

HILL END GOLD LIMITED
ACN 072 692 365

PROSPECTUS

For a partially underwritten non-renounceable rights issue of one (1) Option for every five (5) Shares held by Shareholders registered at 5.00pm (AEST) on 20 June 2008 at an issue price of three (3) cents per Option (**Rights Issue**) to raise a maximum of \$2,161,781, excluding costs.

**This Offer is underwritten to a value of \$1,534,527 by
Bell Potter Securities Ltd ABN 25 006 390 772**

This Offer closes at 5.00pm AEST on 9 July 2008.

Important Notice

This Prospectus is a short-form prospectus issued in accordance with Section 713 of the Corporations Act. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type but refers to other documents that have been lodged with the Australian Securities and Investments Commission ("ASIC"), the information of which is deemed to be incorporated in this Prospectus.

This document is important and should be read in its entirety. If you do not understand its contents, you should consult your stockbroker or professional adviser.

The Options offered by this Prospectus should be considered as speculative and carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Options.

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Chairman's Letter to Shareholders

Dear Shareholder,

I am pleased to report that the Hill End Gold Project situated in Hill End, New South Wales continues to make substantial progress.

The underground development of the Reward Gold Mine has produced material for processing through the gravity plant and gold bullion is being produced. The first gold bullion bar of 135 ounces was poured on 11 April 2008 and came from the M2 high grade material, indicating a recovered grade of 2.6 ounces per tonne.

Increasing production from the M2 and Paxton's vein sets is expected over coming months. The Paxton's inferred resource is 23,000 tonnes at 48g/t gold.

Diamond drilling at Hargraves has outlined new zones of mineralisation below the previous workings.

The Mineral Reconnaissance and Exploration Agreement approval process for the Lak Sao Project in Laos has progressed to the top echelons of the Lao PDR government and approval is expected in the near future.

On behalf of the Board, I am pleased to announce that the Company intends to issue New Options to ordinary shareholders. The purpose of the issue is to reward the Company's existing shareholders for their continued support of the Company and to give the opportunity for future capital to be raised by the Company in a cost-effective manner through the exercise of the options before expiry. The ability of the Company to raise additional capital through the exercise of the New Options and the value of the New Options is dependent on the Company's share price prior to the expiry date of the New Options.

The New Options will be issued on the basis of One (1) New Option for every five (5) fully paid ordinary shares held on the Record Date 20 June 2008. The amount of three (3) cents is payable on application for each New Option. Each New Option allows the holder to subscribe for one fully paid share upon payment of 25 cents no later than 30 September 2009.

Funds from the exercise of existing HEGO.AU options and from the issue and exercise of the New Options will be directed to the Company's gold exploration and development activities at Hill End, New South Wales and the assessment of potential acquisition and joint venture opportunities in Australia and overseas.

The Prospectus contains details of the New Options issue. I encourage you to read the document carefully and if necessary obtain independent professional advice.

Yours faithfully

Alfred Paton, Chairman
4 June 2008

1. IMPORTANT INFORMATION

This Prospectus is dated 4 June 2008. A copy of this Prospectus was lodged with ASIC on 4 June 2008. ASIC and the ASX do not take any responsibility for the contents of this Prospectus.

No New Options will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus, being the expiry date of the Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The Company is admitted to the Official List of the ASX and its Shares are continuously quoted securities of the Company in the terms of section 713 of the *Corporations Act*.

Application will be made within seven (7) days after the date of this Prospectus for the New Options to be granted Official Quotation by the ASX. The fact that ASX may grant Official Quotation of the New Options is not to be taken in any way as an indication of the merits of the Company or the New Options.

In the event of exercise of the New Options, the Company will apply for Official Quotation of the Shares issued within three (3) Business Days of the date of allotment of the Shares.

In preparing this Prospectus the Company has taken such precautions and made such enquiries as are reasonable in order for it to have complied with the provisions of the *Corporations Act* and the Listing Rules in force at the date of this Prospectus.

No person is authorised to give any information or to make any representation concerning the Offer. Any information or representation concerning the Offer which is not contained in this Prospectus should not be relied upon as having been authorised by the Company or its Directors. Neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Prospectus, except as required by law and then only to the extent so required.

Words and phrases used in the Prospectus and defined in Section 8 (Glossary of Defined Terms) of this Prospectus have the meanings ascribed to them in that section.

This is an Important Document

It is important that you carefully read this Prospectus in its entirety and, in particular, that you consider the risk factors that could affect the financial performance of the Company. In addition to the general risks applicable to all investments in listed companies, there are specific risks associated with an investment in the Company. These risks are discussed in Section 4 of this Prospectus. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser.

Eligible Shareholders

This Prospectus contains an Offer only to persons (including individuals and corporate entities) who are Shareholders on the Record Date with registered addresses in Australia or New Zealand.

This Offer is not extended to, and no New Options are offered or will be issued to, Shareholders with registered addresses outside Australia or New Zealand. The Company considers it unreasonable to extend the Offer to Shareholders with registered addresses in jurisdictions outside Australia and New Zealand having regard to the small number and value of the New Options that would be offered in such jurisdictions and the cost of complying with the legal and regulatory requirements in those jurisdictions. The New Options being offered under this Prospectus are offered in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand). This Prospectus is not an investment statement or prospectus under New Zealand law and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Important Dates

The following dates are indicative only and the Company reserves the right to make any changes without notice (in consultation with the ASX if necessary). In particular, the Company reserves the right, subject to the *Corporations Act* and the ASX Listing Rules to withdraw the Offer without prior notice.

Announcement of New Options issue and Notify Existing Option Holders of the Offer	4 June 2008
Application for Official Quotation (Appendix 3B)	4 June 2008
Lodgement of Prospectus with ASIC and ASX	4 June 2008
Notice sent to security holders	by 13 June 2008
Shares quoted on an "EX RIGHTS" basis by the ASX	16 June 2008
Record Date for determining entitlements	20 June 2008
Dispatch of Prospectus	24 June 2008
Opening Date	26 June 2008
Closing Date	9 July 2008
Securities quoted on a deferred settlement basis	10 July 2008
Notification given to ASX of under subscriptions	14 July 2008
Dispatch of Holding Statements for New Options	17 July 2008

Privacy Disclosure

Unless otherwise notified to the Company, each qualifying Shareholder agrees that the Company may use the information provided previously by that qualifying Shareholder for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Company's share registry, related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to the ASX and other regulatory authorities.

The *Corporations Act* requires the Company to include information about the security holder (including name, address and details of the securities held) in its public register. The information contained in the Company's public registers must remain there even if that person ceases to be a security holder of the Company. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

A qualifying Shareholder has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

2 DETAILS OF THE OFFER

The Offer

The Company is to make a pro-rata non-renounceable issue of up to approximately 72,059,376 New Options to Eligible Shareholders on a one (1) for five (5) basis for fully paid ordinary shares held on the Record Date (20 June 2008). The issue price payable on application for each New Option is three (3) cents. Each New Option issued allows the holder to subscribe for a fully paid share upon payment of 25 cents no later than 30 September 2009.

