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CHAIRMAN'S ADDRESS

ADDRESS BY DR DENIS CLARKE AT THE ANNUAL GENERAL MEETING OF HILL END GOLD LIMITED HELD AT THE CHRISTIE CONFERENCE CENTRE, TANG ROOM, 3 SPRING STREET, SYDNEY

AT 11 AM ON TUESDAY 22 NOVEMBER 2011

This is the eighth Annual General Meeting of Hill End Gold Limited, and my second as a director of your Company. I joined the Board in late February 2010 and became Chairman in March that year.

I refer shareholders to the Annual Report for details of the year in review and will comment briefly on only a few key matters in this address. Our Managing Director, Mr. Philip Bruce, and our Exploration Manager, Dr. Stuart Munroe, will provide additional information in their presentations to this meeting.

Hill End Gold Limited is a gold explorer distinguished from most other gold explorers by possession of a significant asset, namely, defined resources containing 557,000 ounces of gold. Most importantly, our current exploration effort is focused and has a very clear purpose. Its purpose, together with that of associated pre-development studies, is the de-risking of planned future commercial development of these resources. These efforts must necessarily be funded primarily by equity at this stage.

In the broadest sense, our challenge is essentially twofold. First, we seek to realise value by successful and timely commercial development of these resources. Secondly, as the resources, even if undeveloped, have considerable option value in a rising gold price environment, we seek to maintain ownership of the resources by current shareholders to the maximum extent possible. We are aware that these aims are not totally compatible, and continue to seek an appropriate balance.

The aim of minimising dilution of ownership of the resources by current shareholders, coupled with a very difficult equity market, has restricted the availability of capital to the Company during the last year. Consequently, we have sought to advance our projects carefully during the last year with concentration on

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cost effectiveness rather than simply on the rate of advance. We have, nevertheless, made significant progress.

I will comment on:

- Operational Performance
- Financial Performance
- Corporate Strategy

OPERATIONAL PERFORMANCE

The Company has two principal advanced exploration projects; the Hill End Project and the Hargraves Project.

During the 2009-2010 period, the Company sought to realise value from the 246,800 ounce Hawkins Hill-Reward resource at Hill End by extending the underground bulk sampling project to continuous production. Initially, small-scale mining and processing efforts were successful, but later attempts to gear up to larger scale production using a low capital approach proved unsuccessful, and mining and processing were suspended in May 2010. Since then the Company has concentrated on assessment of other development options whilst undertaking exploration aimed at increasing the resource inventory.

At the 2010 Annual Meeting I advised that *“Potential exists for recommencement of economic mining at Hill End in a different configuration, such as a larger-scale, more capital intensive, less selective operation. Many excellent exploration opportunities also remain at the mine.”* This remains true today. During the last year, consistent with restricted capital availability, we have sought to carefully evaluate various development opportunities. Specifically, we have undertaken a scoping study to examine the economics of mining using bulk mining methods coupled with ore sorting prior to processing. This study, which will require considerable underground drilling for completion, continues. Additional exploration targets were identified during the year by low-cost, detailed geological mapping and interpretation of our extensive database by our very experienced exploration geologists.

I also said last year that *“Exploration at Hargraves has been a resounding success”* with the definition of an initial, shallow resource of 234,400 ounces of gold for the fraction of the overall deposit so far drilled. I noted also that *“Strong potential exists for definition of several multiples of this initial resource through additional drilling.”* That potential certainly remains today. During the past year drilling was limited mostly to shallow infill drilling, given the very considerable expense of deep diamond drilling. We remain confident that deeper drilling will in due course define several multiples of the current resource. Importantly, we have been able to upgrade the quality of our resources, converting most of the resource from mostly Inferred category to mostly Indicated category according to the JORC Code. Indicated Resources increased 140% to 143,000 contained ounces (total Inferred and Indicated Resources: 221,000 contained ounces).

Additionally, detailed geological mapping of the large Hargraves property and compilation and reinterpretation of our large database resulted in the identification of important new exploration targets, including the Gundowda Zone, adjacent to the main mineralised zone.

FINANCIAL PERFORMANCE

Financial performance is detailed in the Annual report.

Net cash outflow from operating activities was \$2.7 million and \$1.7 million was expended on exploration principally at the Hargraves Project. Net proceeds of \$5.8 million from a placement funded the cash outflow.

The operating loss pre-tax was \$2.7 million after non-cash items including depreciation, amortisation, impairment of mining properties and write-off of exploration expenditure.

The uncertain global economy has resulted in volatile share markets and a severe decrease in investors' appetite for risk, and this has been reflected in decreased share prices for most gold explorers like Hill End Gold. Surprisingly, this decline for gold explorers has occurred in a period when the gold price has risen substantially. Our Company's current market capitalisation of approximately \$15 million would seem to significantly undervalue the resource base of the Company, equating to only around \$26 per resource ounce.

Well-funded gold producing companies that are seeking to add substantially to their resource bases through acquisitions, rather than by the more difficult and less certain exploration approach, may find such a low valuation per resource ounce of particular interest.

CORPORATE STRATEGY

In the short term Hill End Gold will remain a gold explorer as we concentrate on exploration and pre-development studies to advance our key projects. Our immediate priority is to increase both the quality and quantity of our resources at Hargraves, particularly close to surface, as Hargraves would appear to have the best prospects for early development.

Our medium-term goal is to create shareholder value by steadily increasing our resources to one million ounces and by developing of our substantial gold resources. Profitable development of gold deposits of the Hargraves and Hill End types is, however, not a simple straightforward process. Time and capital are required, as is success with exploration and pre-development drilling.

We will continue to focus our activities on advancing our flagship Hargraves and Hill End Projects to realise their full potential, whilst remaining open to new projects of compelling quality throughout the world.

We expect to make considerable headway over the next year, assuming adequate funding. The overall challenge for the Company, and other similar small gold explorers, will be to access sufficient capital to realise the full potential of gold assets without excessive expansion of issued capital. We will endeavour to acquire the necessary funding in the most effective way through an appropriate mix of equity raisings, joint ventures and corporate transactions.

As I stated last year, exploration and gold mining is a very demanding business for operators, managers, directors and shareholders alike, but it can also be a very rewarding business. We are optimistic concerning future exploration success and expect that our perseverance will bring due rewards.

In closing, I wish to acknowledge the intense efforts of our small management team and of my fellow directors. I also thank shareholders for their continuing support and patience as we progress our valuable projects.

Dr. Denis E Clarke
Chairman