

# **HILL END GOLD LIMITED**

**ACN 072 692 365**

## **PROSPECTUS**

Non-renounceable issue of New Options  
to Existing Shareholders.

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### **IMPORTANT NOTICE**

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This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The securities offered pursuant to this Prospectus should be considered as speculative.

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## IMPORTANT NOTICE

### *Date and lodgment of Prospectus*

This Prospectus is issued by Hill End Gold Limited, is dated 13 December 2005 and was lodged with ASIC on that date. ASIC takes no responsibility for the content of this Prospectus. The expiry date of this Prospectus is 31 January 2006 (**'Expiry Date'**). No New Options will be allotted or issued on the basis of this Prospectus after the Expiry Date.

An application has been made to the ASX for admission of the New Options to official quotation by ASX. ASX takes no responsibility for any statement in, or the contents of, this Prospectus.

This Offer closes on, and entitlements to receive New Options will be calculated at, the close of business on 22 December 2005.

### *Disclaimer*

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any interpretation or representation that is not contained in this Prospectus may not be relied on as having been authorised by Hill End Gold in connection with the Offer.

### *Disclosing Entity*

In making representations in this Prospectus regard has been had to the fact that Hill End Gold is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult. This Prospectus has been prepared in accordance with section 713 of the Corporations Act.

### *Definitions and Abbreviations*

Certain terms and abbreviations used in this Prospectus have defined meanings as set out in the glossary in Section 6.

### *Financial Amounts*

All financial amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

### *Questions*

Questions relating to the Offer can be directed to Philip Bruce, Managing Director of the Company, on +61 2 8249 4416, or your accountant, stockbroker, solicitor or other professional adviser.

## SUMMARY OF KEY DATES

| <b>Event</b>  | <b>Date</b>             |
|---|-------------------------|
| Announcement of Offer   | 28 November 2005        |
| Application for official quotation of New Options made to ASX           | 13 December 2005        |
| Lodgment of Prospectus with ASIC  | 13 December 2005        |
| Shares quoted on an "ex" basis by the ASX                               | 16 December 2005        |
| <b>Record Date for determining entitlements</b>                         | <b>22 December 2005</b> |
| Prospectus Despatch Date  | 28 December 2005        |
| Anticipated date for allotment and issue of New Options ('Issue Date')  | 28 December 2005        |
| Anticipated despatch of certificates/holding statements for New Options | 28 December 2005        |

These dates are indicative only and may be varied by Hill End Gold without prior notice, subject to the *Corporations Act 2001* (Cth) and ASX Listing Rules, although an announcement of any changes will be made on the ASX.

## CORPORATE DIRECTORY

|  |  |
|--|--|
| <p><b>Directors</b><br/>         Alfred Lampard Paton - <i>Non Executive Chairman</i><br/>         Philip Francis Bruce - <i>Managing Director</i><br/>         Graham Charles Reveleigh - <i>Executive Director</i><br/>         Ian Noel Stuart Sloan - <i>Non Executive Director</i><br/>         Bruce Geoffrey Thomas - <i>Non Executive Director</i></p> | <p><b>Stock Exchange Listing</b><br/>         Australian Stock Exchange Limited<br/>         Home Branch - Sydney<br/>         Exchange House<br/>         60 Bridge Street<br/>         Sydney NSW 2000</p> |
| <p><b>Company Secretary</b><br/>         Kevin Martin Lynn</p>   | <p><b>ASX Code</b><br/>         Shares – HEG<br/>         Options – HEGAK</p>  |
| <p><b>Principal Office</b><br/>         Suite 1310, 3 Spring Street<br/>         Sydney NSW 2000<br/>         Telephone: +61 2 8249 4416<br/>         Facsimile: +61 2 8249 4919<br/>         Website: <a href="http://www.hillendgold.com.au">www.hillendgold.com.au</a><br/>         Email: Contact via website</p>  | <p><b>Auditors</b><br/>         William Buck<br/>         Level 1, 74 Abbott Street<br/>         Cairns QLD 4870<br/>         Telephone: +61 7 4052 3222<br/>         Facsimile: +61 7 4051 8827</p>         |
| <p><b>Registered Office</b><br/>         41 Cavendish Street<br/>         P O Box 92<br/>         Earlville QLD 4870<br/>         Telephone: +61 7 4033 1805<br/>         Facsimile: +61 7 4033 6415</p>   |  |
| <p><b>Share Registry</b><br/>         Registries Limited<br/>         Level 2, 28 Margaret Street<br/>         Sydney NSW 2000<br/>         Telephone: +61 2 9290 9600<br/>         Facsimile: +61 2 9279 0664<br/> <a href="http://www.registriesltd.com.au">www.registriesltd.com.au</a></p>   |  |

These entities have not been involved in the preparation of this Prospectus and appear for information purposes only.

