



HILL END GOLD LIMITED

ACN 072 692 365

Report for June Quarter

31 July 2015

ASX Code: HEG, HEGO

CORPORATE

- A share purchase plan (SPP) for eligible shareholders to acquire up to A\$15,000 worth of additional shares in Hill End Gold Limited at an Issue Price of \$0.0035 per share.

HARGRAVES PROJECT

- The technical and economic feasibility of building an expanded processing plant at Hargraves to also treat material from Red Hill and Hawkins Hill has been investigated during the quarter.

HILL END PROJECT

- Work continues to identify drill targets on gold-bearing veins within 150 m of the surface at Hawkins Hill – Reward that would be amenable to underground mining.
- The Red Hill resource is being reviewed and options for mining and processing, initially from a series of possible open pits, is being investigated.

Hill End Gold Limited (HEG) is an ASX-listed gold exploration and resource investment company with projects and investments that have advanced development potential as drivers for share price growth.

HEG has a significant investment in ASX-listed Bassari Resources Limited, which has over one million ounces in resources in Senegal. Bassari has announced the results of a Feasibility Study for the profitable development of a low cost open project, which is currently being permitted.

HEG continues to seek out and acquire project and corporate acquisition opportunities in Australia, and in selected countries throughout the world to increase its asset value apart from its projects in the historically gold-rich region of Hill End in central New South Wales, Australia. Existing gold resources estimated under JORC 2004 by the Company total 581,000 ounces.

Investment

On 23 June, Hill End Gold Limited made an offer to existing shareholders to participate in a share purchase plan (SPP) to acquire up to A\$15,000 worth of additional shares at an issue price of \$0.0035 per share, free of all brokerage and other charges.

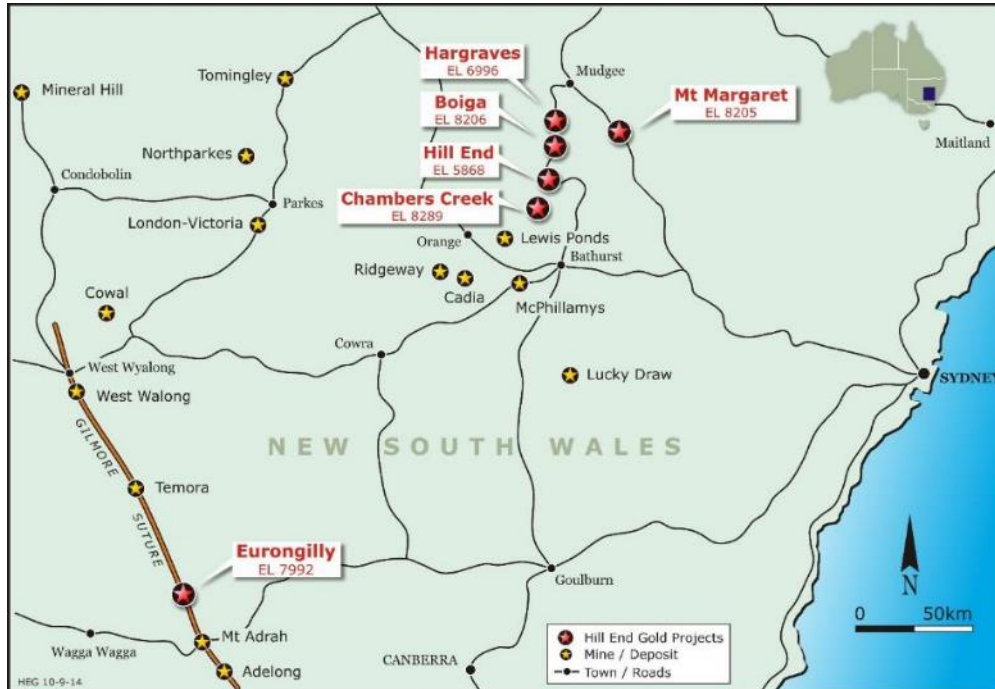


Figure 1. Hill End

Gold Project locations

PROJECTS

Hargraves Project - EL 6996 & EL 8206 (HEG 100%)

The wholly-owned Hargraves Project is located approximately 30 kilometres south-west of Mudgee in central New South Wales (Figure 1, Figure 2).

