



HILL END GOLD LIMITED

ACN 072 692 365

Report for September 2013 Quarter

31 October 2013

ASX Code: HEG, HEGOA

CORPORATE

- Placement completed to raise \$1.36m
- Renounceable Rights Issue in progress
- Investment in Bassari Resources Limited by way of placement to acquire a 13% interest in near production resources in Senegal, West Africa

HARGRAVES PROJECT

- Baseline observations around pre-development conceptual project continue
- Design of hydro-geological test pattern to establish ground water impact
- Conceptual project development plan being finalised

HILL END PROJECT

- Exploration targets being generated on the Frenchman's Vein and Paxton's Vein within 150m of surface. Drill targets designed to increase the Hawkins Hill – Reward resource and provide operational flexibility.

About Hill End Gold Limited

Hill End Gold Limited (ASX:HEG) is a gold explorer with the objective of becoming a mid-tier gold producer based on its two flagship projects at Hill End and Hargraves in an historically gold-rich region in central New South Wales, Australia and with the acquisition of high potential projects. Gold resources defined by the Company currently total 581,000 ounces.

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Placement

HEG completed a placement of 170m shares at 0.8 cents per share to Mr Soh Han Chuen to raise \$1.36m. Hill End Gold is pleased to welcome Mr Soh Han Chuen as a significant investor in the company. At the time of issue, he held 19.9% of the issued capital of the Company.

The placement was in two tranches:

- Tranche 1 of 125m shares at 0.8 cents per share to raise \$1.000m on 5 August 2013 as announced on 31 July;
- Tranche 2 of 45m shares at 0.8 cents per share to raise \$0.360m announced on 20 September 2013.

These funds were used to continue the Company's exploration programs, for working capital and for strategic acquisitions.

Renounceable Rights Issue

A pro rata seven (7) for four (4) renounceable rights Issue, was announced on 23 September to raise up to \$10.4m at a price of 0.7 cents per share.

Under the issue, eligible shareholders of HEG, who were registered on the record date of 1 October 2013 are able to subscribe for seven new shares at a price of 0.7 cents per new share for every four HEG ordinary fully paid shares held at the record date. Shareholders will also be able to apply for additional shares under the shortfall offer, which will make available new shares for which other shareholders have foregone their rights.

Rights trading ended on Monday 14 October 2013. Shareholders have until 5:00 PM on Thursday 14 November to take up their rights.

Investment in Bassari Resources Limited (ASX:BSR)

Via a placement HEG acquired 100m shares in Bassari Resources Limited (ASX:BSR) at 0.8 cents per share for a consideration of \$0.8m. After allocation of the placement shares, HEG held approximately 13% of the issued capital of BSR.

BSR is to use the funds raised in the exploration and development of its advanced gold projects in Senegal and for working capital.

The placement was in three tranches:

- Tranche 1 of \$0.25m for 31.25m BSR shares issued to HEG on 5 August 2013
- Tranche 2 of \$0.25m for 31.25m BSR shares issued to HEG on 19 August 2013
- Tranche 3 of \$0.30m for 37.5m BSR shares issued to HEG on 31 August 2013

Mr Philip Bruce, HEG's Managing Director, has been nominated to the Board of BSR.

The BSR gold projects are located in the Birimian sequences of the Kedougou-Kenieba Inlier in Senegal, West Africa. The Birimian of West Africa contains over 55 million ounces of known gold endowment. BSR is continuing scoping studies into its Makabingui Deposit which has a resource of 11.9 Mt at 2.6 g/t gold containing one million ounces of gold.

PROJECTS

Hargraves Project - EL 6996 (HEG 100%)

The wholly-owned Hargraves Project is located approximately 30 km south-west of Mudgee in central New South Wales (Figure 1).

The resource estimate for Big Nugget Hill is 2.9 Mt at 2.7 g/t Au for 245,000 ounces contained gold announced on 31 March 2013:

Indicated Resources	1.3 Mt at 3.5 g/t Au	143,000 ounces contained gold
Inferred Resources	1.6 Mt at 2.0 g/t Au	102,000 ounces contained gold