The maximum number of Hill End Gold Limited Shares on issue, assuming 100% conversion of HEGO.AU options, is 360,296,880. The New Options will be offered on the basis of one (1) Option for every five (5) Shares held on the Record Date. The maximum number of New Options which could therefore be issued under this issue is 72,059,376 New Options. The following table summarises the minimum and maximum potential number of New Options which may be issued under this Prospectus.

	Minimum	Maximum
Number of HEG ordinary shares on issue at the date of this Prospectus	255,754,531	255,754,531
Number of HEGO.AU Options converted before the Record Date	0 (0%)	104,542,349 (100%)
Total HEG ordinary shares outstanding on the Record Date	255,754,531	360,296,880
Number of New Options (1 for 5)	51,150,906	72,059,376

The maximum Hill End Gold ordinary share price in the 3 months preceding this Prospectus was 37.5 cents and the minimum 25.5 cents.

In the calculation of any Entitlement, fractions will be rounded up to the nearest whole number.

Purpose of the Offer

The purpose of the issue is to reward the Company's existing shareholders for their continued support of the Company and to allow the opportunity for future capital to be raised by the Company in a cost-effective manner through the exercise of the New Options prior to their expiry. The ability of the Company to raise additional capital through the exercise of the New Options is dependent on the Company's share price prior to the expiry date of the New Options.

The Company will also raise up to a maximum of \$15.7 million should all outstanding HEGO.AU options be exercised. The expiry date of the HEGO.AU options is the 12 September 2008. However, the Company is giving Existing Optionholders the opportunity to convert prior to the Record Date.

Funds from the exercise of existing HEGO.AU options and from the issue and exercise of the New Options will be directed to the Company's gold exploration and development activities at Hill End, New South Wales and the assessment of potential acquisition and joint venture opportunities.

This Offer is only to persons (including individuals and corporate entities) who are Shareholders on the Record Date with registered addresses in Australia or New Zealand.

Entitlement

The number of New Options to which each Shareholder is entitled (**Entitlement**) is shown on the enclosed Entitlement and Acceptance Form. Shareholders may accept their Entitlement in full or part.

Action required by Eligible Shareholders

If you wish to take up all or part of your Entitlement, complete the enclosed Entitlement and Acceptance Form in accordance with the instructions set out on the back of the form and deliver it with the appropriate payment no later than 5.00pm AEST on the Closing Date (9 July 2008) to:

By Post:

Registries Limited
PO Box R67
Royal Exchange NSW 1223

By Delivery:

Registries Limited
Level 7, 207 Kent Street
Sydney NSW 2001

Cheques and drafts (drawn on and payable at any Australian bank) should be made payable to "**Hill End Gold Limited Application Account**" and crossed "**Not Negotiable**". Payment can also be made by money order.

If you do not wish to take up any of your Entitlement, you do not need to take any action and your Entitlement to the New Options will lapse on the Closing Date.

The issue is non-renounceable which means that you may not sell or transfer any part of your Entitlement on the ASX or otherwise.

Partial Acceptance

If you wish to take up part of your Entitlement, please complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Options for which you wish to accept (being no more than as specified on the Entitlement and Acceptance Form) and forward the completed Application Form together with your cheque for the total amount payable to reach the Company's share registry at Registries Limited (to the address shown above), by the Closing Date or such later date as the Directors and Underwriter advise.

Any Securities not applied for will be dealt with in accordance with the terms of the Underwriting Agreement with the Underwriter.

Entitlements Not Taken Up

If you decide not to accept all or part of your Entitlement, then your Entitlement will lapse.

If you do not wish to take up any part of your Entitlement you are not required to take any action.

The Company and the Underwriter will deal with any New Options not accepted in accordance with the Underwriting Agreement.

Closing Date

The Closing Date for the Rights Issue is 5.00pm AEST on 9 July 2008. The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such, the date the New Options are expected to commence trading on ASX may vary with any change in the Closing Date.

Minimum Subscription

There is no minimum subscription.

Oversubscriptions

Oversubscriptions will not be accepted.

Underwriting

The Offer is underwritten to a value of \$1.53 million by Bell Potter Securities Ltd ABN 25 006 390 772. A summary of the Underwriting Agreement is provided in Section 6 of this Prospectus.

Stock Exchange Quotation

Application for official quotation of the New Options by ASX will be made by the Company within seven (7) days of the date of this Prospectus. Application for official quotation of Shares allotted and issued as a result of the exercise of New Options issued under this Prospectus will be made within three (3) business days of issue. The fact that the ASX may grant Official Quotation of the New Options pursuant to this Prospectus is not to be taken in any way as an indication of the merits of the Company and the New Options.

If the New Options are not admitted to Official Quotation within three (3) months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the New Options offered by this Prospectus will be granted.

In that circumstance, all applications will be dealt with in accordance with section 724 of the Corporations Act.

Overseas Shareholders

The Offer constituted by this Prospectus is made to residents of Australia and New Zealand only. No offer of New Options will be made to persons resident in countries outside Australia and New Zealand and this Prospectus and the accompanying Entitlement and Acceptance Form do not constitute an offer to any person resident in any country other than Australia and New Zealand.

Shareholders with a registered address in Australia or New Zealand who hold Shares on behalf of persons who are not resident in Australia or New Zealand are responsible for ensuring that taking up

the New Options under the Offer does not breach securities laws in the relevant overseas jurisdictions.

Total Number of New Options to be Issued

The total number of New Options to be issued pursuant to this Offer will be up to approximately 72,059,376 New Options. The costs and expenses of the Offer are expected to be approximately \$150,000.

Providing the maximum number of New Options are issued and then exercised at a later date, the exercise of the New Options will raise approximately \$18 million (before costs and expenses).

Rights Attaching to New Options

The rights, privileges and restrictions attaching to New Options are set forth in Section 6 of this Prospectus.

Offer Non-Renounceable

This Offer is non-renounceable which means that you may not sell or transfer any part of your Entitlement on the ASX or otherwise.

Taxation

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of the Offer under this Prospectus. Neither the Company nor any of its officers accepts any liability or responsibility arising from this Offer. Shareholders should therefore consult their own tax adviser in connection with the taxation implications of the Offer.

CHESS

The Company participates in the Clearing House Electronic Sub-register System known as CHESS. ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and Securities Clearing House Business Rules. Under CHESS, Eligible Shareholders will not receive a certificate but will receive a holding statement for the New Options.

Allotment

New Options are expected to be issued and holding statements will be dispatched, subject to any timetable changes, no later than 17 July 2008 to allottees at the address appearing in the Register or such other address as may be advised by the allottee. Application monies will be held in trust for applicants until the allotment of the New Options. The Company will be entitled to all interest paid or accrued on application monies.

Enquiries

If you have any questions concerning your Entitlement, please contact the Company's registry, Registries Limited by telephone on +61 2 9290 9600, or fax on +61 2 9279 0664, or e-mail registries@registriesltd.com.au or contact your professional adviser.