HEG proposes to develop the BNH Deposit to recover 1.2 Mt with an average grade of 2.5 g/t gold. The production estimate includes approximately 20% inferred resource blocks and it is proposed to mine two initial open pits, the Central Pit and the South Pit for a combined production of 300,000 tonnes per year. The South Pit is planned to be approximately 70m deep and the Central Pit about 165m deep. There is excellent potential for resource extensions beyond the current pit optimisation design.

Table 1. Hargraves Gold Mine Development Proposal Summary Economics

<ul style="list-style-type: none"> • Initial production of ~100,000 ounces over four years at <A\$900/oz cash cost • Production rate 300,000 tonnes per year at 2.5g/t from two initial open pits • 11:1 waste to ore stripping ratio at a pit design gold price of A\$1,450/oz • Gold recovery of 95% • Pre-development cost of A\$2m and project capital of A\$13m • Net profit of ~A\$40m after full cost recovery / royalty payments at A\$1,600/oz • Potential for Hargraves development extensions at same production rate
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- Potential development of Red Hill deposit may add significant net profit

The Project can be developed at a relatively low capital cost, as liberation of gold from quartz veins requires only coarse grinding and can be recovered by low cost, simple gravity methods. The proposed gold recovery method is similar to that which was used at Hawkins Hill – Reward during trial mining. Metallurgical test work on samples from Red Hill also indicated similar rates of recovery using gravity processing.

The technical and economic feasibility of building and operating an expanded processing plant at Hargraves to also treat material from Red Hill and Hawkins Hill has been investigated during the quarter.

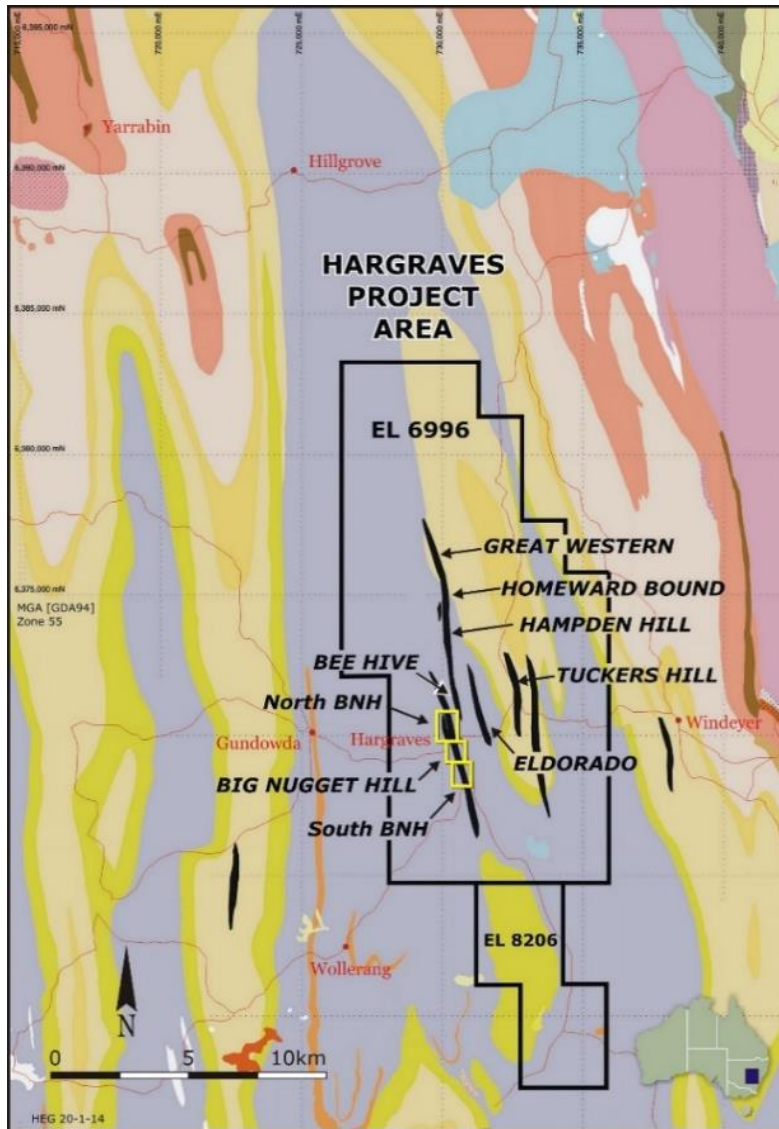


Figure 2. Hargraves tenement location plan

Hill End Project - EL 5868 (and Mining Leases) (HEG minimum 85%) & EL 8289 (HEG 100%)

