

HILL END GOLD LIMITED
ACN 072 692 365

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2014

HILL END GOLD LIMITED DIRECTORS' REPORT

The Directors present their report together with the financial statements of Hill End Gold Limited and the consolidated entity for the six months ended 31 December 2014.

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

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 could 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 may 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 has been presented to technical officers within the Division of Resources & Energy of the NSW Department of Trade & Investment, Regional Infrastructure & Service who 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 Mares Nest Prospect located approximately four kilometres to the south of the Reward Deposit has gold mineralisation within a zone that is four kilometres long and up to 150m wide. A drilling proposal to follow up the targets identified by mapping and geochemical XRF across the northern 1.7km portion of the prospect has been approved.

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

DIRECTORS REPORT Continued

The Company had acquired 139.6m shares in Bassari Resources Limited (ASX:BSR) and has recently divested 50.8m BSR shares to offset fees and creditors and retains a 7.5% holding 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 2014 the Company raised \$50,000 through the issue of convertible debt.

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 2014.

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



DENIS CLARKE
Chairman
Sydney
13 March 2015



PHILIP BRUCE
Managing Director

13 March 2015

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 2014, 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

CROWE HORWATH SYDNEY

L Russell

LEAH RUSSELL
Partner

HILL END GOLD LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Notes	Half year Ended 31 Dec 14 \$'000	Half year Ended 31 Dec 13 \$'000
Revenue		15	-
Cost of Sales		(12)	-
Gross Profit		3	-
Other Income		299	60
Other expenses		(311)	(164)
Administrative costs		(366)	(692)
Operating loss		(375)	(796)
Finance revenue		3	12
Finance costs		(2)	(1)
Loss before income tax		(374)	(785)
Income tax expense		-	-
Loss for the period	2	(374)	(785)
Other comprehensive income		-	-
Total comprehensive loss for the period attributable to members		(374)	(785)
Earnings per share from continuing operations:		Cents	Cents
Basic earnings per share		(0.4)	(0.9)
Diluted earnings per share		(0.4)	(0.9)

The accompanying notes form part of these financial statements.

HILL END GOLD LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

		31 Dec 2014 \$'000	30 June 2014 \$'000
Current Assets			
		44	54
		61	260
		-	13
		<u>105</u>	<u>327</u>
	8	609	
	3	10,347	10,262
		<u>11,061</u>	<u>10,589</u>
Non-Current Assets			
	8	1,066	1,675
		435	455
		6,000	6,000
		3,383	3,262
		1,127	1,242
		<u>12,011</u>	<u>12,634</u>
Total Non-Current Assets			
		<u>23,072</u>	<u>23,223</u>
Total Assets			
Current Liabilities			
		707	567
	4	50	-
		194	186
		<u>951</u>	<u>753</u>
Total Current Liabilities			
Non-Current Liabilities			
		11	7
		173	152
		<u>184</u>	<u>159</u>
Total Non-Current Liabilities			
		<u>1,135</u>	<u>912</u>
Total Liabilities			
		<u>21,937</u>	<u>22,311</u>
Net Assets			
Equity			
	6	74,174	74,174
		666	666
		(52,903)	(52,529)
		<u>21,937</u>	<u>22,311</u>
Total Equity			

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 2014

	Share Capital Ordinary \$'000	Reserves \$'000	Accumulated Losses \$'000	Total Equity \$'000
Balance at 1 July 2014	74,174	666	(52,529)	22,311
Profit (loss) attributable to equity shareholders	-	-	(374)	(374)
Total other comprehensive income	-	-	-	-
Balance at 31 December 2014	74,174	666	(52,903)	21,937
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

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 2014

	Half Year Ended 31 Dec 2014 \$'000	Half Year Ended 31 Dec 2013 \$'000
Cash Flows From Operating Activities		
Receipts from customers	519	60
Interest received	3	12
Payments to suppliers and employees	(336)	(916)
	<hr/>	<hr/>
Net cash inflows/(outflows) from operating activities	186	(844)
	<hr/>	<hr/>
Cash Flows From Investing Activities		
Payment for exploration expenditure	(213)	(401)
Payment for mining properties	(46)	(101)
Purchases of property plant & equipment	-	(22)
Proceeds from sale of equipment	3	
Investment in listed shares	-	(850)
Loans advanced	-	(250)
Security deposits	-	(10)
Refund of Security deposit	10	-
	<hr/>	<hr/>
Net cash outflows from investing activities	(246)	(1,634)
	<hr/>	<hr/>
Cash Flows From Financing Activities		
Issue of convertible note	50	
Issue of ordinary shares	-	2,030
Cost of issue of shares	-	(94)
	<hr/>	<hr/>
Net cash inflows from financing activities	50	1,936
	<hr/>	<hr/>
Net Increase/(Decrease) in cash held	(10)	(542)
Cash at the beginning of the financial year	54	860
	<hr/>	<hr/>
Cash at the End of the Financial Year	44	318
	<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 2014

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 2014 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 include all of the notes normally included in the annual financial statements. 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 2014, 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 2014.

