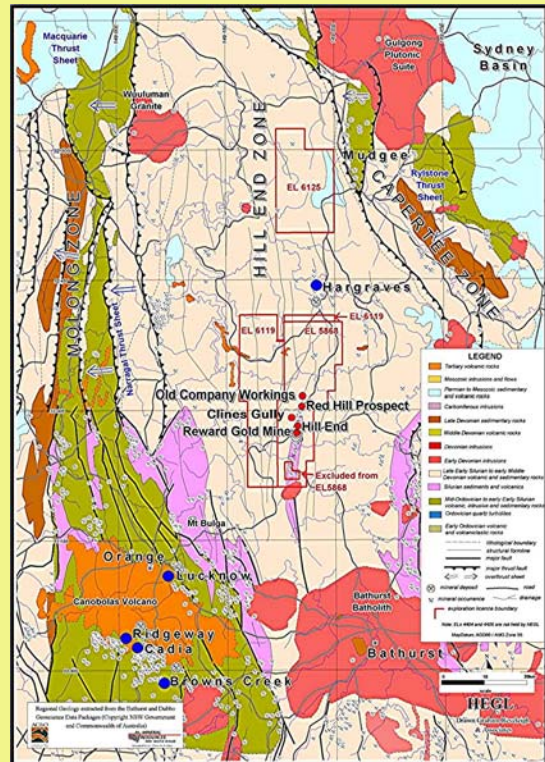
Previous production from the Hawkins Hill workings is estimated at 400,000 ounces, with approximately five million ounces produced from gold deposits similar to Hawkins Hill – Reward and from weathered gold deposits in the Hill End area. It is noted that these figures are quite conservative since most of the gold was produced before records were kept.

Regional targets along structural zones

Structurally controlled mineralisation.

Large areas of pervasive alteration are potential host for disseminated gold deposits.

Large metamorphic slate hosted deposits with stockwork quartz veining and breccias.



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REGIONAL GEOLOGY

The Hill End host rocks and style of mineralisation are similar to the large high grade deposits of Bendigo and Ballarat, Victoria. Gold occurs in a variety of deposit types such as extensive bedded quartz veins, wide zones of sheeted quartz veins, stockworks and bonanza style infill mineralisation in flat and near-vertical cross-structures. The controlling structural features for gold mineralisation are now better understood and it is expected that drilling and development will find significant deposits below the existing workings and along the mineralised structural zones flanking the Hill End Anticline.

Hawkins Hill – Reward Development

Surface and underground facilities have been established at the Amalgamated site for the reopening of Hawkins Hill and development below the workings to the Reward area. A gravity bulk sampling plant has been commissioned after some initial challenges with the crushing and handling of slaty material and the pumping of coarse tailings material to the tailings dam. Plant commissioning was completed using stope backfill from the the Star of Peace stope, which was last mined during the 1920's.

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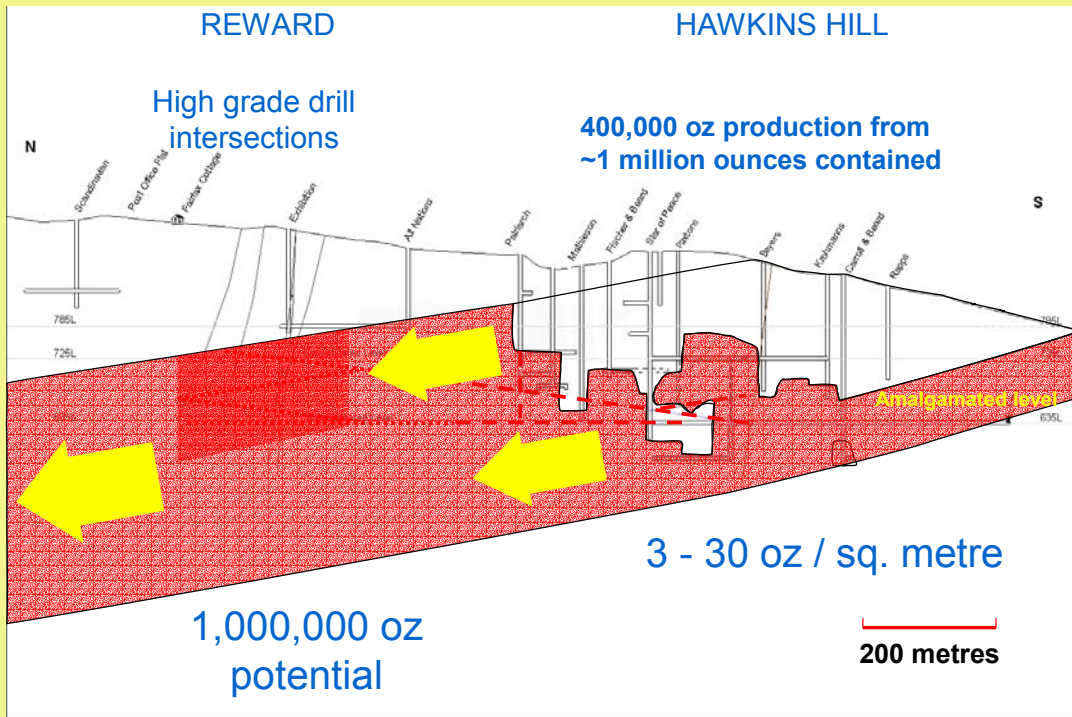
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Redevelopment of approximately 750 metres of tunnels on the Amalgamated and Consolidated levels was completed during the year including 30 metres of fresh development. Rising from the Amalgamated level commenced on the Star of Peace vein in the Central group of veins (Mica, Star of Peace, Middle and Paxtons) to open new ground to the south of previous stoping. Gold mineralisation encountered in the rise is an up plunge extension of a partially mined shoot on the Star of Peace vein. Parallel shoots have been identified in the adjacent veins and are expected to be enriched at the intersection with the Holtermann's crosscourse to the south. These vein / crosscourse intersections are very high grade targets, which have produced strong mineralisation such as the Holtermann's "nugget". This is the world's largest specimen of gold at approximately 3,100 ounces, which was extracted from the Mica vein / Holtermann's crosscourse intersection.