The Hill End Project is located approximately 50 km north of Bathurst in central New South Wales (Figure 1).

Hawkins Hill - Reward

A significant gold resource exists at Hawkins Hill – Reward which requires additional drilling and an engineering scoping study to provide a scaled-up mining scenario that leverages from the trial mining completed from May 2008 to June 2010. 5,650 m of development and 7,446 m of drilling was completed

up to May 2010. During the trial mining period 35,446 tonnes of ore with a head grade of 11 g/t gold was mined and processed by gravity methods at a relatively coarse grind size.

The trial mining and processing of the Mica Vein, Paxton's Vein and other veins through a 5tph gravity plant was designed to confirm that the Hawkins Hill, Patriarch and Reward areas can be economically mined by narrow vein mining and/or bulk mining. The gravity processing recovery averaged 90.4% and 11,300 ounces of gold were recovered from the plant.

Underground drilling and development intersected a steeply west-dipping reverse fault (Reward Ore Zone 'ROZ') which is closely associated with high gold grades in quartz veins. The fault is interpreted to have been active pre- and post-mineralisation. The ROZ 'indicator fault' has been observed over a strike length of 400 m and in close association with very high grade mineralisation. It is interpreted to be associated with very high grade, thick mineralisation previously mined from the Frenchmans Vein and in an adjacent similar structure, the old Hawkins Hill bonanza grade mineralisation. The intersection of the 'indicator fault' with the quartz veins produces high grade gold shoots that plunge 20-30° to the south.

Drill hole results, which have been reported previously, identified a 3 to 8 m thick zone of Frenchmans / Stevens quartz veining which was only partially targeted by the trial mining. While the Frenchmans mineralisation has previously been incompletely drilled from underground and in workings, there is potential to extend this mineralisation near surface (Figure 3) over a 400-600 m strike length. In addition, there is further potential on other upper level veins such as the Stevens, Calcite and Paxtons Veins.

