

HILL END GOLD LIMITED
ACN 072 692 365

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2013

HILL END GOLD LIMITED DIRECTORS' REPORT

The Directors present their report together with the financial statements of Hill End Gold Limited for the six months ended 31 December 2013.

Directors

The Directors of Hill End Gold Limited during the financial period and up to the date of this report are:

Denis Edmund Clarke (Chairman)
Philip Francis Bruce (Managing Director)
Graham Charles Reveleigh
Su-Yin Quah
Bruce Geoffrey Thomas (resigned 6 December 2013)
Ian Cunynghame Daymond (resigned 6 December 2013)

Principal Activities

The principal activities of the Consolidated Group during the financial period were the exploration for minerals and development of its tenements in New South Wales, its investment in Bassari Resources Limited which is developing gold mining properties in Senegal, West Africa, and in the review of further acquisitions and investments.

Review of Operations

Based on pre-development studies, HEG proposes to develop a staged open pit mine on the BNH Deposit near Hargraves to recover 1.2 Mt with an average grade of 2.5 g/t gold. Two initial open pits are proposed to be mined at a combined production of 300,000 tonnes per year, one over the Central area and a smaller one over the Southern area.

The proposed Hargraves Gold Project's Conceptual Project Development Plan was presented to technical officers within the Division of Resources & Energy of the NSW Department of Trade & Investment, Regional Infrastructure & Service who have advised that no technical impediments were identified that would prevent the project proposal proceeding to Mining Lease application.

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

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

At Hill End, pre-development studies continued to investigate the potential extensions of the current Reward Deposit resources along strike and at depth, particularly to the south. Studies have focused on delineating shallow (<150m) drilling targets at Reward and 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 approximately 120m depth below surface.

The new Mares Nest Prospect is located approximately four kilometres to the south of the Reward Deposit and has gold mineralisation within a zone that is four kilometres long and up to 150m wide. An initial surface geological mapping and a geochemical sampling survey of the Mares Nest Prospect has been completed. The survey used a handheld XRF analyser to delineate mineralisation across the northern 1.7km portion of the prospect and preliminary drill targets have now been identified.

The Company has further exploration tenements in New South Wales at Willandra and Eurongilly and has been granted additional exploration licences at Mt Margaret and Boiga. An exploration licence application has been made at Wattle Flat, which is south of Sofala.

The Company has acquired 108.3m shares in Bassari Resources Limited (ASX:BSR) and provided a short term convertible loan to Bassari for \$250,000. Fully converted the Company would have a current equity holding of 15.7% in Bassari.

The Bassari 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.

Significant Changes in the State of Affairs

During the half year to 31 December 2013 the Company placed 170,000,000 ordinary shares at \$0.007 each raising \$1,360,000 and undertook a rights issue which raised an additional \$575,391, net of issue costs, through the issue of 95,678,271 ordinary shares at \$0.007 per share. A further \$244,503 was subscribed for 34,929,099 shares which had not been issued at half year end.

There were no other significant changes in the state of affairs in the Company during the half year.

Rounding of Amounts to nearest Thousand Dollars.

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission relating to the rounding off of amounts in the financial report. Amounts in the financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The auditor's independence declaration is set out on page 3 for the half-year ended 31 December 2013.

This report is made in accordance with a resolution of the directors.



DENIS CLARKE
Chairman
Sydney
14 March 2014



PHILIP BRUCE
Managing Director

14 March 2014

The Board of Directors
Hill End Gold Limited
3 Spring Street
SYDNEY NSW 2000

Dear Board Members

HILL END GOLD LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Hill End Gold Limited.

As lead audit partner for the review of the half-year financial statements of Hill End Gold Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



CROWE HORWATH SYDNEY



LEAH RUSSELL
Partner

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HILL END GOLD LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Notes	Half year Ended 31 Dec 13 \$'000	Half year Ended 31 Dec 12 \$'000
Revenue		-	-
Cost of Sales		-	-
Gross Loss		-	-
Other Income		60	197
Other expenses		(164)	(284)
Administrative costs		(692)	(827)
Operating loss		(796)	(914)
Finance revenue		12	48
Finance costs		(1)	(1)
Loss before income tax		(785)	(867)
Income tax expense		-	-
Loss for the period	2	(785)	(867)
Other comprehensive income		-	-
Total comprehensive loss for the period attributable to members		(785)	(867)
Earnings per share from continuing operations:		Cents	Cents
Basic earnings per share		(0.9)	(0.1)
Diluted earnings per share		(0.9)	(0.1)

The accompanying notes form part of these financial statements.