## LETTER FROM THE CHAIRMAN

23 December 2005

Dear Shareholder,

At the Annual General Meeting of Hill End Gold Limited (**'Company'**) held 28 November 2005, the Directors announced that the Company would proceed with the issue of 'bonus' share options to all of its Shareholders (**'New Options'**).

Shareholders recorded in the respective registers and sub-registers of the Company at the close of trading on the ASX on Thursday, 22 December 2005 are offered three New Options for every seven Ordinary Shares held. The New Options may be exercised at 15 cents per Ordinary Share and will expire on 31 May 2007. No payment is required to receive your bonus options.

This Prospectus relates only to the offer of the New Options (**'Offer'**). The Ordinary Shares issued upon the exercise of those New Options will be available to be sold without requiring a prospectus or other disclosure document to be prepared for the purposes of the on-sale restrictions in section 707 of the Corporations Act.

The funds raised, if the New Options are exercised, will be used to fund further exploration and development and possible acquisitions if and as they arise.

This Prospectus sets out the full details of the Offer.

The Directors join me in offering you the opportunity to participate in the future growth of the Company.

Yours faithfully,

Alfred L Paton

Chairman

## 1. THE HILL END GOLD PROJECT

### **Overview**

- Hill End Gold has the majority of the Hill End goldfield under tenement with a number of high potential targets ready for drilling.
- The Company has targeted a resource potential of 4 – 5 million ounces in new deposits below shallow high grade workings along the almost unexplored Hill End Anticline.
- Our growth objectives are to discover and develop substantial gold deposits and to acquire projects to increase our share price and asset value.

### **Key Points**

- Tenements of 540 square kilometres include the very high grade operations of the 1870's such as the Hawkins Hill and Red Hill – Tambaroora deposits which together produced 1.6 million ounces.
- The Hawkins Hill deposit is estimated to have been one million ounces prior to mining in the 1870's. Reported production was 45 – 50,000 tonnes at approximately 300g/t.
- Extensive high grade surface workings along the Hill End Anticline indicate the potential for additional significant deposits at shallow depth which are similar to Hawkins Hill.
- HEG plans to drill along the Hill End structural corridor particularly in the richly mineralised ten kilometre strike length between Hawkins Hill And Red Hill.

### **Background**

The Company is a gold exploration and development company which listed on the ASX in July 2003.

The Company has tenements over the majority of the historic Hill End goldfield, which is located approximately sixty kilometres north-west of Bathurst, New South Wales. Reported gold production from the area of the Company's tenements is approximately 1.6 million ounces from high grade hard rock workings and alluvial sources. 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.

The potential for discovery of significant gold deposits in the Hill End area is high given the limited amount of modern exploration in the area.

Digital compilation of previous mining and exploration records for the Hill End area and mapping of the mineralisation has led to a new understanding of the controlling structural features for the high grade gold deposits on the Company's Hill End tenements.

### **Outlook for 2005 /2006**

- Outline of the high grade gold deposit in the Reward area by drilling along strike and down dip of the existing intersections;
- Drilling beneath the surface workings along the Hill End Anticline, particularly at Red Hill, to identify new high grade deposits at shallow depth;
- Preparation for further project development and drilling during 2006;
- Acquisition of mineral projects not yet identified.

### **Potential for Discovery**

Exploration is focused on additional discoveries of deposits in the Hill End area, which may be mined by underground or open pit methods. Prospectivity is considered high by Australian standards given the minor exploration undertaken to date on such a prolific gold field. During the coming year surface exploration will focus on drilling in the mineralised structural corridors to a relatively shallow depth to test for significant gold deposits, particularly beneath the old workings.

Many previous drill holes at Hill End were too shallow to test the now recognised structural corridor which hosts the majority of the high grade gold mineralisation. The very large Hill End mineralised system extends over 25 kilometres along the Hill End Anticline.

The Reward deposit is approximately 400 metres north along strike from the Hawkins Hill deposit and is located in the upper part of the same 120 metre thick slate unit which hosts the Hawkins Hill deposit.