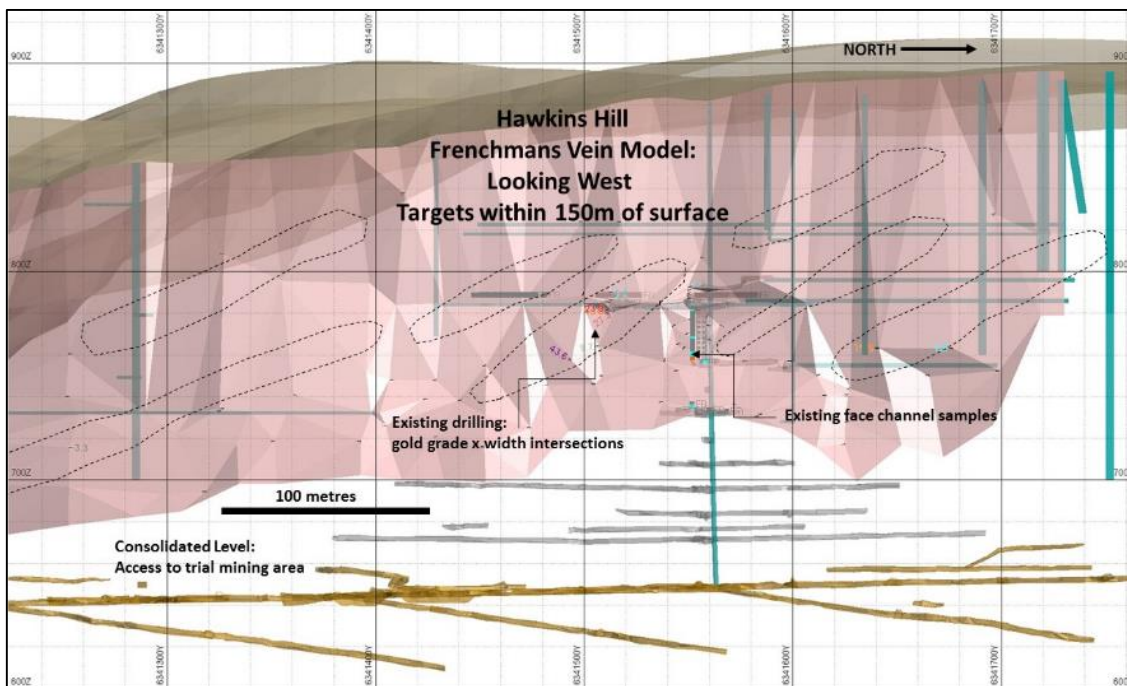


Figure 3. 3D model of the Frenchmans Vein (looking west) constructed from drill hole intersections, underground exposure, surface mapping and old mining reports. Gold targets from surface to 150 m vertical depth are shown as dashed outlines

Red Hill

Red Hill is located five kilometres north of Hill End and 25 kilometres south of Hargraves. Gold mineralisation is hosted in a large number of bedding-parallel veins which dip moderately to the east-north-east. Where these veins are intersected by steeply east-south-east dipping faults, higher gold grades commonly occur. The intersection between the two structures results in the mineralisation striking north-north-east and, dipping steeply to the east with shallowly north-plunging high grade shoots.

The Red Hill drill hole data has been compiled ready to update the resource estimate. It is planned to then undertake a scoping study into project development options for Red Hill. Open pit mining and transport of material to a processing plant at Hargraves will be considered. Currently the Red Hill

resource is categorised as Inferred, however there is strong continuity in the geology and gold mineralisation between closely spaced drill holes (generally 50 m spacing) in the upper levels of the deposit as shown in in Figure 4. The data suggests that the mineralisation in the upper levels of the deposit may warrant a resource category upgrade to Indicated. Near surface shoots in the central and southern parts of the deposit may be amenable to open pit mining with additional underground potential indicated by deeper drill holes already completed.