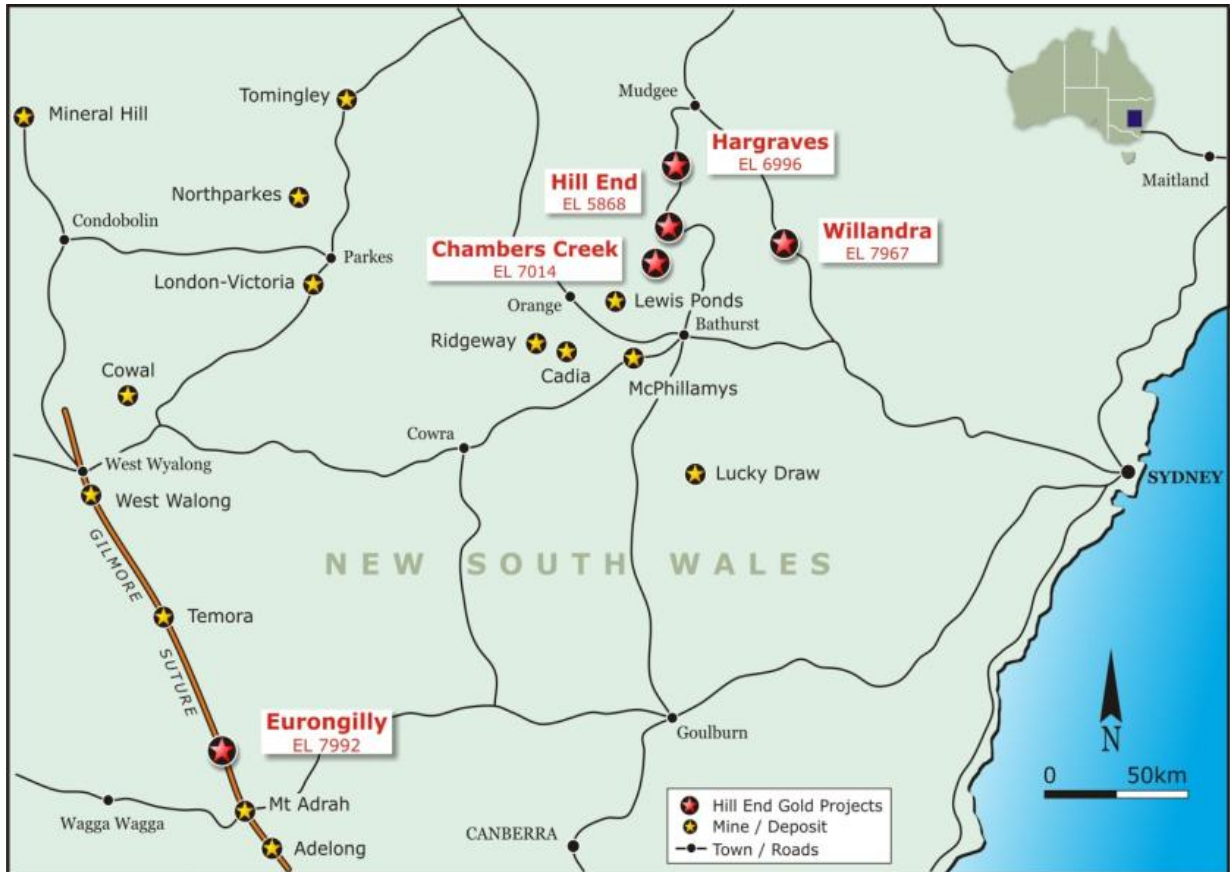


Figure 1. Hill End Gold Project locations

Hargraves Pre-Development Study

Work continued on baseline studies, planning for hydro-geological studies and additional drilling to extend existing resources.

Baseline water, dust and meteorological monitoring continue to establish the existing environment. A plan has been made to undertake additional hydro-geological testing to the expected depth of the pre-development open pits optimisation.

A conceptual project development plan is being finalised for presentation to the NSW Department of Trade & Investment, Resources & Energy.

Several targets have been identified at Hargraves and at prospects around Hargraves which warrant drill testing. Potential exists to extend the existing resource 250m towards the south.

Hill End Project - EL 5868 (and Mining Leases) (HEG minimum 85%) & EL 7014 (HEG 100%)

The Hill End Project is located approximately 50 kilometres north of Bathurst in central New South Wales. Exploration during the quarter focused on new resource extensions to providing additional ore sources to support possible future mining at Hawkins Hill – Reward. Field exploration continues to assess regional potential, such as at Mares Nest and the Chambers Creek prospect (Figure 2)