Two recent drilling programs completed on the Reward area were designed to intersect the interpreted strike extensions of the high grade zone at Reward. Wide zones containing coarse and visible gold in quartz veins have been intersected over approximately 400 metres of strike.

A predictive model for the Reward mineralisation has now been established by Hill End and detailed logging and sampling of the drill core is in progress to interpret the different vein sets and to establish gold grades prior to resource estimation.

The outcropping Red Hill deposits are hosted by a relatively tight stratigraphic unit which is predominantly greywacke/sandstone and located on the eastern flank of the shallow north-plunging Hill End Anticline. The mineralisation is within the eastern structural corridor and at a depth of approximately 100 metres below surface, historical mining and diamond drilling during the 1980's have identified a mineralised slate unit which is similar to the Hawkins Hill – Reward deposits.

### ***Tenements***

In the Hill End area the Company holds a minimum 85% beneficial interest in the Mining Leases and the area formerly subject to Exploration Licence 2037, which is now part of Exploration Licence 5868 and the Company holds a 100% interest in Exploration Licence Application 2551.

### ***Attribution***

Exploration comment and data herein are based on information provided by Mr Philip Bruce. Mr Bruce 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 Exploration Results, Mineral Resources and Ore Reserves".

## **2. DETAILS OF THE OFFER**

### **2.1 Background**

At the Annual General Meeting of the Company held on 28 November 2005, the Directors announced that the Company would proceed with the issue of 'bonus' share options ('**New Options**') to all Shareholders.

### **2.2 The Offer**

Shareholders recorded in the respective registers and sub-registers of the Company at the close of trading on the ASX on Thursday, 22 December 2005 ('**Record Date**') are offered three New Options for every seven Ordinary Shares held.

The Offer is non-renounceable which means that Shareholders cannot sell or trade their entitlement.

The details of the Offer are:

**Issue ratio:** Three (3) New Options for every seven (7) Ordinary Shares held at the Record Date.

**Exercise date:** Exercisable any time up to, and including, 5 pm AEST on 31 May 2007.

**Exercise price:** \$0.15 Cents per Ordinary Share.

**Notes:**

1. Shareholders will receive New Options based on a Shareholder's holding of Ordinary Shares at the Record Date, divided by a factor of seven and multiplied by a factor of three rounded down to the nearest whole number. No fractional entitlements to share options will accrue or be allocated.
2. Share options may be exercised at any time on or prior to 31 May 2007.

### **2.3 Purpose of the Offer**

The Directors have decided that Shareholders should have an opportunity to benefit from any success achieved in the next round of exploration and hence are offering Options to Shareholders under this Prospectus which will allow them to apply for Ordinary Shares in the future. The funds raised, when the Options are exercised, will be used to fund further exploration and development and possible acquisitions if and when they arise.

Holders of existing Options on issue may exercise their Options in order to participate in the Offer but must do so to affect their registration as Shareholders by the Record Date.

Also, the Company may make placements of securities, other than pursuant to this Prospectus, before the Record Date. Accordingly, the number of New Options to be issued under the Offer may change.

### **2.4 Summary of action required to participate in the issue**

Shareholders do not need to do anything in order to participate in the issue of the Options. The New Options will be issued on the Record Date to all Shareholders. Separate holding statements for the New Options will be dispatched by post to Shareholders on or soon after the Issue Date.

### **2.5 Right attaching to Shares on exercise of New Options**

Ordinary Shares issued on exercise of the New Options will rank equally in all respects with existing Ordinary Shares at the time of exercise.

### **2.6 Quotation on ASX of New Options**

The Company's Ordinary Shares are currently quoted on the ASX. Application has been made to the ASX for admission of the New Options to official quotation. There is no guarantee that the New Options will be admitted to official quotation by the ASX, as the ASX has a discretion in these matters and there has to be a minimum spread requirement which may not be satisfied.



## **2.7 Restrictions on the distribution of the Prospectus**

The distribution of this Prospectus outside Australia may be restricted by law.

This Prospectus is not intended to, and does not, constitute an offer of, or invitation to apply for, securities in any place which, or to any person to whom, the making of such offer or invitation would not be lawful under the laws of any jurisdiction outside Australia.