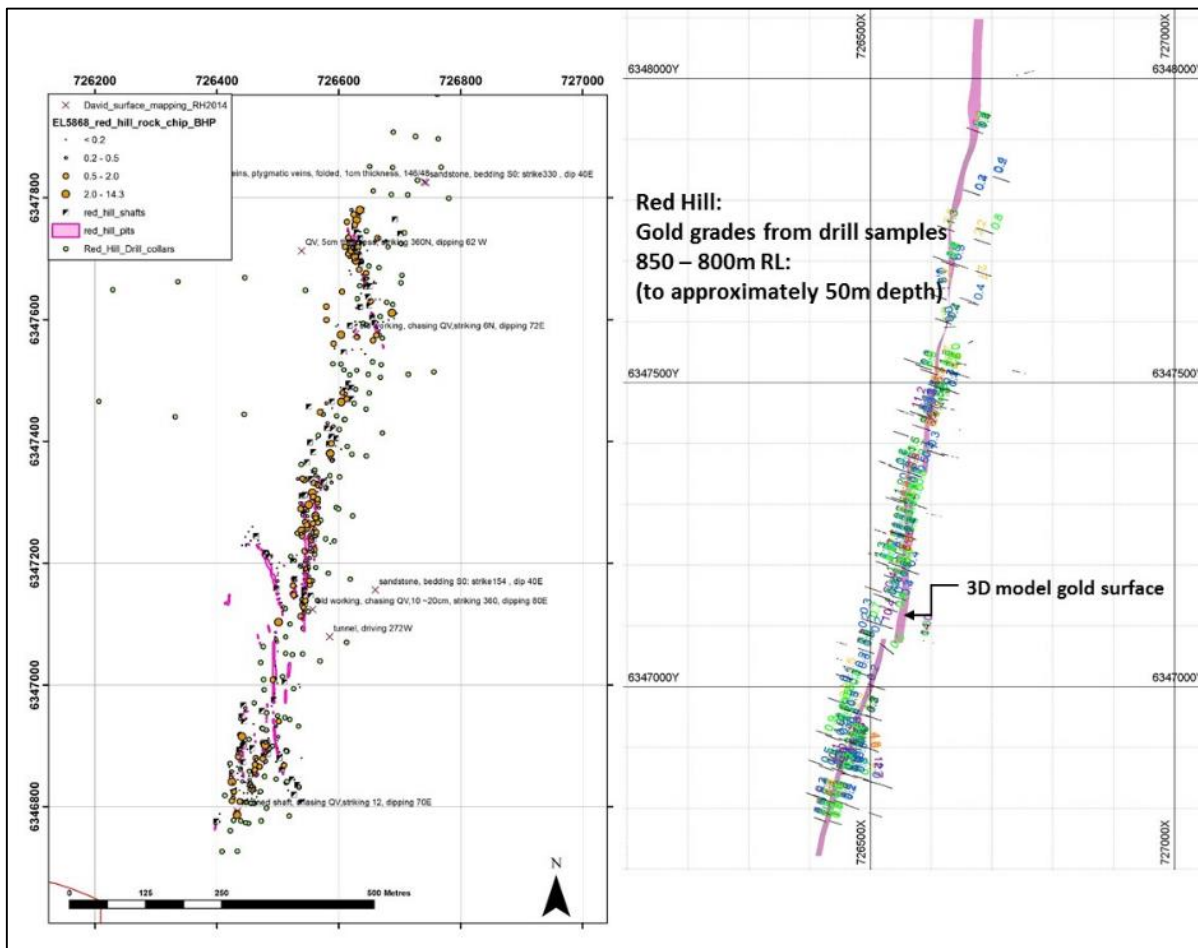


Figure 4. Left: Surface workings, sample gold assays and drill hole collars from Red Hill. Right: Drill hole intersections and gold grades > 0.2 g/t gold from 850 m to 800 m elevation through the top of the Red Hill deposit.

Mt Margaret Project – EL 8205 (HEG 100%)

Exploration Licence 8205 (Mt Margaret) covers 26 km² at the eastern edge of the Hill End Trough, approximately 17 kilometres south-east of Mudgee (Figure 1) where Silurian age volcanic rocks overlie Ordovician volcanic rocks of the Sofala – Gulgong volcanic belt. The geological setting of the Apple Tree Flat (ATF) prospect and the Mt Margaret prospect is similar to that east of Orange (NSW) where a number of gold deposits are associated with volcanogenic massive sulphide Cu-Pb-Zn (Au-Ag) mineralisation.

High grade gold and some copper in quartz vein arrays at ATF and Mt Margaret have been reported. A radiometric anomaly within Silurian age volcanic rocks occurs between the two prospects. Initial results of a soil survey are expected in the coming quarter. The soil survey will be used to assist in planning a drill program to test the mineralisation at shallow levels.

Eurongilly Project – EL 7992 (HEG 100%)

Exploration Licence 7992 covers 62 km² and is located approximately 16 kilometres east of Junee in southern New South Wales. The area is located near a major north-west 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 x 400 m which is open to the east.

No work was done on EL 7992 during the quarter. A gravity geophysical survey has been planned to identify the location of intrusions that may be driving the Kurrajong mineralisation and to provide drill targets.

Bassari Resources Limited Investment

At the end of the quarter, HEG's wholly owned subsidiary, HEGL Investments Pty Ltd, held 63m shares in Bassari Resources Limited (BSR.ASX) which was 5% of BSR shares issued. BSR owns 70% of extensive tenements in Senegal incorporating the high grade Makabingui Gold Project that is being permitted for development.

The Makabingui Gold Project Feasibility Study envisages an initial high grade open pit development of 1Mt at 5.7g/t gold for 171,000 oz production inventory. The estimated average cash cost is US\$680/oz, and after tax cash flow in the first three years is projected to be US\$88m at a gold price of US\$1,200/oz.