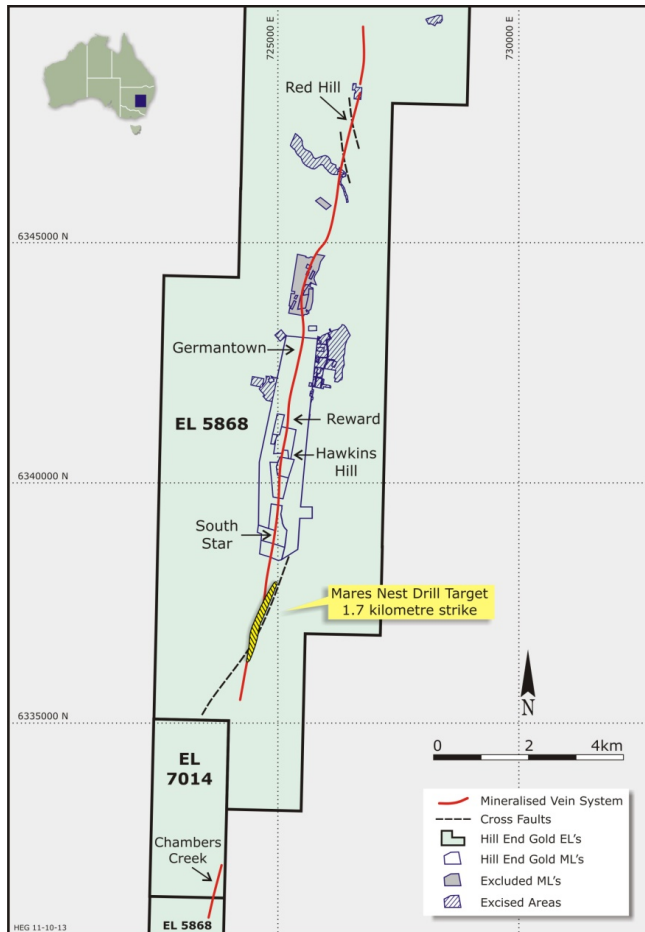


Figure 2. Location of the Reward – Hawkins Hill, Mares Nest and Chambers Creek prospects.

Hawkins Hill - Reward

Studies have focused on delineating shallow (<150m) drilling targets at Reward. Targets were successfully generated on the Frenchman's Vein and Paxton's Vein that have potential to increase the Hawkins Hill – Reward resource.

Underground and surface drill holes previously completed indicate a 3-8m thick mineralised zone grading 4-8 g/t gold on the Frenchman's Vein at shallow levels. In addition there is further potential on the Paxton's Vein at similar levels.

Previously drilled intersections of the Frenchman's Vein from underground include:

- HHUG083 – 7.1m at 11.1 g/t gold
- COV020 – 7.8m at 5.5 g/t gold
- HHUG082 – 5.5m at 7.6 g/t gold

These intersections indicate the occurrence of a wide zone of mineralisation at approximately 120m depth. The drill intercepts are true widths.

Chambers Creek

Chambers Creek is located approximately 4 km along strike to the south of Mares Nest on EL 7014 and EL 5868. Chambers Creek is the site of an early gold mining township and battery. An unknown amount of gold was recovered from two lines of workings striking NNE with a strike extent of 1.5 kilometres (General Bourke Reef) and a further vein set immediately north of Chambers Creek that has a strike of 0.6 km (Nuggetty Reef).

Very little systematic exploration has been done at Chambers Creek. Access agreements with landowners have been signed to allow reconnaissance mapping and sampling of the vein systems to better understand the controls on mineralisation and establish the resource potential.

Willandra Project – EL 7967 (HEG 100%)

Exploration Licence 7967 covers 86 km² of the eastern Lachlan Fold Belt approximately 40 km east of Hill End in central New South Wales.

Previous soil geochemical surveys identified a 1.5 km long gold-arsenic anomaly at the Willandra prospect near the contact of Ordovician age Sofala Volcanic (Figure 3). The peak gold-in-soil value of 0.145 g/t gold is supported by rock chip values up to 11.3 g/t gold.

Mapping and rock chip samples collected by HEG in combination with previous exploration results have established the presence of two lines of mineralisation striking NNE. Higher gold grades are found in brecciated sandstone with quartz, arsenopyrite, pyrite matrix (quartz breccia) that follows NNE-striking, steeply west dipping faults.

Additional surface mapping is planned to establish the strike extent of the quartz breccia and to determine a strategy for drill testing the best targets.