## **2.8 Clearing House Electronic Sub-Register System ('CHESS') and Issuer Sponsorship**

The New Options will participate in the security transfer system known as CHESS. Under CHESS, an Optionholder will not receive a certificate as the sub-register is electronic and ownership of securities is transferred without having to rely on paper documentation. Optionholders will be provided with a statement (similar to a bank account statement) that sets out the number of Options allotted to them under this Prospectus.

The notice will also advise holders of their Holder Identification Number ('HIN') and Sponsoring Issuer Number or Security Holder Reference Number ('SRN') in the case of a holding on the issuer sponsored sub-register allowing the Options to be traded electronically. These notices explain, for reference, the sale and purchase procedures under CHESS. Further monthly statements will be provided to Optionholders, which will reflect any changes in their holding in the Company during that month.

Optionholders may request a statement at other times, although the Company may charge an administrative fee in the circumstances.

## **2.9 Taxation**

The Company does not propose to give any taxation advice and neither the Company, its Directors nor its officers accept any responsibility or liability for any taxation consequence to Shareholders in relation to this Offer. Shareholders should consult their own professional tax advisers in regard to taxation implications of the Offer.

### 3. EFFECT OF THE OFFER ON THE COMPANY

#### 3.1 Capital Structure

- (a) The Company presently has 94,709,625 Ordinary Shares on issue.
- (b) The Company presently has the following Options on issue as at the date of this Prospectus:

| Type of Options           | Description   | Number            |
|---------------------------|---|-------------------|
| Listed Options            | Exercisable at 15 cents on or before 31 May 2007            | 37,500,000        |
| Unlisted Options          | Exercisable at 15 cents on or before 31 May 2007            | 7,500,000         |
| Managing Director Options | Exercisable at various prices on or before 30 November 2009 | 5,000,000         |
| Employee Options          | Exercisable at 20 cents on or before 30 August 2006         | 950,000           |
|                           | Total Options on issue                                      | <b>50,950,000</b> |

#### 3.2 Impact of the Offer on the Company

The effect of the Offer on the Company's issued capital will be as follows:

|                        |   | Number     |
|------------------------|---|------------|
| <b>Ordinary Shares</b> | Ordinary Shares as at the date of this Prospectus         | 94,709,625 |
|                        | Number of Ordinary Shares after completion of this Issue* | 94,709,625 |
| <b>Options</b>         | Options granted as at the date of this Prospectus         | 50,950,000 |
|                        | Options granted on completion of this Issue*              | 91,539,840 |

\* If all of the New Options the subject of this Prospectus are exercised, the Company will receive approximately \$13,730,976. The ability of the Company to raise this additional capital through the exercise of the New Options is dependent on the price of the Ordinary Shares from time to time up to the expiry date of the New Options. The issue of the New Options provides approximately \$13,730,976 contingent capital that may be received by the Company over the life of the Options and will, if received, be used to extensively explore and develop the Hill End Project Area and to acquire mineral projects not yet identified.

The exercise of the Managing Director Options will raise a further \$897,500.

#### 3.3 Financial Forecasts

As a result of the early stages of development and commercialisation of the Company's business, the uncertainties associated with that business and the lack of operating history, the Directors have not included in this Prospectus financial forecasts in relation to the Company's business.

## **4. RISK FACTORS**

### **4.1 General**

An investment in the Company is not risk free and investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to exercise the New Options.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **4.2 Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

### **4.3 Market conditions**

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### **4.4 Security investments**

Investors should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of the Company. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

### **4.5 Exploration and Evaluation Risks**

The success of the Company depends on the delineation of economically mineable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Company's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.

### **4.6 Commodity Price and Exchange Rate Risks**

To the extent the Company is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in

international markets.

#### **4.7 Environmental Risks**

The operations and proposed activities of the Company are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

#### **4.8 Native Title and Title Risks**

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licenses or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowners), or to progress from the exploration phase to the development and mining phases of operations may be affected.

The Directors closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

#### **4.9 Joint Venture Parties, Agents and Contractors**

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

#### **4.10 Future Capital Requirements**

The Company's activities will require substantial expenditures. There can be no guarantees that the funds raised through the exercise of any Options offered under this Prospectus will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund expansion, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and Optionholders and any debt financing if available may involve restrictive covenants, which limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

#### **4.11 Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

#### **4.12 Changes to Accounting Standards**

For reporting periods beginning on or after 1 January 2005, the Company must comply with International Financial Reporting Standards (**'IFRS'**). These changes will affect the way certain items are reported in the Company's financial statements. The most significant changes to

accounting treatment under the IFRS as it applies to the Company are likely to be related to the accounting for research and development costs, and intangible assets being patents, licenses, goodwill and carried forward exploration costs. The Company must review the amortisation period and the amortisation method at least at the end of each annual reporting period.