3 EFFECT OF THE OFFER ON THE COMPANY

The principal effect of the Offer will be to:

- (a) increase the cash reserves, excluding funds raised by the conversion of existing HEGO.AU options, by approximately \$1,534,527 to \$2,161,781 immediately after completion of the Offer excluding the estimated expenses of the Offer; and
- (b) increase the number of Options on issue by 51,150,906 to 72,059,376 New Options following completion of the Offer.

Capital Structure

The capital structure of the Company as at the date of this Prospectus and following the Offer is as follows:

Shares	Pre Announcement - Prospectus Date	Minimum Post Offer ⁽¹⁾	Maximum Post Offer ⁽²⁾
Ordinary Fully Paid	255,754,531	255,754,531	360,296,880
Share Options			
Listed Options	104,542,349	104,542,349	0
New Options	0	51,150,906	72,059,376
Unlisted ⁽³⁾	5,000,000	5,000,000	5,000,000
Unlisted ⁽⁴⁾	6,835,000	6,835,000	6,835,000
Unlisted ⁽⁵⁾	800,000	800,000	800,000

(1) Assuming none of the existing listed options are exercised

(2) Assuming all of the existing listed options are exercised

(3) Unlisted employee options expiring 30 June 2009, at an exercise price of 40 cents.

(4) Unlisted employee options expiring 22 November 2012, at an exercise price of 20 cents.

(5) Unlisted employee options expiring to 1 December 2010, at an exercise price of 15 cents.

Calculation of New Options granted under this Issue

	Number	Conversion Ratio	New Options
Maximum number of Hill End Gold Shares on issue, assuming 100% conversion of HEGO.AU options	360,296,880	1 for 5	72,059,376
Minimum number of Hill End Gold Shares on issue, assuming 0% conversion of HEGO.AU options	255,754,531	1 for 5	51,150,906

If the maximum number of New Options are exercised at a later date, the Company will receive approximately \$18 million (before costs and expenses). The ability of the Company to raise this additional capital through the exercise of the New Options and the value of those New Options is dependent on the Company's Share price prior to the expiry date of the New Options. Moneys raised from the exercise of New Options will be directed to the Company's gold exploration and development activities at Hill End, New South Wales and the assessment of potential acquisition and joint venture opportunities.

Effect of the Offer and Pro Forma Consolidated Balance Sheet

Consolidated Balance Sheet

The unaudited Balance Sheet as at 31 March 2008 and the unaudited Pro Forma Balance Sheet as at 31 March 2008 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. The pro forma minimum unaudited balance sheet assumes no additional HEGO.AU options are converted post the date of this prospectus and prior to the Record date. The pro-forma maximum unaudited balance sheet assumes all outstanding HEGO.AU options at this date of this prospectus are converted prior to the Record Date and all New Options relating to these converted shares are taken up by investors.

The Balance Sheets have been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

Hill End Gold Limited Pro- Forma Consolidated Balance Sheet

	31-March- 2008	Notes	Pro Forma – Minimum Consolidated	Pro Forma - Maximum Consolidated
	\$		\$	\$
CURRENT ASSETS				
Cash and cash equivalents	8,672,697	1	10,057,224	26,365,831
Trade and other receivables	414,571		414,571	414,571
TOTAL CURRENT ASSETS	<u>9,087,268</u>		<u>10,471,795</u>	<u>26,780,402</u>
NON CURRENT ASSETS				
Other Non Current Assets	360,006		360,006	360,006
Property, plant and equipment	1,566,641		1,566,641	1,566,641
Deferred Exploration	19,428,316	3	19,428,316	19,428,316
TOTAL NON-CURRENT ASSETS	<u>21,354,963</u>		<u>21,354,963</u>	<u>21,354,963</u>
TOTAL ASSETS	<u>30,442,231</u>		<u>31,826,758</u>	<u>48,135,365</u>
CURRENT LIABILITIES				
Trade and other payables	2,830,963		2,830,963	2,830,963
Employee Benefits	62,466		62,466	62,466
TOTAL CURRENT LIABILITIES	<u>2,893,429</u>		<u>2,893,429</u>	<u>2,893,429</u>
TOTAL LIABILITIES	2,893,429		2,893,429	2,893,429
NET ASSETS	<u>27,548,802</u>		<u>28,933,329</u>	<u>45,241,936</u>
EQUITY				
Share Capital	31,564,141	2	32,948,668	49,257,275
Accumulated Losses	(4,015,339)		(4,015,339)	(4,015,339)
TOTAL EQUITY	<u>27,548,802</u>		<u>28,933,329</u>	<u>45,241,936</u>

NOTES TO THE PROFORMA BALANCE SHEET AS AT 31 MARCH 2008

Note 1: Cash and Cash Equivalents

The Company estimates cash outflows during the next quarter (i.e. since the pro-forma Balance Sheet date of 31 March 2008) to be approximately \$2,000,000 per month. As further stated in the ASX announcement dated 4 June 2008, a minimum of 51,150,906 up to a maximum of 72,059,376 New Options are offered at an issue price of 3 cents per New Option. Details of the net position of the net cash position as a result of this raising are as follows:

Note 1	Pro Forma - Minimum	Pro Forma - Maximum
	\$	\$
Cash and cash equivalents		
Opening unadjusted balance	8,672,697	8,672,697
Adjustments:		
Proceeds from the issue of New Options at \$0.03	1,534,527	2,161,781
Proceeds from conversion of HEGO.AU options after the date of this Prospectus	0	15,681,352
Expected cash cost of issue	(150,000)	(150,000)
Pro-forma cash assets balance	10,057,224	26,365,831

Note 2: Reconciliation of Contributed Equity

	No.	\$	\$
Opening unadjusted balance	255,754,531	31,564,141	31,564,141
Adjustments:			
Proceeds from the issue of New Options at \$0.03		1,534,527	2,161,781
Proceeds from conversion of HEGO.AU options after the date of this Prospectus		0	15,681,352
Expected cash and non-cash costs of issue		(150,000)	(150,000)
Pro-forma contributed equity balance	255,754,531	32,948,668	49,257,275

Note 2:

The following transactions occurred during the month of April and May 2008 which have not been included in the Pro-forma Balance Sheet:

Deferred Exploration Costs	\$
Deferred Exploration costs – (Exploration - Drilling)	1,500,000
Deferred Exploration costs – Underground Development Costs	<u>2,500,000</u>
	4,000,000
Conversion of existing options	
Proceeds from the conversion of 13.8 million options during April and May 2008	\$2,074,890

4 RISK FACTORS

Overview

The New Options offered under this Prospectus should be regarded as speculative due to the inherent risks associated with the Company's activities. Neither the Company nor the Directors warrant the future performance of the Company or any investment made pursuant to this Prospectus. An investment in the New Options offered by this Prospectus should be considered speculative.

The Directors recommend that Shareholders and potential investors examine the contents of this document together with previous ASX disclosures and public documents of the Company, including its most recent audited financial statements, and rely on advice of their professional advisers before deciding whether or not to apply for New Options pursuant to this document.