HILL END GOLD LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

		31 Dec 2013	30 June 2013
		\$'000	\$'000
Current Assets			
		318	860
		79	60
	3	250	-
		18	15
Total Current Assets		<u>665</u>	<u>935</u>
Non-Current Assets			
		514	504
		8,000	8,000
	4	850	-
		13,256	12,857
		1,357	1,399
Total Non-Current Assets		<u>23,977</u>	<u>22,760</u>
Total Assets		<u>24,642</u>	<u>23,695</u>
Current Liabilities			
		403	607
		205	211
Total Current Liabilities		<u>608</u>	<u>818</u>
Non-Current Liabilities			
		7	4
		149	146
Total Non-Current Liabilities		<u>156</u>	<u>150</u>
Total Liabilities		<u>764</u>	<u>968</u>
Net Assets		<u>23,878</u>	<u>22,727</u>
Equity			
		73,530	71,594
		91	91
		(49,743)	(48,958)
Total Equity		<u>23,878</u>	<u>22,727</u>

The accompanying notes form part of these financial statements.

HILL END GOLD LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Share Capital Ordinary \$'000	Reserves \$'000	Accumulated Losses \$'000	Total Equity \$'000
Balance at 1 July 2013	71,594	91	(48,958)	22,727
Profit (loss) attributable to equity shareholders	-	-	(785)	(785)
Total other comprehensive income	-	-	-	-
Shares issued during the half year	1,936	-	-	1,936
Balance at 31 December 2013	73,530	91	(49,743)	23,878
Balance at 1 July 2012	71,420	178	(43,322)	28,276
Profit (loss) attributable to equity shareholders	-	-	(956)	(956)
Total other comprehensive income	-	-	-	-
Options issued during the half year	-	91	-	91
Transfer from Reserves to Share Capital	178	(178)	-	-
Balance at 31 December 2012	71,598	91	(44,278)	27,411

The accompanying notes form part of these financial statements.

HILL END GOLD LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Half Year Ended 31 Dec 2013 \$'000	Half Year Ended 31 Dec 2012 \$'000
Cash Flows From Operating Activities		
Receipts from customers	60	56
Interest received	12	48
Payments to suppliers and employees	(916)	(859)
	<hr/>	<hr/>
Net cash outflows from operating activities	(844)	(755)
Cash Flows From Investing Activities		
Payment for exploration expenditure	(401)	(1,020)
Payment for mining properties	(101)	(66)
Purchases of property plant & equipment	(22)	(20)
Investment in listed shares	4 (850)	-
Loans advanced	3 (250)	-
Security deposits	(10)	(20)
	<hr/>	<hr/>
Net cash outflows from investing activities	(1,634)	(1,126)
Cash Flows From Financing Activities		
Issue of ordinary shares	2,030	-
Cost of issue of shares	(94)	-
	<hr/>	<hr/>
Net cash inflows from financing activities	1,936	-
Net Increase/(Decrease) in cash held	(542)	(1,881)
Cash at the beginning of the financial year	860	3,893
	<hr/>	<hr/>
Cash at the End of the Financial Year	318	2,012
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements.

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

These general purpose financial statements for the interim half-year reporting period ended 31 December 2013 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Hill End Gold Limited Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2013, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

Adoption of New and Revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Group's presentation of, or disclosure in, its half yearly financial statements.

Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's financial report as at and for the year ended 30 June 2013.

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

Mining Property

Mining property represents mines that are being developed for future production or which are in the production phase, suspension or on care and maintenance. Where several mines are to be produced through common facilities or are within the same area of interest the individual mines are managed and reported as a single asset.

The costs of mines in production include past exploration and evaluation costs, pre-production development costs and the ongoing costs of continuing to develop reserves for production and to expand or replace plant and equipment and any associated land and buildings.

Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the mine, on a unit-of-production basis. Costs are amortised only once production begins and go on hold where production is suspended or the property is on care and maintenance.

Changes in factors such as estimates of proved and probable reserves that affect unit-of – production calculations do not give rise to prior year financial period adjustments and are dealt with on a prospective basis.

Going Concern

The financial statements have been prepared on the going concern basis, which indicates continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Group has reported cash and cash equivalent assets of \$318,264 at 31 December 2013. The directors acknowledge that continued exploration and development of the Group's mineral exploration properties will necessitate further capital raisings and/or formation of joint ventures over these mineral exploration properties.

The Group remains dependent on its ability to raise capital. During the past 5 years the Group has successfully completed multiple capital raisings and the directors are confident of being able to raise further capital to fund continued operations.

In consideration of the above, the directors have determined that it is foreseeable that the Group will continue to operate as a going concern and that it is appropriate that the financial statements be prepared on this basis.

In the event that the Group is unable to achieve the actions noted above, the Group may not be able to continue as a going concern, it may be required to realise its assets at amounts different to those currently recognised, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise as a result of cessation or curtailment of normal business operations.

