



# HILL END GOLD LIMITED

ACN 072 692 365

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Mr Andrew Kabega  
Senior Adviser, Listings and Compliance (Sydney)  
ASX Compliance Pty Limited  
20 Bridge Street  
Sydney NSW 2000

4 February 2016

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

Dear Andrew,

**Hill End Gold Limited (the “Entity”): ASX Appendix 5B Query**

We refer to your letter dated 1 February 2016 and respond as follows:

- 1. Does the Entity expect that it will continue to have negative operating cash flows for the time being and, if not, why not?***

Consistent with other mineral explorers, the Entity expects that it will continue to have negative net operating cash flows in future quarters.

- 2. Has the Entity taken steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?***

The Entity has:

- Initiated a non-renounceable rights issue (ASX Announcement 6 January 2016) which will close Monday, 22 February 2016. With funds received to date and the engagement of a public relations firm to manage the raising, the Entity as of the date of this letter expects the raising to be successful.
- securities placement capacity under Listing Rule 7.1 and 7.1A and will refresh this capacity at the Company’s next AGM. The Entity continues to have discussions with institutional and sophisticated investors and has every expectation that sufficient further funds will be raised to fund ongoing operations; and
- has ASX-listed securities that can be used to offset costs if it should be considered necessary to do so.

**3. Does the Entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis.**

The business objectives of the Entity are:

- a. to progress with the approval process of its Hargraves Project in New South Wales,
- b. complete an economic feasibility study on the Red Hill open pit project,
- c. pursue a low cost acquisition strategy with a view to acquiring a cash producing asset.

The Entity has continued to:

- a. further reduce administration and exploration costs,
- b. maintain its core exploration assets,
- c. review opportunities for direct and indirect investment in projects in Australia and overseas and
- d. retain key staff to meet the objectives set out above,

The Entity anticipates that it will continue to operate at these lower net operating cash flows for the near future whilst meeting its objectives.

**4. Can the Entity confirm that it is in compliance with the Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market?**

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

**5. Please also provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity is in compliance with Listing Rule 12.2.**

*“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 complies with Listing Rule 12.2, and:

- a. is confident of raising further capital to continue with its strategy outlined above;
- b. has ASX-listed securities valued at approximately \$180,000; and
- c. has gold projects and associated facilities, such as a 30,000 tonnes per year processing plant and real estate, valued at approximately \$3.5 million, and Exploration properties valued at approximately \$13.8 million, which could be used to offset costs if necessary.

Yours faithfully



Philip Bruce  
Executive Chairman



1 February 2016

Kevin Lynn  
Company Secretary  
Hill End Gold Limited  
Suite 111, 350 George Street  
Sydney NSW 2000

By email: [klynn@strategy-matters.com](mailto:klynn@strategy-matters.com)

Dear Mr Lynn,

**Hill End Gold Limited (the Entity): ASX Appendix 5B Query**

I refer to the Entity's quarterly report in the form of Appendix 5B for the period ended 31 December 2015 lodged with ASX Market Announcements Platform on 29 January 2016 (the Appendix 5B).

ASX notes that the Entity has reported:

- negative net operating cash flows for the quarter of \$721,000;
- cash at the end of the quarter of \$58,000; and
- estimated cash outflows for the next quarter of \$100,000.

It is possible to conclude on the basis of the information provided in the Appendix 5B that if the Entity were to continue to expend cash at the rate for the quarter (and at the rate estimated for the next quarter) indicated by the Appendix 5B, the Entity may not have sufficient cash to continue funding its operations. In view of that, please respond to each of the following questions:

1. Does the Entity expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has the Entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does the Entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Can the Entity confirm that it is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market?



Please also provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity is in compliance with Listing Rule 12.2.

### **When and where to send your response**

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 9:30am AEDT on Thursday, 4 February 2016. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1**

Listing Rule 3.1 requires a listed 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. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;



- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

*[sent electronically without signature]*

Andrew Kabega

**Senior Adviser, Listings Compliance (Sydney)**