The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of.

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.

Market conditions

The market price of the underlying shares and New Options can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities, options and in particular, resources stocks. There is potential risk that an investor will be unable to exit or realise their investment because the market for the New Options is illiquid or the New Options cannot be traded for other reasons. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Options

The market price of options are dependant on a number of factors including time to expiry, underlying share price, option strike price and underlying share price volatility. Option prices can rise and fall, and at any given time options can be "in the money" or "out of the money". Options can expire with no value. Investors should be aware that an option may return little or none of its original investment value.

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.

Future Capital Requirements

The Company's activities will require substantial expenditures. There can be no guarantees that the funds raised through the Offer 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 after the substantial exhaustion of the net proceeds of the Offer 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 any debt financing if available may involve restrictive covenants, which may 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.

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.

Reliance on Key Personnel

The Company's success depends largely on the core competencies of its Directors and management, and their familiarisation with, and ability to operate, in the metals and mining industry and the Company's ability to retain its key executives.

General Economic Risks and Business Climate

Share market conditions may affect the listed New Options and the underlying shares regardless of operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- movements in or outlook on interest rates and inflation rates;
- currency fluctuations;
- commodity prices;
- changes in investor sentiment towards particular market sectors; and
- the demand for and supply of capital.

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which the Company has an interest.

Exploration, Development, Mining and Processing Risks

The business of mineral exploration, project development and mining by its nature contains elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable ore reserves;
- successful conclusions to bankable feasibility studies;
- access to adequate capital for project development;
- design and construction of efficient mining and processing facilities within capital expenditure budgets;
- securing and maintaining title to tenements and compliance with the terms of those tenements;
- obtaining consents and approvals necessary for the conduct of exploration and mining; and
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Adverse weather conditions over a prolonged period can adversely effect exploration and mining operations and the timing of revenues.

Whether or not income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

Mining is an industry which has become subject to increasing legislative regulation including but not limited to environmental responsibility and liability. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. The introduction of new laws and regulations or changes to underlying policy may adversely impact on the operations of the Company.

Native Title

The Native Title Act 1993 (Cth) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with native title in Australia and this may impact on the Company's operations and future plans.

Native title can be extinguished by valid grants of land or waters to people other than the native title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost their connection with the relevant land or waters. Native title is not extinguished by the grant of mining licences, as they are not considered to be grants of exclusive possession. A valid mining lease prevails over native title to the extent of any inconsistency for the duration of the title.

All tenements granted prior to 1 January 1994 are valid or validated.

Tenements granted between 1 January 1994 and 23 December 1996 may be invalid if they fail to comply with the Native Title Act or for certain other reasons because of native title. However, such invalid tenements may be validated if certain statutory criteria are met.

For tenements to be validly granted (or renewed) after 23 December 1996 the special "right to negotiate" regime established by the Native Title Act must be followed. It is important to note that the existence of a native title claim is not an indication that native title in fact exists to the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining operations.

Risks Specific to the Company Projects

The Company's Projects represent the main business activity and focus of the Company. Risks specific to these projects include the following:

Competition

The gold market involve a number of participants. Current levels of demand may see an increase in production from existing market participants, the potential for past participants in the market to re-enter or new start ups to emerge.

Resource Estimate

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could have either a positive or negative effect on the Company's operations.

Operating Risks

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- geological conditions;
- limitations on activities due to seasonal weather patterns;
- alterations to joint venture programs and budgets;
- unanticipated operational and technical difficulties encountered in seismic survey, drilling and production activities;
- mechanical failure of operating plant and equipment;
- adverse weather conditions, industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;
- industrial action, disputation or disruptions;
- shortages or unavailability of manpower or appropriately skilled manpower;
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and
- prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals.

Commodity Prices

The Company expects to derive its revenue from the sale of gold. Consequently, the Company's expected earnings will be closely related to the price of gold together with the terms of the agreement(s) under which it will be sold.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world wide and regional supply and demand for the specific commodity, commodity trading on the futures markets, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

Environment

The Company's Projects are subject to New South Wales and Federal laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by applicable laws and regulations.

Title

The exploration licences comprising some of the Tenements which the Company holds or in which it has an interest may be the subject of applications for extension in the future.

If a Tenement is not extended, the Company may suffer significant damage through loss of the opportunity to discover and/or develop any mineral resources on that Tenement.

In addition, the Company cannot guarantee that those Tenements that are applications for tenements will ultimately be granted in whole or in part.

5 CONTINUOUSLY QUOTED SECURITIES DISCLOSURE

Disclosing Entity

The Company is a disclosing entity for the purposes of the *Corporations Act 2001(Cth)* and, as such, is subject to regular reporting and disclosure obligations. These obligations include compliance with the requirements of the ASX Listing Rules and the *Corporations Act* concerning notification of information to the ASX. Copies of documents lodged at the ASIC in relation to the Company may be obtained from, or inspected at, an office of the ASIC. Copies of announcements made to the ASX may be viewed at the ASX's website at www.asx.com.au

Continuous Disclosure Prospectus

This Prospectus adopts the special prospectus content rules for continuously quoted securities as set out in section 713 of the *Corporations Act*. This section enables disclosing entities to issue a special prospectus in relation to securities (and options for those securities) in a class of securities that have been quoted by the ASX at all times in the 12 months before the issue of the Prospectus. Apart from formal matters, a 'continuous disclosure' prospectus need only contain information relating to the terms and conditions of the offer, the effect of the offer on the Company, and the rights and liabilities attaching to the New Options. Other general information is not required to be included by a disclosing entity as the periodic reporting and continuous disclosure requirements applicable to disclosing entities mean that all this information should have previously been released to the market.

Availability of Documents

The Company will provide, free of charge, a copy of each document described below to a person who asks for it prior to 30 June 2007:

- (i) the Company's half yearly financial report for the six months ended 31 December 2007.
- (ii) the Company's annual financial report most recently lodged with ASIC, being its report for the year ended 30 June 2007.
- (iii) any continuous disclosure notices given by the Company after the lodgement of the Company's half yearly financial report for the year ended 31 December 2007 and before lodgement of this Prospectus with ASIC.

Set out below is a description of all continuous disclosures notices lodged by the Company with ASIC and/or the ASX and used to notify ASIC and/or the ASX of information relating to the Company as referred above.