## **5. ADDITIONAL INFORMATION**

### **5.1 Nature of this Prospectus**

This Prospectus is a prospectus to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to the offer of options to acquire securities in a class which have been continuously quoted by ASX for the 12 months prior to the date of the Prospectus.

### **5.2 Reporting and continuous disclosure obligations**

The Company is a disclosing entity for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

These obligations require ASX to be continuously notified of information about specific events and matters as they arise for the purpose of ASX making the information available to the stock market conducted by ASX.

In particular, the Company has an obligation under the Listing Rules to notify ASX immediately of any information, of which it becomes aware, which a reasonable person would expect to have a material effect on the price or the value of its securities.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the provisions of the Listing Rules as in force from time to time which apply to disclosing entities, and which require the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

As the New Options will be issued with disclosure to investors under Part 6D.2 of the Corporations Act, the on-sale restrictions in section 707(3) of the Corporations Act will not apply to the New Options themselves and ASX quotation of the New Options should be able to be obtained (subject to Listing Rule requirements for the New Options terms and spread of holdings).

ASIC Class Order 04/671 (Category 3) should also afford on-sale relief from section 707(3) of the Corporations Act to Ordinary Shares issued by the Company by reason of the exercise of New Options (as there will have been the Prospectus for the New Options).

### **5.3 Availability of other documents**

ASX maintains detailed records of company announcements for all companies listed on ASX. The Company's file is available for inspection at ASX during normal business hours and the Company's announcements may be viewed on ASX's website at [www.asx.com.au](http://www.asx.com.au). The most recent Company announcements are listed at paragraph 5.4 below.

ASIC also maintains records in respect of documents lodged with it by the Company. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

The Company will provide a copy of any of the following documents, free of charge, to any person on request during the Offer period:

- (a) the annual financial report most recently lodged by the Company with ASIC;
- (b) any half year financial report lodged with ASIC by the Company after the lodgment of the annual financial report referred to in (a) and before the lodgement of this Prospectus with ASIC; and

- (c) any continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to above and before the lodgement of the copy of this Prospectus with ASIC.

#### 5.4 ASX Announcements

The following ASX announcements have been issued by the Company since 30 June 2005:

|            |  |
|------------|--|
| 09/12/2005 | Bonus Share Options - Change of Record Date            |
| 01/12/2005 | Change of Director's Interest Notice x 2               |
| 01/12/2005 | Appendix 3B  |
| 01/12/2005 | Completion of \$3m Placement                           |
| 30/11/2005 | Change of Director's Interest Notice x 2               |
| 29/11/2005 | Change of Director's Interest Notice                   |
| 29/11/2005 | Appendix 3B  |
| 29/11/2005 | Disclosure Document                                    |
| 29/11/2005 | Results of AGM 2005                                    |
| 28/11/2005 | Chairman's Address AGM 2005                            |
| 28/11/2005 | Broad new zone of coarse gold mineralisation at Reward |
| 31/10/2005 | First Quarter Cash flow Report                         |
| 31/10/2005 | First Quarter Activities Report                        |
| 28/10/2005 | Full Annual Report 2005                                |
| 27/10/2005 | Annual Report  |
| 27/10/2005 | Notice of Annual General Meeting                       |
| 26/10/2005 | \$3 Million Placement Broker Presentation Material     |
| 21/10/2005 | Placement of \$3 Million                               |
| 21/10/2005 | Placement  |
| 12/10/2005 | Change of Director's Interest Notice                   |
| 29/09/2005 | Full Year Accounts                                     |
| 21/09/2005 | Change of Director's Interest Notice                   |
| 19/09/2005 | Change of Director's Interest Notice                   |
| 19/09/2005 | Change of Director's Interest Notice                   |
| 12/09/2005 | Additional visible gold intersection at Hill End       |
| 16/08/2005 | Drilling program continues at Hill End                 |
| 05/08/2005 | Change of Director's Interest Notice                   |
| 29/07/2005 | Fourth Quarter Cash flow Report                        |
| 29/07/2005 | Fourth Quarter Activities Report                       |
| 29/07/2005 | Appendix 3B  |
| 29/07/2005 | Placement  |
| 11/07/2005 | Change of Director's Interest Notice                   |
| 06/07/2005 | Change of Director's Interest Notice                   |
| 01/07/2005 | Appendix 3B  |
| 01/07/2005 | Cancellation of Lapsed Options                         |