The Makabingui Gold Project Mineral Resource, which was prepared and disclosed under JORC Code 2004 by BSR and remains unchanged, is 1 Moz in 11.9 Mt at 2.6 g/t gold (0.5 g/t cut-off).

- Indicated Resource: 336,000 contained oz in 2.6 Mt at 4.0g/t
- Inferred Resource: 669,000 contained oz in 9.3 Mt at 2.2g/t

The final public meeting has been held with a positive outcome, which opens the way for the granting of the mining permit. Bassari is reviewing development funding options.

Current Tenement Schedule

During the quarter and application was made to the NSW Department of Industry, Resources & Energy for renewal of 17 units of 32 units held under EL 5868. There were no other changes in tenements held during the quarter. Table 2 contains details of tenements currently held by HEG.

Table 2. Details of All Tenements Currently Held by Hill End Gold Limited

Lease	Project	Lease Status	Application Date	Grant Date	Expiry Date	Current Area
EL 5868	HILL END	Renewal Pending	12/11/1999	18/06/2001	17/06/2015	17 Units
EL 6996	HARGRAVES	Granted	23/08/2007	21/12/2007	21/12/2015	48 Units
EL 8289	CHAMBERS CREEK	Granted	24/3/2013	20/8/2014	20/8/2017	3 Units
EL 7992	KURRAJONG	Granted	18/6/2012	23/10/2012	23/10/2015	22 Units
EL 8205	MT MARGARET	Granted	18/7/2013	26/11/2013	26/11/2016	9 Units
EL 8206	BOIGA	Granted	19/7/2013	26/11/2013	26/11/2016	8 Units
GL 5846	HILL END	Granted		15/02/1968	7/12/2019	2.044 Ha
ML 1116	HILL END	Granted		28/03/1984	16/10/2024	15.71 Ha
ML 1541	HILL END	Granted	26/11/1999	17/10/2003	16/10/2024	279.2 Ha
ML 315	HILL END	Granted		8/12/1976	7/12/2019	6.671 Ha
ML 316	HILL END	Granted		8/12/1976	7/12/2019	8.846 Ha
ML 317	HILL END	Granted		8/12/1976	7/12/2019	7 Ha
ML 49	HILL END	Granted		30/07/1975	7/12/2019	1.618 Ha
ML 50	HILL END	Granted		30/07/1975	7/12/2019	3.02 Ha
ML 913	HILL END	Granted		20/01/1981	19/01/2023	22 Ha
ML 914	HILL END	Granted		20/01/1981	19/01/2023	21.69 Ha
ML 915	HILL END	Granted		4/02/1981	3/02/2023	13.27 Ha

EL – Exploration Licence

ELA – Exploration Licence Application

ML / GL – Mining Lease

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 Mr Philip Bruce, for Hargraves Mineral Resources and for Exploration results is based on information reviewed by Dr 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 2012 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.

The Mineral Resource information referred to in this document was prepared and first disclosed under the JORC Code 2004.

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")

June 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12..months) \$A'000
1.1 Receipts from product sales and related debtors	-	262
1.2 Payments for		
(a) exploration & evaluation	(96)	(431)
(b) development and mine suspension	(19)	(79)
(c) production		
(d) administration	(118)	(780)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	2	6
1.5 Interest and other costs of finance paid	(2)	(4)
1.6 Income taxes paid		
1.7 Other (provide details if material)	1	352
	(232)	(674)
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	(4)	(4)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	108 6	386 9
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)	-	10
	110	401
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(122)	(273)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(122)	(191)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	(12)	259
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	16	16
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	4	275
	Net increase (decrease) in cash held	(118)	2
1.20	Cash at beginning of quarter/year to date	174	54
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	56	56

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	100
4.2	Development	-
4.3	Production	-
4.4	Administration	200
Total		300

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	56	174
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	56	174

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	1,124,704,835 OFP	1,124,704,835 OFP		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	10,000,000	10,000,000	\$0.005	\$0.005
7.5 +Convertible debt securities <i>(description)</i>	20,000,000 at \$0.005	-	Conversion price \$0.005	Conversion price \$0.005
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- 10,000,000 at \$0.005	-		
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: ..July 2015...
(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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+ See chapter 19 for defined terms.