List of ASX Announcements

DATE	DESCRIPTION
29/05/2008	Appendix 3B
28/05/2008	Appendix 3B
28/05/2008	Appendix 3B
26/05/2008	Appendix 3B
26/05/2008	Appendix 3B
21/05/2008	Hill End Update
13/05/2008	Hill End Update
30/04/2008	Quarterly Activities Report
30/04/2008	Quarterly Cash flow Report
21/04/2008	Raise bore shaft breakthrough
14/04/2008	First bar weighs 135 ounces
8/04/2008	First gold pour for Hill End Gold
7/04/2008	Appendix 3B
3/04/2008	Investor Briefing 2 April 2008
1/04/2008	Drilling extends Hawkins Hill and Hargraves
31/03/2008	Abundant visible gold in new wide Red Hill zone
20/03/2008	Gold plant up to operating performance
11/03/2008	Appendix 3B

10/03/2008	Change of Director's Interest Notice
27/02/2008	Gold Plant Startup
25/02/2008	Half Year Accounts
12/02/2008	Hill End Progress Report
4/02/2008	Appendix 3B
4/02/2008	Appendix 3B
31/01/2008	Quarterly Cash flow Report
31/01/2008	Quarterly Activities Report
23/01/2008	Hill End gold plant nears completion
17/01/2008	First hole at Hargraves hits wide zone
9/01/2008	Two diamond rigs start up
19/12/2007	Three rig drilling program for Hill End Project
19/12/2007	Change of Director's Interest Notice
19/12/2007	SWK: \$55 Million Revenue from New Drilling Contracts
18/12/2007	Open Briefing
11/12/2007	Appendix 3B
11/12/2007	Change of Director's Interest Notice (x6)
10/12/2007	Appendix 3B
10/12/2007	Reward drive high grade gold results
4/12/2007	Progress on Lak Sao Project application
29/11/2007	Appendix 3B
28/11/2007	Details of Share Registry address
23/11/2007	Change of Director's Interest Notice
22/11/2007	Results of Meeting
22/11/2007	Reward drive continues in high grade gold
22/11/2007	Managing Director's Presentation - AGM November 2007
7/11/2007	Change in substantial holding
5/11/2007	Investor Presentation - November 2007
5/11/2007	Change of Director's Interest Notice
5/11/2007	Change of Director's Interest Notice
31/10/2007	Quarterly Activities Report
31/10/2007	Response to ASX Query
30/10/2007	Appendix 3B (x2)
30/10/2007	Quarterly Cashflow Report
24/10/2007	Change of Director's Interest Notice
22/10/2007	Proxy Form
22/10/2007	Notice of Meeting
22/10/2007	Annual Report to shareholders

6 ADDITIONAL STATUTORY AND OTHER INFORMATION

Rights and Liabilities Attaching to New Options

- (i) The New Options will expire at 5.00pm EST on 30 September 2009. New Options not exercised on that date shall lapse.
- (ii) There is no obligation to exercise the New Options.
- (iii) The exercise price or number of New Options issued may be changed in accordance with Listing Rule 6.22 or any amendment of that Rule from time to time.
- (iv) In the event of any reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of the New Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (v) A New Option has no right to participate in a new issue of shares unless that option has been exercised.
- (vi) To exercise a New Option, the holder must complete and execute a Notice of Exercise of Option in the form that will be forwarded to all New Option holders following allotment, and must lodge the completed notice and payment of the exercise price with the Company Secretary at the Company's registered office at any time prior to the expiry date.
- (vii) The exercise price of each New Option will be 25 cents.
- (viii) Shares issued on exercise of the New Options will rank equally in all respect with all other Shares on issue. The rights and liabilities attaching to the Shares issued upon exercise of the New Options are set out in below.
- (ix) The Company will apply for Official Quotation by the ASX of the Shares issued upon exercise of the New Options within 3 Business Days of allotment of the Shares.

Rights and Liabilities Attaching to Shares

A summary of the rights which relate to Shares is out below. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities of the Company's shareholders. Full details of the rights attaching to the shares are set out in the Constitution of the Company, a copy of which can be inspected at the Company's registered office during normal business hours.

- (i) Subject to any special rights or restrictions for the time being attached to any class or classes of Shares in the Company (at present there are none), at a general meeting every Shareholder present in person or by proxy, representative or attorney will have a vote on a show of hands and, on a poll, one vote for each share held.
- (ii) Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to Shareholders under the Constitution or the Corporations Act.
- (iii) Subject to any special rights of the holders of any Shares as to a dividend (at present there are none), all must be apportioned and paid proportionately to the amounts paid on the shares during any portion or portion of periods in respect of which the dividend is paid but if any share is issued on terms providing that it ranks for dividends as from a particular date, that share ranks for dividends accordingly.
- (iv) Subject to the rights of holders of Shares with special rights in a winding-up (at present there are none), on a winding-up of the Company all assets that are to be legally distributed among holders of Shares will be distributed so that, to the greatest extent possible, the amount distributed is in proportion to the Shares held by Shareholders respectively, irrespective of the amounts paid up or credited as paid up in respect of the Shares. At the commencement of the winding up, Shares classified by the ASX as restricted shares shall rank on a return of capital after all other Shares; and subject to the Constitution, the Corporations Act, and any other laws

and the ASX Listing Rules, Shares are freely transferable. Shares will rank pari passu with Shares currently on issue.

- (v) Future increases in Capital. The allotment and issue of any Shares is under the control of the Directors. Subject to restrictions on the allotment of Shares to Directors, or their associates, the ASX Listing Rules, the Constitution of the Company, and the Corporations Act, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.
- (vi) Variation of rights. Under the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares. 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 the 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.
- (vii) Transfer of Shares. As the Company participates in CHES, the SCH Business Rules govern the transfer of shares including market settlement and securities transfer and registration.
- (viii) Constitution. The Constitution of the Company can only be amended by a special resolution passed by at least three quarters of the votes of Shareholders present and voting at a general meeting. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

Underwriting Agreement

On 4 June 2008, the Company entered into the Underwriting Agreement with the Underwriter whereby the Company engaged the Underwriter to underwrite the Offer of 51,150,906 New Options, being the minimum number of New Options to be issued under this Prospectus, to raise a minimum of \$1,534,527 ("Underwritten Amount"). The maximum number of New Options to be issued under this Prospectus is 72,059,376, the Offer is underwritten to 51,150,906 New Options only. Unless otherwise defined in this Prospectus, capitalised terms in this Section have the meaning as defined in the Underwriting Agreement.

The Underwriter will receive:

- (a) an underwriting fee of 4% of the Underwritten Amount (being \$61,381); and
- (b) a management fee of 1% of the Underwritten Amount (being \$15,345).

The Underwriter will also be reimbursed all reasonable costs, charges and expenses incurred by the Underwriter in connection with the Rights Offer.

In addition to the fees specified above, the Company must pay and will indemnify the Underwriter against, and in relation to, all costs and expenses in connection with the Rights Issue including its own solicitors.