## 5.5 Rights attaching to New Options and underlying Ordinary Shares

The following is a summary of the more significant rights attaching to the New Options and Ordinary Shares upon exercise of the New Options. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Optionholders and Shareholders in the Company. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to the underlying Ordinary Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

## 5.6 Rights attaching to New Options

A summary of the terms and conditions of the New Options is as follows:

| <b>Consideration</b>                                     | <b>Nil</b>   |
|--|--|
| <i>Ordinary Shares issued on exercise of New Options</i> | Each New Option entitles the Optionholder to subscribe for one (1) Ordinary Share in the capital of the Company  |
| <i>Exercise price</i>                                    | \$0.15   |
| <i>Option period</i>                                     | Exercise any time up to and including 5 pm AEST on 31 May 2007   |
| <i>Quotation</i>   | Application has been made to the ASX for admission of the New Options to official quotation by ASX. There is no guarantee the New Options will be quoted as the ASX has a discretion in these matters and there has to be a minimum spread requirement which may not be satisfied. |

- (a) each New Option entitles the Optionholder to one (1) Ordinary Share in the Company upon exercise;
- (b) the Expiry Date for the Options will be 31 May 2007;
- (c) the Options are exercisable at any time on or prior to 5.00 p.m. (Australian Eastern Standard Time) on the Expiry Date listed above by completing an Option Exercise Form and delivering it together with the payment for the number of Ordinary Shares in respect of which the Options are exercised to the registered office of the Company. If the above Expiry Date falls on a weekend or a Public Holiday, then the Expiry Date will be deemed to be the next business day after that date;
- (d) the Option exercise price is \$0.15;
- (e) an Option does not confer the right to a change in exercise price or a change in the number of underlying Ordinary Shares over which the Option can be exercised;
- (f) subject to the Corporations Act, the Listing Rules and the Constitution, the Options are freely transferable, and the Company has applied to the ASX for official quotation of the Options, however there is no guarantee that the Options will be quoted as the ASX has a discretion in these matters and there has to be a minimum spread requirement which may not be met;
- (g) all Ordinary Shares issued upon exercise of the Options will rank *pari passu* in all respects with the Company's then issued Ordinary Shares (the rights attaching to the Ordinary Shares are detailed below);



- (h) there are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue; and
- (i) if at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules applying at the time of the reorganisation.

## **5.7 Rights attaching to underlying Ordinary Shares**

### **(a) General Meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

### **(b) Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him/her, or in respect of which he/she is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid Shares shall have such number of votes being equivalent to the proportion which the amount paid is of the total amounts paid and payable in respect of those Shares.

### **(c) Dividend Rights**

The Directors may from time to time declare a dividend to be paid to Shareholders entitled to the dividend. The dividend shall subject to the Company's Constitution and to the rights of any preference Shareholders and to the rights of the holders of any Shares created or raised under any special arrangement as to dividends) be payable on all Shares according to the proportion that the amount paid is of the total amounts paid and payable in respect of such Shares in accordance with the Corporations Act. The Directors may from time to time pay to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

### **(d) Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so decided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders and that surplus will be divided among the Shareholders in proportion to the number of Shares they hold (irrespective of the amounts paid upon those Shares). The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in

trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, Shares classified by ASX as restricted securities shall rank in priority after all other Shares.

(e) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) Changes to Capital Structure

The Company may by ordinary resolution and subject to the Corporations Act and the Listing Rules:

- (i) consolidate and divide all or any of its share capital into Shares of larger amounts than its existing Shares;
- (ii) cancel Shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or have been forfeited and reduce its share capital by the amount of the Shares so cancelled.

(g) Variation of Rights

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued Shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of that class.

## 5.8 Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director, or proposed director, nor any organisation in which such a Director is a partner or director, has or has had at any time during the 2 years before the lodgment of this Prospectus with ASIC, any interest in:

- (a) the promotion or formation of the Company;
- (b) property acquired, or proposed to be acquired, by the Company in connection with its formation or promotion, or the Offer of New Options pursuant to this Prospectus; or
- (c) the Offer of New Options pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or shares or otherwise) to any Director, or proposed director, or to any organisation in which any such Director is a partner or director, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company.