The Hawkins Hill - Reward zone has the potential for ~1 million oz at ~3 oz / sq. metre ...



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HAWKINS HILL – REWARD POTENTIAL BELOW WORKINGS

Site facilities established include water storage and supply, mine office, amenities, workshop, power supply and compressed air and mining equipment acquired including two Toro 150 underground loaders. Mining was undertaken with assistance from mining contractor Comet Enterprises.

Development is planned to continue to the north from Hawkins Hill to test the interpreted downplunge extensions of the high grade zones below the old workings and to provide a platform for further drilling and development.

Exploration

The Hill End Goldfield lies within turbidite sequences in the North Hill End Trough. Rocks in the Hill End area have undergone biotite grade, greenschist-facies metamorphism with the north striking Hill End Anticline intruded to the south of the goldfield by the Bruinbun Granite which is of Lower Carboniferous age. The Hill End Anticline regionally plunges at approximately 10° to the north and in the Hawkins Hill area an east-dipping internal fold of the Hill End Anticline contains the majority of the gold-bearing quartz veins.

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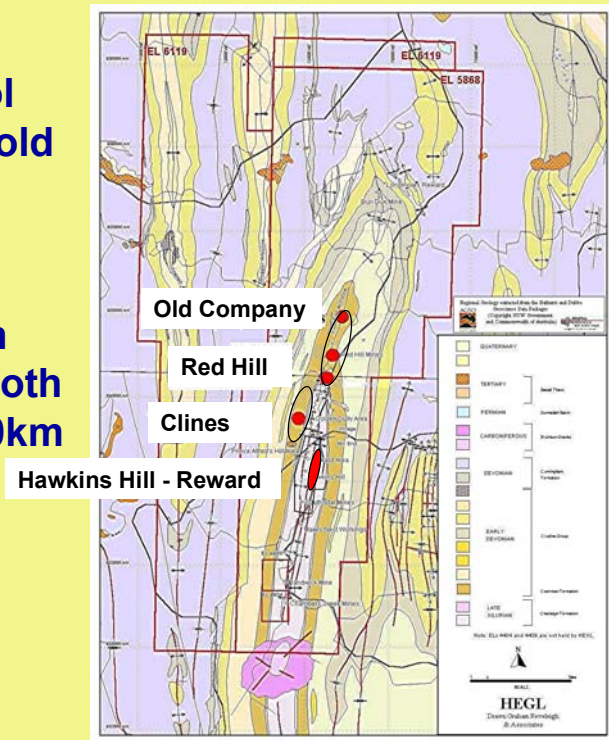
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Deposits are located along the Hill End Anticline.

Structural zones control gold deposition along fold axis.

Unexplored workings in ~100m wide zones on both sides of fold for over 20km strike.



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LOCAL GEOLOGY

It is now known that that mineralisation associated with the Hill End Anticline has a close spatial relationship with the axial plane of the anticline. The majority of workings, whether they be bedded veins, fault veins or stockworks, are located in zones which are parallel to, and within a critical distance of, the axial plane of the Hill End Anticline on both the eastern and western flanks. These strongly mineralised zones of 50 -100 metres width and many kilometres length have been identified in the Hawkins Hill – Reward area, Red Hill – Old Company area and the Whites – Clines area.