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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. The mining property is assessed for impairment using a reasonable valuation methodology.

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. This is notwithstanding an operating loss of \$374,000.

The Group has reported cash and cash equivalent assets of \$17,614 at 31 December 2014. 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. The Group has raised \$50,000 through the issue of convertible debt in the past six months.

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 2014

31 Dec 2014 31 Dec 2013
\$'000 \$'000

2. PROFIT FOR THE PERIOD

The following revenue and expense items are relevant in explaining the financial performance for the interim period

Other revenue (consulting fees)	299	-
Impairment of mining properties	(67)	(103)
Exploration expenditure written off	(18)	(13)

3. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

On 30 June 2014 the Group announced that it had entered into a non-binding heads of agreement with LionGold Australia Pty Ltd ('LionGold Australia'), the wholly-owned Australian subsidiary of LionGold Corp Ltd (an entity listed on the Singapore Securities Exchange), in respect of the proposed sale of the rights, title and interest in and to the Hargraves Gold Project (EL 6995) and the Boiga Gold Project (EL 8206) by the Company to LionGold Australia. The heads of agreement is subject to the Group and LionGold Australia entering into a definitive sale agreement in relation to the proposed sale.

Consideration for the sale is \$12 million subject to an independent valuation. If the value ascribed by the independent valuer is between \$10 million and \$12 million the consideration will be that value. If the value ascribed is below \$10 million the Group and LionGold Australia will negotiate to agree a price. If no agreement can be reached the sale agreement will be terminated.

The consideration will be settled by payment of \$2 million in cash including \$500,000 on completion and a further \$500,000 on each of the 3, 6 and 9 months anniversary of completion. The balance of the sale price will be settled by issue of shares in LionGold Corp Ltd. Shares will be issued based on the VWAP for the 5 trading days prior to completion on 31 December 2014 subject to a floor price of S\$0.04. If the share price of LionGold Corp Ltd is less than the floor price LionGold Australia will make a further cash payment equal to the total difference in value of the shares issued between the floor price and the actual price.

The time frame for completing this transaction has been extended and has not proceeded at the date of these financial statements. The Company is continuing to find a buyer for the project.

4. LOANS

The Company executed a \$2,000,000 Convertible Note Agreement on 30 June 2014. A total of \$50,000 has been raised through the issue of convertible notes. The notes have a maximum term of 2 years expiring 5 July 2016. The notes carry a 5%pa rate of interest payable on conversion or redemption and can be redeemed for fully paid ordinary shares in the Company at \$0.005 per share. The notes can be converted at any time by the holder and must be redeemed by the Company on the expiry date.

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

4. LOANS (continued)

At the same time as it entered the Convertible Note Agreement, the Company also signed a Heads of Agreement with LionGold Corp Limited in relation to the proposed disposal of the Hargraves project EL 6996 and the Boiga project EL 8206 (See note 3 above). At the election of the holder the convertible notes are redeemable on receipt by the Company of the second tranche payment by LionGold Corp Limited in relation to the proposed disposal of the Hargraves and Boiga projects.

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 2014	31 Dec 2013
Ordinary Shares	Number	Number
Balance at 1 July	1,064,704,835	685,526,036
Shares issued	-	265,678,271
Balance at 31 December	<u>1,064,704,835</u>	<u>951,204,307</u>

Share Capital

The Company recorded the following amounts within shareholder equity

	31 Dec 2014	31 Dec 2013
Ordinary Shares	\$'000	\$'000
Issuance of ordinary shares	-	2,030
Less cost of share issue	-	(94)

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.

HILL END GOLD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

8. EVENTS SUBSEQUENT TO REPORTING DATE

HEGL Investments Pty Ltd has sold 15,858,847 ordinary shares in Bassari Resources Limited ('BSR') yielding net proceeds of \$239,586. In addition a further 34,911,439 BSR shares have been transferred to creditors in settlement of outstanding liabilities of \$455,804.

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 12 are in accordance with the *Corporations Act 2001*, the Corporations Regulations and other mandatory professional reporting requirements 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 2014 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
13 March 2015



PHILIP BRUCE
Managing Director

INDEPENDENT AUDITOR'S REVIEW REPORT

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

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Hill End Gold Limited and its controlled entity (the Group) which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated 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 2014 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 entity (the Group) for the half-year ended 31 December 2014 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 2014 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 modifying our opinion, 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

L Russell

LEAH RUSSELL

Partner

Dated this 13th day of March 2015

**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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Kevin Martin Lynn

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