Each Director's interests in securities of the Company at the date of this Prospectus is:

| Director    | Employee Options (1) | Incentive Options (2) | Options (3) | Shares    |
|-------------|----------------------|-----------------------|-------------|-----------|
| A Paton     | 250,000              | -                     | -           | 392,728   |
| G Reveleigh | 200,000              | -                     | -           | 3,961,450 |
| P Bruce     | 200,000              | 5,000,000             | 1,100,000   | 3,823,814 |
| B Thomas    | -                    | -                     | 1,190,000   | 2,485,620 |
| I Sloan     | 200,000              | -                     | -           | 921,673   |

Notes:

- (1) Options exercisable at 20 cents each on or before 30/08/2006.
- (2) 5,000,000 options exercisable as follows:

| No. of Options | Vesting Date | Expiry Date | Exercise Price     |
|----------------|--------------|-------------|--------------------|
| 1,000,000      | 30.10.04     | 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     | 30.06.09    | 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 be retained on leaving Company for any reason

- (3) Options exercisable at 15 cents and expire 31/05/2007.

The Constitution provides that the Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, where notice of the amount of the suggested increase and the maximum sum that may be paid shall have been given to Shareholders in the notice convening the meeting.

In the last two years, the following amounts have been paid to current Directors, companies associated with the Directors or their associates in their capacity as directors, consultants or advisors or related companies:

| Director        | Salary & Fees (\$) |        | Superannuation (\$) |       | Total (\$) |        |
|-----------------|--------------------|--------|---------------------|-------|------------|--------|
|                 | 2005               | 2004   | 2005                | 2004  | 2005       | 2004   |
| Mr. A Paton     | 25,000             | 25,000 | -                   | -     | 25,000     | 25,000 |
| Mr. P Bruce     | 183,486            | 47,083 | 15,514              | 4,237 | 205,141    | 16,350 |
| Mr. G Reveleigh | 70,000             | 70,000 | 6,300               | 6,300 | 76,300     | 76,300 |
| Mr. I Sloan     | 15,000             | 15,000 | 1,350               | 1,350 | 16,350     | 16,350 |
| Mr. B Thomas    | 5,000              | -      | 450                 | -     | 5,450      | -      |

The payment/provision of the following payments were made for consulting and other services

to related entities of the following directors and are not included above:

| <b>2005</b>    | <b>2005</b><br><b>\$</b> | <b>2004</b><br><b>\$</b> |
|----------------|--------------------------|--------------------------|
| Mr G Reveleigh | 56,494                   | 249,749                  |
| Mr. I S Sloan  | 13,592                   | 15,575                   |

All transactions were on normal commercial terms.

No other fees have been paid by the Company by way of remuneration for services provided by the current Directors, companies associated with the Directors or their associates in their capacity as directors, consultants or advisers. However, Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, traveling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

### **5.9 Interests of Experts and Advisers**

Other than as set out below or elsewhere in this Prospectus, no person named in this prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, and no promoter of the Company, has or has had at any time during the 2 years before the lodgment of this Prospectus with ASIC, any interest in:

- (a) the promotion or formation of the Company;
- (b) property acquired, or proposed to be acquired, by the Company in connection with its formation or promotion or the Offer of New Options pursuant to this Prospectus; or
- (c) the Offer of New Options pursuant to this New Prospectus,

and no amounts have been paid or agreed to be paid (in cash or shares or otherwise) to any expert or to any firm in which any such expert is a partner, either to induce him to become, or to qualify him as, a expert or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company.

William Buck act as auditors to the Company and have received fees of approximately \$10,000 for this service.

Registries Limited act as the Company's share Registrar and have received fees of approximately \$10,000 for this service.

### **5.10 Consents**

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgment of this Prospectus with ASIC.

- (a) Registries Limited has had no involvement in the preparation of any part of this Prospectus other than the recording of its name as Share Registrar of the Company. Registries Limited has not authorised or caused the issue of this Prospectus.
- (b) William Buck has had no involvement in the preparation of any part of this Prospectus other than the recording of its name as Auditor of the Company. William Buck has not authorised or caused the issue of this Prospectus.
- (c) Mr Bruce has given and has not, before lodgment of this Prospectus with ASIC, withdrawn his written consent to the inclusion in this Prospectus of the Attribution in section 1 of this Prospectus in the form and context in which it is included, and to being named in this Prospectus in the form and context in which he is named.

