



# HILL END GOLD LIMITED

ACN 072 692 365

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Andrew Weaver  
Adviser, Listings and Compliance (Sydney)  
ASX Limited  
Exchange Centre  
Level 6, 20 Bridge Street  
Sydney NSW 1215

5 February 2014

By email: Andrew.Weaver@asx.com.au

Dear Andrew,

**Hill End Gold Limited (the “Company”): Quarterly Report Query**

We refer to your letter dated 30 January 2014 and respond as follows:

- 1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the appendix 5B, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company’s position?*

It may be possible to reach such a conclusion, but only if future capital raisings by the Company and recent cost reduction measures are not taken into account.

The Company lodged a Prospectus with ASIC on 23 September 2013 and a Supplementary Prospectus on 13 October 2013 for a pro rata Renounceable Rights Issue. The offer closed on 14 November 2013 and the Company has the capacity to place Shortfall Shares for the three months following the close. The Company has placed Shortfall Shares since 31 December 2013 and is confident that it will place further Shortfall Shares within the applicable timeframe.

We also note that the Company has refreshed its securities placement capacity under Listing Rule 7.1 and 7.1A at the Company’s AGM held on 28 November 2013, and has to date not used any of that capacity.

In the December 2013 quarter the Company took measures to reduce administration and exploration costs. The Board was reduced from six directors to four and other actions have been put in place to further reduce costs. Net operating cash flows for the next several quarters are, therefore, expected to decrease.

2. *Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds to continue its operations at that rate?*

Consistent with other mineral explorers, the Company expects that it will continue to have negative net operating cash flows in future quarters. Please refer to the response to question 1 for details regarding the steps the Company has taken to ensure that it has sufficient funds in order to continue its operations.

3. *What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?*

Please refer to the responses to questions 1 and 2 above. The Company continues to review its expenditure commitments and cash requirements. The Company continues to maintain its exploration assets, the Hargraves Project and Hill End Project in central New South Wales, and its \$1.1 million investment in Bassari Resources Limited (ASX:BSR).

4. *Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

The Company confirms that it is in compliance with the Listing Rules and in particular Listing Rule 3.1.

5. *Please comment on the Company's compliance with Listing Rule 12.2, with reference to matters discussed in the note to the rule.*

*"LR 12.2 An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing."*

The Company confirms that it is in compliance with Listing Rule 12.2.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Philip Bruce', written over a horizontal line.

Philip Bruce  
**Managing Director**



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30 January 2014

Mr Phillip Bruce  
Managing Director  
Hill End Gold Limited  
4 Bowen Street  
Hill End NSW 2850

By Email

Dear Phillip

**Hill End Gold Limited (the "Company")**

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 31 December 2013, released to ASX Limited ("ASX") on 30 January 2014 (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales and related debtors of \$0.
2. Net negative operating cash flows for the quarter of \$902,000.
3. Cash at end of quarter of \$318,000.

In light of the information contained in the Appendix 5B please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?



5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by e-mail. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **5:00 p.m. A.E.S.T. on Tuesday 4 February 2014**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'A Weaver', written over a light blue rectangular background.

Andy Weaver  
**Adviser, Listings Compliance (Sydney)**