Surface mapping and drilling have also identified extensive zones of shallow oxide gold mineralisation along these structural zones, particularly north of Hill End, where deep weathering to a depth of 70 metres and gently undulating topography is ideal for open pit development. During the year reverse circulation drilling outlined contiguous zones of shallow weathered gold resources in the Red Hill project area within an area of about 75 metres in width and 750 metres in strike length.

The Red Hill zones contain gold mineralisation in a dilatant central zone of approximately 50 metres width associated with east dipping quartz veins. The Whites and Old Red Hill oxide and transitional (partially oxidised) resources are open along strike and primary mineralisation is open at depth and along strike with many drillholes finishing in good grade.

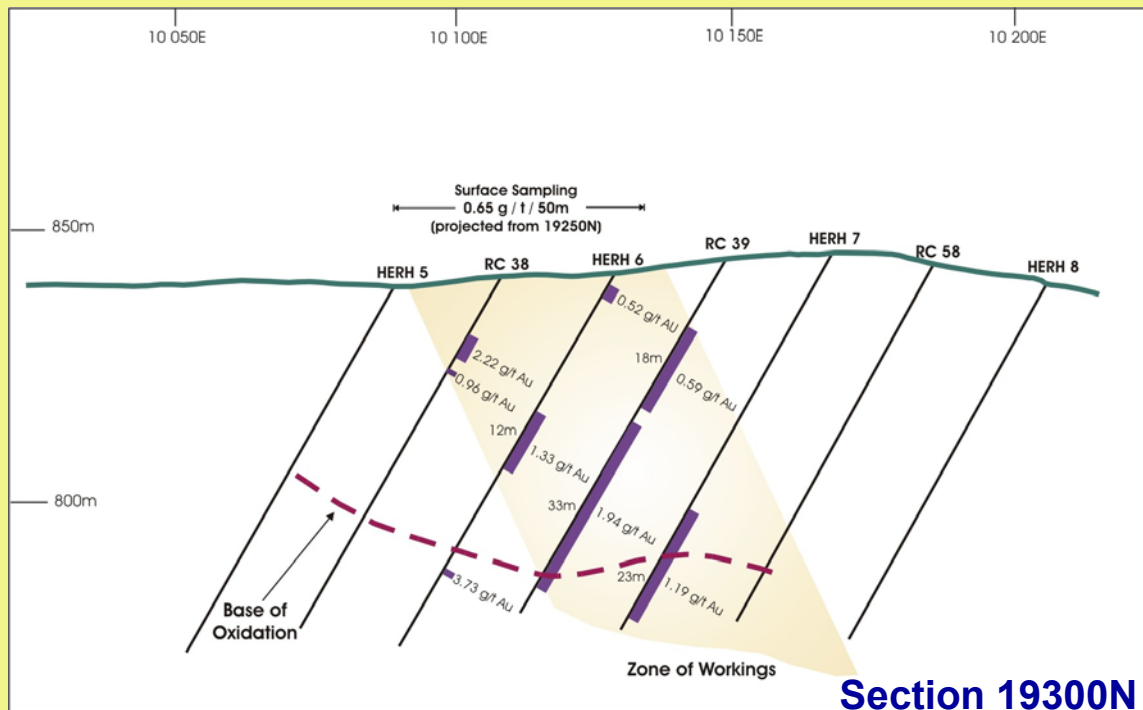
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Red Hill - Whites deposit has 50m wide resource zone ...



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RED HILL – WHITES DEPOSIT SECTION 19300N

Metallurgical testing of oxide, transitional and primary samples from Whites and oxide samples from the Old Red Hill resource drill intersections was carried out with results indicating excellent gold recovery using simple gravity and leach processing at a relatively coarse grind.

Mineralisation Category	Whites			Old Red Hill		
	Tonnes	Grade	JORC Category	Tonnes	Grade	JORC Category
Oxide	209,400	1.05	Indicated	177,600	1.50	Inferred
Transitional	275,700	1.27	Indicated			
TOTAL	484,100	1.18	Indicated	177,600	1.50	Inferred
Contained gold	18,300 ounces			8,600 ounces		

Resources comment and data herein are based on information provided by Mr John Gallo of JNK Exploration Services. Mr Gallo is a Fellow of The Australasian Institute of Mining and Metallurgy and has sufficient relevant experience in the styles of mineralisation being reported on to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves".

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