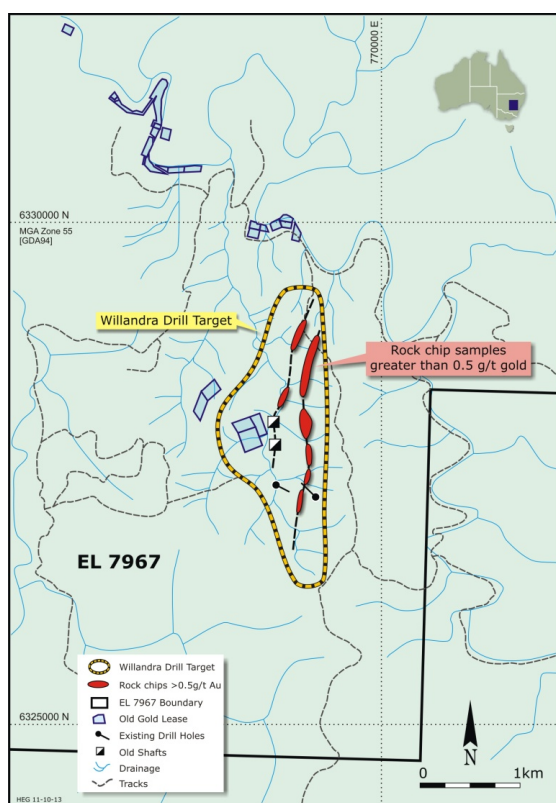


Figure 3. Location of the two identified lines of mineralised quartz breccia and stockwork quartz veining at the Willandra prospect on EL 7967

Eurongilly Project – EL 7992 (HEG 100%)

Exploration Licence 7992 covers 62 km² and is located approximately 16 km east of Junee in southern New South Wales. The area is located near a major NW-striking fault (Gilmore Fault) that is associated with a number of significant gold deposits in a belt extending from Adelong to West Wyalong.

Drilling by previous explorers at the Kurrajong prospect has established the presence of gold and copper mineralisation over an area of approximately 250 by 400m which is open to the east.

During the quarter, the NSW Department of Trade & Investment, Resources & Energy undertook a number of detailed road traverses through EL 7992 as part of the Riverina Gravity Survey. A gravity survey is a geophysical technique used to map variations in the Earth's gravity field. The results can assist in the interpretation of the geology and structure of an area.

Preliminary results of the survey over EL 7992 indicate the Kurrajong prospect is located at the intersection of a regionally significant NW-striking fault where it bends to a NNE-strike and is overprinted by additional NW-striking faults. High density rocks on the NW-striking fault are likely to be mafic rocks, possibly intrusions emplaced during the early history of the Gilmore Fault.

The Three Tree Hill prospect, located 3.4 km north of Kurrajong is located in a similar structural setting.

An infill gravity survey is planned to assist in establishing a drill target at Kurrajong and Three Tree Hill prospects.

Philip Bruce
Managing Director

Competent Persons' Statement

The information in this report that relates to Reward and Red Hill Mineral Resources is based on information reviewed by Philip Bruce, for Hargraves Mineral Resources and for Exploration results is based on information reviewed by Stuart Munroe and Philip Bruce. Dr Munroe is a Member of the Australasian Institute of Mining and Metallurgy and Mr Bruce is a Fellow of the Australasian Institute of Mining and Metallurgy and both are full-time employees of HEG. Dr Munroe and Mr Bruce have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (The JORC Code). Dr Munroe and Mr Bruce consent to the inclusion of the matters based on their information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

HILL END GOLD LIMITED

ABN

74 072 692 365

Quarter ended ("current quarter")

30 September 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3..months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration & evaluation	(343)	(343)
(b) development and mine suspension		
(c) production		
(d) administration	(360)	(360)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	6	6
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	(698)	(698)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects		
(b) equity investments		
(c) other fixed assets	(22)	(22)
1.9 Proceeds from sale of: (a) prospects		
(b) equity investments	(800)	(800)
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
	(822)	(822)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(1,520)	(1,520)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,520)	(1,520)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,306	1,306
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	1,306	1,306
	Net increase (decrease) in cash held	(214)	(214)
1.20	Cash at beginning of quarter/year to date	860	860
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	646	646

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	60
1.24	Aggregate amount of loans to the parties included in item 1.10	
1.25	Explanation necessary for an understanding of the transactions	
	Directors Fees	

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	N/A
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-
3.2	Credit standby arrangements	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	300
4.2	Development	-
4.3	Production	-
4.4	Administration	300
Total		600

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	646	859
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	646	859

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed	-	-
6.2		Interests in mining tenements acquired or increased	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	855,526,036 OFP	855,526,036 OFP		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	170,000,000 OFP	170,000,000 OFP	8 cents per share	8 cents per share
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	35,000,000	Director	Exercise price 5 cents	Expiry date 29 Nov 2017
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: ..October 2013....
(Director/Company secretary)

Print name: Kevin Lynn.....

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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