None of the entities referred to in this paragraph 5.10 have authorised or caused the issue of this Prospectus and do not accept any liability to any persons in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

#### **5.11 Estimated Expenses of Offer**

The estimated expenses of this Offer are as follows:

| <b>Expenses</b>            | <b>\$</b>     |
|----------------------------|---------------|
| ASX Fees                   | 16,470        |
| ASIC Fees                  | 2,010         |
| Print and Mailing Expenses | 3,000         |
| Legal Fees                 | 15,000        |
| <b>Total</b>               | <b>36,480</b> |

#### **5.12 Market Price of Shares**

The Company is a disclosing entity for the purposes of the Corporations Act and its Ordinary Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Ordinary Shares on ASX during the 3 months immediately preceding the date of lodgment of this Prospectus with ASIC and the respective dates of those sales were:

Highest: \$0.115 per Ordinary Share on 28 November 2005.

Lowest: \$0.075 per Ordinary Share on 24 October 2005.

The latest available closing sale price of the Company's Ordinary Shares on ASX prior to the lodgment of this Prospectus with the ASIC was \$0.11 on 30 November 2005.

#### **5.13 Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

#### **5.14 Overseas Shareholders**

No action has been taken in any jurisdiction other than Australia to distribute this Prospectus in any jurisdiction other than Australia. Accordingly, this Prospectus may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstance in which such offer or invitation is not authorised or to any person to whom it is unlawful to make an authorised offer or invitation.

#### **5.15 Directors' Consent**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented in writing to the lodgment of this Prospectus with ASIC.

**Philip Bruce**

**For and on behalf of  
Hill End Gold Limited**

6. GLOSSARY

|  |   |
|--|---|
| <b>ASIC</b>                                | Means the Australian Securities and Investments Commission  |
| <b>ASX</b>                                 | Australian Stock Exchange Limited ACN 008 624 691   |
| <b>AEST</b>                                | Means Australian Eastern Standard Time  |
| <b>Business Day</b>                        | Means a day that is not a Saturday, Sunday, public holiday or bank holiday in the Sydney metropolitan area                        |
| <b>Company</b>                             | Is a reference to Hill End Gold Limited ACN 072 692 365   |
| <b>Constitution</b>                        | Means the Company's Constitution as at the date of this Prospectus  |
| <b>Corporations Act</b>                    | <i>Corporations Act 2001 (Cth)</i>  |
| <b>Directors</b>                           | Means directors of the Company at the date of this Prospectus   |
| <b>Dollars / \$</b>                        | Reference to Australian currency  |
| <b>Existing Shareholders</b>               | Means all holders of Ordinary Shares in the Company registered as such in the Share Register of the Company on the Record Date    |
| <b>Existing Shares</b>                     | Means the Ordinary Shares of each Existing Shareholder recorded in the Share Register of the Company on the Record Date           |
| <b>g/t</b>                                 | Means grams per tonne   |
| <b>HEG</b>                                 | Means Hill End Gold Limited ACN 072 692 365   |
| <b>Hill End Gold</b>                       | Hill End Gold Limited ACN 072 692 365   |
| <b>Issue</b>                               | The issue of New Options pursuant to this Prospectus  |
| <b>Issue Date</b>                          | Means the Issue Date as set out in the Summary of Key Dates   |
| <b>Listing Rules</b>                       | The Listing Rules of the ASX  |
| <b>New Options</b>                         | Options for Ordinary Shares to be issued pursuant to this Prospectus for no consideration   |
| <b>Non-Renounceable Option Entitlement</b> | The entitlements arising under Section 2 hereof   |
| <b>Offer</b>                               | Means the offer of New Options referred to in Section 2 - 'Details of the Offer' of this Prospectus                               |
| <b>Option</b>                              | Means an option in the capital of the Company and where the context permits means the Options issued pursuant to this Prospectus. |
| <b>Optionholders</b>                       | Holders of existing Options to subscribe for Ordinary Shares in the Company   |
| <b>Ordinary Shares</b>                     | Fully paid ordinary shares in the capital of the Company  |
| <b>Prospectus</b>                          | Means this Prospectus   |
| <b>Record Date</b>                         | Means the Record Date as set out in the Summary of Key Dates  |
| <b>Share Register</b>                      | Means Registries Limited, the Share Register of the Company   |
| <b>Shareholder</b>                         | Means a holder of Ordinary Shares in the Capital of Company   |