The Company makes certain representations, warranties and undertakings to the best of its knowledge, information and belief to the Underwriter including (without being exhaustive):

- (a) **incorporation** - it is a validly existing corporation under the Corporations Act and has limited liability;
- (b) **power** - it has power to enter into and comply with all of the terms and conditions of this agreement;
- (c) **approvals** -
 - it has all approvals and authorities that are required to permit the Company to enter into and to perform its obligations under this agreement; and
 - those approvals and authorities remain valid and subsisting;

- (d) **binding** - this agreement:
- constitutes legal, valid and binding obligations of the Company; and
 - subject to any necessary stamping and registration, is enforceable against the Company;
- in accordance with its terms;
- (e) **transaction permitted** - the signing, delivery and performance by it of this agreement does not violate any material provision of:
- any law, regulation, authorisation, ruling, consent, judgment, order or decree of any Governmental Agency;
 - its constitution or another constituent document;
 - the Listing Rules; or
 - an Encumbrance or document which is binding on:
 - i. the Company or a Subsidiary; or
 - ii. an asset of the Company or a Subsidiary;
- (f) **encumbrances unaffected** - the signing, delivery and performance by the Company of this agreement does not result in:
- the creation or imposition of an Encumbrance on an asset of the Company or a Subsidiary; or
 - the acceleration of payment of an obligation existing under an Encumbrance or document which is binding on:
 - i. the Company or a Subsidiary; or
 - ii. an asset of the Company or a Subsidiary;
- (g) **no breach** - no circumstances exist which may constitute a breach, or satisfaction of some other condition may constitute a breach, of a provision of this agreement or another agreement binding on the Company or a Subsidiary;
- (h) **no litigation** - no litigation, arbitration, dispute or administrative proceeding has been commenced, is pending or threatened against the Company or a Subsidiary which may have a Material Adverse Effect;
- (i) **subsidiary** – all Subsidiaries are wholly owned by the Company;
- (j) **continuously quoted securities** – the Shares are continuously quoted securities for the purposes of section 713(1) of the Corporations Act;
- (k) **conduct not misleading** – the Option Documents are not misleading or deceptive or likely to mislead or deceive and the issue of them does not involve conduct that is misleading or deceptive or likely to be so;
- (l) **information true and complete** – the Company has provided true, complete and accurate information to the Underwriter in connection with the Option Documents, which information is not materially misleading or deceptive in any way;
- (m) **due diligence** - the Company has made available to the Underwriter all material information about the Offer;
- (n) **financial information** - the consolidated balance sheet of the Company and each Subsidiary and the consolidated profit and loss account for the period ended 31 December 2007 and the notes to such financial statements, copies of which have been provided to the Underwriter:
- give a true and fair view of the assets, liabilities, reserves, profits, or losses, and state of affairs of the Company for the period ended or as at 31 December 2007; and
 - have been prepared in accordance with all applicable accounting standards;
- (o) **quarterly reports** - the quarterly activities reports and Appendix 5B quarterly cash flow reports lodged by the Company on the ASX companies announcement platform on 31 January 2008 and 20 April 2008, copies of which have been provided to the Underwriter:
- give a true view of the cash flows and state of affairs and operations of the Company for the 3 calendar months ending 31 December 2007 and the 3 calendar months ending 31 March 2008 respectively; and
 - in respect of both Appendix 5B quarterly cash flow reports, have been prepared in

accordance with all applicable accounting standards;

- (p) **share capital on issue:** the only shares, options and other securities of the Company on issue at the date of this agreement are:
 - 255,754,531 fully paid Shares;
 - 104,542,349 listed options;
 - 5 million unquoted options expiring 30 June 2009;
 - 6,835,000 unquoted options expiring 22 November 2012; and
 - 800,000 unquoted options expiring 1 December 2010;
- (q) **no new share capital:** the Company has not issued any other securities nor entered into any agreement or granted rights to acquire (including by way of conversion or exchange) any other securities of the Company and will not do so, except for the issue of underlying shares following the conversion of the Options and the options described in paragraph (p) of this clause 10,
- (r) **nature of Shares:** all Shares on issue rank pari passu in all respects and are fully paid and there is no other class of securities in the Company on issue other than those securities described in paragraph (p) of this clause 10 and all Underlying Shares to be issued by the Company will on issue rank pari passu in all respects with Shares currently on issue;
- (s) **insolvency:** there is no Insolvency Event with respect to the Company or a Subsidiary;
- (t) **constitution:** the Company's constitution complies with the Corporations Act and all other applicable law and the Listing Rules and all other requirements of ASX;
- (u) **compliance with applicable law:** the Company or a Subsidiary is not in breach of any provision of the Corporations Act, the Trade Practices Act 1974, the Income Tax Assessment Acts 1936 and 1997 or any other applicable law to an extent that is material to the Company or the outcome of the Offer; and
- (v) **authorisations:** each of the Company and its Subsidiaries holds all licences, permits, authorisations and consents required for the conduct of its business and, to the best of the knowledge, information and belief of the Company (after having made all due and proper enquiries) all of those licences, permits, authorisations and consents are in full force and effect and not liable to be revoked or reviewed;
- (w) **Options:** the issue of Options will be made with disclosure to investors under part 6D.2 of the Corporations Act and otherwise in accordance with all applicable laws and the Listing Rules and the issue of the Underlying Shares will not require disclosure to investors under part 6D.2 of the Corporations Act, and the issue of Options or Underlying Shares will not require the approval of the shareholders of the Company under the Corporations Act, any other applicable law, the Listing Rules or the constitution of the Company, and where any Shares are issued following exercise of any Options, an offer of any such Shares for sale within 12 months after their issue will not need disclosure to investors under part 6D.2 of the Corporations Act;

and that the above representations and warranties will continue to be accurate and not misleading until Completion of the Offer.

The Company agrees to indemnify the Underwriter and its related bodies corporate and their respective directors, officers, employees, affiliates and agents (Underwriter and each such person being an **Indemnified Party**) against any claim, loss, liability, cost and expense (including any reasonable legal cost on a full indemnity basis) to which such Indemnified Party may become subject under any applicable law, or otherwise as a result of and all prosecutions, penalties, fines and proceedings, whether civil or criminal, arising out of:

- (a) any transaction or proposal contemplated by this agreement;
- (b) the engagement of the Underwriter pursuant to this agreement;
- (c) the performance or alleged non-performance by the Underwriter of the services contemplated by this agreement;
- (d) the Company not complying with any of its obligations under this agreement including, but without limitation, breaching an undertaking, representation or warranty;
- (e) any claim that an Indemnified Party has any liability under the Corporations Act or any other applicable law concerning the Offer or the Option Documents; or
- (f) the Offer, any Option Document, or any promotional or publicity activities in respect of the Offer not complying with any legal or ASX requirement.