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	31 Dec 2013 \$'000	31 Dec 2012 \$'000
2. PROFIT FOR THE PERIOD		
<p>The following revenue and expense items are relevant in explaining the financial performance for the interim period</p>		
Impairment of mining properties	(103)	(89)
Exploration expenditure written off	(13)	(40)

3. LOAN

Short term loan facility	250	-
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On 19 November 2013 HEGL Investments Pty Ltd ('HEGLI'), a wholly owned subsidiary of the Company, provided a \$250,000 short term working capital loan to Bassari Resources Limited ('BSR'). The term of the loan is 4 months expiring on 19 March 2014 and carries an interest rate of 5% per annum. The loan is secured by a charge over BSR's wholly owned subsidiary Bassari Equipment Pty Ltd and may be converted into BSR ordinary shares at \$0.008 per share at the election of HEGLI.

4. INVESTMENTS

Wholly owned subsidiary HEGL Investments Pty Ltd ("HEGLI") has subscribed \$850,000 for 100,000,000 ordinary shares in Bassari Resources Limited. In addition HEGLI has loaned Bassari Resources Limited a further \$250,000 under a short term convertible note convertible at \$0.008 per share at HEGLI's election.

5. SEGMENT INFORMATION

Business Segments

The Company operates in the mining industry. The operations comprise exploration and development directly, or through investments in listed entities. The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

6. CAPITAL AND RESERVES

	31 Dec 2013 Number	31 Dec 2012 Number
Ordinary Shares		
Balance at 1 July	685,526,036	685,526,036
Shares issued	265,678,271	-
Balance at 31 December	951,204,307	685,526,036

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

Capital and reserves (continued)

Share Capital

The Company recorded the following amounts within shareholder equity

	31 Dec 2013 \$'000	31 Dec 2012 \$'000
Ordinary Shares		
Issuance of ordinary shares	2,030	-
Less cost of share issue	(94)	
Transfer from Reserves to Share Capital ¹	-	178
Reserves		
Transfer from Reserves to Share Capital ¹	-	(178)
Issuance of employee options ²	-	91

1 170,000,000 ordinary shares placed at \$0.007 per share on 5 August 2013

2 95,678,271 ordinary shares issued under a rights issue dated 23 September 2013 at \$0.007 per share.

7. CONTINGENT LIABILITIES

During the 2007-08 year the Company acquired an interest in the Hargraves tenement. The acquisition cost included \$300,000 plus the issue of 2,000,000 ordinary fully paid shares and 2,000,000 listed options which expired on 12 September 2008. These amounts were recorded during the year ending 30 June 2008. The Company will issue the vendors an additional 2,000,000 ordinary shares in the event that the Company estimates 70,000 ozs of recoverable gold in Mineral Reserves on the tenements and a further 2,000,000 ordinary shares in the event that 70,000 ozs are produced from the tenement.

There are no other contingent liability disclosures required.

8. EVENTS SUBSEQUENT TO REPORTING DATE

34,929,099 ordinary shares were issued in respect of \$244,503 received in late December 2013 and recorded in the balance sheet at half year end as a current liability. The Company placed an additional 28,571,429 ordinary shares at \$0.007 per share raising \$200,000 on 22 January 2014.

There were no other significant events after the reporting date until the date of this report.

HILL END GOLD LIMITED
DIRECTORS DECLARATION

The Directors of Hill End Gold Limited declare that:

1. The financial statements and notes as set out on pages 4 to 11 are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the entity's financial position as at 31 December 2013 and of its performance for the half year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors:



DENIS CLARKE
Chairman
Sydney
14 March 2014

PHILIP BRUCE
Managing Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Hill End Gold Limited and its controlled entities

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Hill End Gold Limited and its controlled entities (the Group) which comprises the condensed statement of financial position as at 31 December 2013, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the group's financial position as at 31 December 2013 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Hill End Gold Limited and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Matters Relating to Electronic Publication of the Audited Financial Report

This review report relates to the financial report of the consolidated entity. We have reviewed the accompanying half-year financial report of Hill End Gold Limited and its controlled entities (the Group) for the half-year ended 31 December 2013 included on the website of Hill End Gold Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the subject matter described above.



Matters Relating to Electronic Publication of the Audited Financial Report (continued)

It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hill End Gold Limited and its Controlled Entity is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of Matter Regarding Going Concern

Without further qualification to our conclusion, we draw attention to Note 1 which indicates that additional funding from capital raisings and or formation of joint ventures may be required over mineral exploration properties to ensure that the group can continue its activities and continue to operate as a going concern. There is uncertainty as to whether these circumstances will arise.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

Leah Russell

LEAH RUSSELL

Partner

Dated this 14th day of March 2014

**HILL END GOLD LIMITED
CORPORATE DIRECTORY**

Directors

Denis Edmund Clarke
Non Executive Chairman

Philip Francis Bruce
Managing Director

Graham Charles Reveleigh
Non Executive Director

Su-Yin Quah
Non Executive Director

Auditor

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