The Underwriter may elect to terminate its obligations under the Underwriting Agreement by notice to the Company if, on or before the allotment of all the New Options, one or more of the following events, either separately or together, in the reasonable opinion of the Underwriter, have a material adverse effect (where the expression "material adverse effect" includes events that have or are likely to have a materially adverse effect on the decision of an investor to invest in Options at the Offer Price, a decision of a sub underwriter to sub-underwrite the Options at the Offer Price, the outcome of the Offer or subsequent market for the Options or Shares or the assets and liabilities, financial position and performance, profits and losses, prospects, business or operations of the Company and its Subsidiaries taken as a whole. occurs:

(Termination Events): include any of the following:

- (a) **change to Option terms and constituent documents:** the terms of the Options or any other securities of the Company or the constitution of the Company are modified or repealed or the Company proposes any such modification or repeal;
 - Option Documents misleading: any:
 - i. information in the Option Documents which is untrue, incorrect or misleading in a material way;
 - ii. material omission from the Option Documents; or
 - anything that may require the issue of a supplementary or replacement prospectus, which in the reasonable opinion of the Underwriter has or is likely to have a Material Adverse Effect;
- (b) **default:** the Company materially breaches this agreement and fails to remedy the breach to the reasonable satisfaction of the Underwriter or any warranty or representation by the Company under this agreement is or becomes materially untrue;
- (c) **material change:** a change occurs after the date of this agreement affecting or relating to:
 - the Company or a Subsidiary; or
 - the industry in which the Company or a Subsidiary operates;
 which in the reasonable opinion of the Underwriter has or is likely to either:
 - have a Material Adverse Effect; or
 - materially change, or result in a material change to, the operations of the Company;
- (d) **contravention:** the Company materially contravenes:
 - any law, regulation, authorisation, ruling, consent, judgment, order or decree of any Governmental Agency;
 - its constitution or another constituent document;
 - the Listing Rules; or
 - an Encumbrance or document which is binding on:
 - i. the Company or a Subsidiary; or
 - ii. an asset of the Company or a Subsidiary;
 which in the reasonable opinion of the Underwriter has or is likely to have a Material Adverse Effect;

- (e) **ASX:** ASX Approval has not been given by the second Business Day after the Closing Date or ASX refuses or withdraws ASX Approval;
- (f) **Insolvency Event:** an Insolvency Event occurs in relation to the Company or a Subsidiary;
- (g) **Prescribed Event:** a Prescribed Event occurs in relation to the Company or a Subsidiary;
- (h) **market movement:** at any time after the date of this agreement:
 - the All Ordinaries Index is 10% or more below its level as at the close of trading immediately preceding the date of this agreement;
 - the S&P/ASX Small Resources Index is 10% or more below its level as at the close of trading immediately preceding the date of this agreement; or
 - the Gold Price is 10% or more below its level as at the date that immediately precedes the date of this agreement;
- (i) **war:** an outbreak of new hostilities or a state of war, whether declared or not, arises after the date of this agreement, or an escalation of hostilities already in existence occurs, involving, or a terrorist act is threatened or carried out after the date of this agreement in or against any diplomatic, military, commercial or political institution, establishment, body or personnel of:
 - Australia;
 - Japan;
 - any member country of the European Union;
 - the United States of America;
 - Russia;
 - Indonesia;
 - Peoples' Republic of China;
 - New Zealand;
 - Hong Kong;
 - Taiwan;
 - Singapore; or
 - Malaysia;which in the reasonable opinion of the Underwriter has or is likely to have a Material Adverse Effect;

- (j) **change of law:** any Australian government adopts or announces any change in law or policy which in the reasonable opinion of the Underwriter has or is likely to have a Material Adverse Effect;
- (k) **officers and senior managers:** after the date of this agreement an officer or senior manager of the Company or a Subsidiary resigns or is removed from office, is charged with or convicted of a criminal offence or becomes a bankrupt, or steps are taken to achieve such an outcome;
- (l) **Timetable not met:** any event specified in the Timetable does not occur within 14 days after the date specified for that event;
- (m) **required meetings:** any meeting of the Company required by any Governmental Agency or law or the rules of the ASX to approve this agreement, the Offer or anything related to the Offer is not held or does not produce the required approval;
- (n) **Shares:** any securities that have been issued by the Company which at the date of this agreement are officially quoted on the ASX:
 - are suspended from quotation whether temporarily or otherwise; or
 - are the subject of an ASX statement to the effect that the securities will be suspended or cease to be quoted;
- (o) **statement of ASX:** the ASX makes a statement to any person that official quotation of the Underwritten Options will not be granted;
- (p) **interest rate increase:** at any time after the date of this agreement, the indicator rate for bonds issued by the Commonwealth of Australia, which have a tenor of either three or ten years, rises 1.0% or more above the level of the indicator rate as at the close of business on the date immediately prior to the date of this agreement (as published in the Australian Financial Review on the date of this agreement);
- (q) **conduct defective:** any of the making of the Offer, the issue of the Option Documents or the distribution of the Option Documents constitutes misleading or deceptive conduct;
- (r) **Company offers Shareholders refund:** any circumstance arises after the Prospectus is lodged with ASIC that results in the Company doing any of the following: repaying, or offering to repay, any monies the Company receives from Applicants; or offering one or more Applicants an opportunity to withdraw their Entitlement and Acceptance Form(s);
- (s) **Prospectus withdrawn:** at any time after the date of this agreement, the Company withdraws the Prospectus; or
- (t) **Supplementary Prospectus required but not issued:** the Underwriter reasonably forms the view that a supplementary prospectus in relation to the Offer is required and the Company fails to lodge a supplementary prospectus in a form acceptable to the Underwriter.

Interests of Directors

Other than set out below, no Director of the Company nor any firm in which such a Director is a partner, has or has had during the 2 years before the lodgement of this Prospectus with the ASIC any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer, or
- (c) the Offer.

Except as disclosed in this Prospectus, no amounts have been paid or agreed to be paid, in cash or Shares or otherwise, to any Director or to any firm in which any such Director is a partner, either to induce him or her to become, or to qualify him or her as, a Director or otherwise for services

rendered by him or her or by the firm in connection with the promotion or formation of the Company or the Offer.

Directors' Fees

The total amount that may be paid to Non-Executive Directors for their services is determined by ordinary resolution of Shareholders. Moneys paid to Executive Directors are in accordance with their service agreement.

Director remuneration for the year ended 30 June 2007

	Salary & Fees	Non Monetary	Super-annuation	Retirement benefits	Equity Options	Other Bonuses	Total
Alfred Lampard Paton							
2007	25,000				1,600		26,600
2006	25,000						25,000
Philip Francis Bruce							
2007	183,486		16,514		1,600		201,600
2006	183,486		16,514		4,000		204,000
Graham Charles Reveleigh							
2007	40,000		4,500		1,600		46,100
2006	70,000		6,300				76,300
Ian Noel Stuart Sloan							
2007	15,000		1,350		1,600		17,950
2006	15,000		1,350				16,350
Bruce Geoffrey Thomas							
2007	15,000		1,350		1,600		17,950
2006	5,000		450				5,450

Director's Interests in Securities

As at the date of this Prospectus, the Directors have an interest in the following ordinary shares and Options in the Company:

	Ordinary shares	12 Sept 2008 Options	Employee Options
Alfred Lampard Paton	985,974	449,091	700,000
Philip Francis Bruce	5,724,385	2,862,194	7,700,000
Graham Charles Reveleigh	4,432,163	100,001	500,000
Ian Noel Stuart Sloan	1,011,673	385,837	500,000
Bruce Geoffrey Thomas	4,915,265	2,307,633	500,000

Litigation

The Company is not currently involved in any litigation or arbitration considered to be material in the context of this Prospectus and is not aware of any threatened litigation or pending arbitration against it considered to be material in the context of this Prospectus.

Estimated Expenses of the Offer

In the event that the Offer is fully subscribed, the estimated expenses of the Offer are as follows:

	\$
ASIC fees	2,010
ASX fees	7,053
Capital Raising Fees	76,726
Legal expenses	15,000
Printing and other expenses	<u>51,221</u>
Total	150,000

Market Price of Securities

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

The highest, lowest and most recent market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	Shares
Highest	37.5 cents on 3 March 2008, 4 March 2008 and 31 March 2008
Lowest	25.5 cents on 15 May 2008 and 30 May 2008
Last	27 cents on 4 June 2008

The last market sale price of the Company's Options on ASX immediately preceding the date of lodgement of this Prospectus with the ASIC was 10.5 cents.

Consents

(a) Bell Potter Securities Limited

Bell Potter Securities Limited has given and has not, before lodgement of this Prospectus with the ASIC, withdrawn its consent to be named in this Prospectus as Underwriter of the Offer in the form and context in which it is named.

(b) Daymond Lawyers Pty Ltd

Daymond Lawyers Pty Ltd has given and has not, before lodgement of this Prospectus with the ASIC, withdrawn its consent to be named in this Prospectus as solicitor to the Company in the form and context in which it is named in the Prospectus.

(c) Registries Limited

Registries Limited has not been involved in the preparation of this Prospectus and references to Registries Limited are for information purposes only.

Each of Bell Potter Securities Limited, Daymond Lawyers Pty Ltd, and Registries Limited:

- did not authorise or cause the issue of this Prospectus;
- does not make, or purport to make, any statement in this Prospectus nor is any statement in this Prospectus based on any statement by any of those parties other than as specified in this section; and
- to the maximum extent permitted by law, expressly disclaim any responsibility or liability for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with consent of that party as specified in this section.

Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, the Underwriter and all other persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus do not have, and have not had in the two years before the date of this Prospectus, any interest in:

- the formation or promotion of the Company;

- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the Offer.

Bell Potter Securities Limited is acting as Underwriter to the Offer and will receive the fees set out in Section 6 of this Prospectus. In addition, Bell Potter Securities Limited has been paid \$ 288,481 for fees for managing capital raisings in the two years before the date of this Prospectus.

Daymond Lawyers Pty Ltd has acted as solicitor to the Company in relation to the Offer and fees are estimated to be \$15,000 in respect of these services. In addition, Daymond Lawyers Pty Ltd has been paid \$29,135 for the provision of professional services to the Company in the two years before the date of this Prospectus.

Registries Limited acts as the share registry of the Company and has been paid \$57,666 for the provision of share registry services to the Company in the two years before the date of this Prospectus.

Governing Law

This Prospectus is governed by the law applicable in the State of New South Wales, Australia and each applicant submits to the non-exclusive jurisdiction of the courts of the State of New South Wales, Australia.

7 DIRECTORS' AUTHORISATION

Consents to Lodgement

Each Director of the Company has given, and has not withdrawn, his consent to the lodgement of this Prospectus with the ASIC.

Directors' Consent

This Prospectus is signed on 4 June 2008 by A. L. Paton on behalf of the Directors, each of whom has consented to the signature, lodgement and issue of this Prospectus.

Signed in accordance with a resolution of the Board of Directors

.....

Alfred Lampard Paton

Chairman

4 June 2008

8. GLOSSARY OF DEFINED TERMS

In this Prospectus the following terms and abbreviations have the following meanings, unless the context otherwise require:

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

Business Day means a day on which the ASX is open for the transaction of business in NSW.

Closing Date means 5.00pm AEST on 9 July 2008.

Company means Hill End Gold Limited ACN 072 692 365

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the directors of the Company at the date of this Prospectus.

Eligible Shareholders means a person registered in the Company's share register as the holder of fully paid ordinary shares on the Record Date and who has a registered address in Australia or New Zealand.

Entitlement means a Shareholder's entitlement (or right) to subscribe for New Options under this Prospectus. This entitlement is also commonly referred to as a "Right".

Existing Optionholders means existing holders of HEGO.AU options as listed on the ASX.

HEGO.AU means Hill End Gold listed options under ASX ticker HEGO.AU, expiry 12 September 2008 and exercise price of 15 cents.

Listing Rules means the official listing rules of the ASX.

New Options means new options issued pursuant to this Prospectus and which may be exercised on a one (1) for five (5) basis at an issue price of 3 cents per Option and can be converted into fully paid ordinary shares on payment of 25 cents no later than 5 pm Australian Eastern Standard Time, 30 September 2009.

New Options Issue means the issue of New Options to Eligible Shareholders of one (1) New Option for every five (5) fully paid ordinary shares held at an issue price of 3 cent per New Option.

Offer means the offer of a New Options to Eligible Shareholders pursuant to this Prospectus.

Official List means the Official List of the ASX.

Option means an option to acquire one Share.

Prospectus means the Prospectus of which this section forms a part, dated 4 June 2008.

Quotation means official quotation of shares and options by the ASX in accordance with the Listing Rules.

Record Date means, subject to section 2 of this Prospectus, 20 June 2008.

Rights Issue means the New Options that may be issued under this Prospectus.

Share means a fully paid ordinary share in the capital of the Company

Shareholder means a holder of fully paid ordinary shares and/or partly paid ordinary shares in the capital of the Company.

Underwriter means Bell Potter Securities Limited (ABN 25 006 390 772)

Underwriting Agreement means the underwriting agreement entered into between the Underwriter and the Company on 4 June 2008, further details of which are summarised in Section 6 of this Prospectus.

References in this Prospectus to currency are, unless stated otherwise, to the currency of Australia.

9 CORPORATE DIRECTORY

Directors

Alfred Lampard Paton
Non Executive Chairman

Philip Francis Bruce
Managing Director

Graham Charles Reveleigh
Non Executive Director

Ian Noel Stuart Sloan
Non Executive Director

Bruce Geoffrey Thomas
Non Executive Director

Company Secretary

Kevin Martin Lynn

Australian Company Number

072 692 365

Registered Office

Bowen Street
Hill End NSW 2850
Website: www.hillendgold.com.au

Principal Office

Suite 1004, 3 Spring Street
Sydney NSW 2000
Telephone: +61 2 8249 4416
Facsimile: +61 2 8249 4919
Website: www.hillendgold.com.au
Email: Contact via website

Share Registry

Registries Limited
Level 2, 28 Margaret Street
Sydney NSW 2000
Telephone: +61 2 9290 9600
Facsimile: +61 2 9279 0664
Website: www.registriesltd.com.au

Underwriter

Bell Potter Securities Limited
Level 33, 225 George Street
Sydney
NSW 2000
Telephone: +61 2 9255 7200
Facsimile: +61 2 9251 6992
Website: www.bellpotter.com.au

Lawyer

Daymond Lawyers Pty Ltd
Mining Lawyers
3 Spring Street
Sydney NSW 2000
Telephone: +61 2 8249 4428
Facsimile: +61 2 8249 4001