



HILL END GOLD LIMITED

ACN 072 692 365

Stephanie Yong
Senior Adviser, Listing Compliance (Sydney)
ASX Compliance Pty Limited
20 Bridge Street
Sydney NSW 2000

10 August 2017

Dear Ms. Yong,

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

We refer to your letter dated 4 August 2017 and respond as follows:

1. Does HEG 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, HEG expects that it will continue to have negative net operating cash flows in future quarters.

2. Has HEG 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?

HEG:

- a. has securities placement capacity under Listing Rule 7.1 and 7.1A and will refresh this capacity at HEG’s next AGM;
- b. has signed a mandate with a financial institution to raise \$600,000 for Pre-Feasibility Study activities on its high purity alumina (HPA) project;
- c. HEG continues to have discussions with institutional and sophisticated investors and have every expectation that sufficient further funds will be raised to fund HEG’s ongoing operations as and when required from these investors and its own shareholders;
- d. had \$632,000 cash at the end of the quarter and estimated cash outflows for the next quarter of \$500,000; and
- e. has ASX-listed securities that can be used to offset costs if should it be considered necessary to do so.

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

Business objectives of HEG:

- a. progress the exploration and development of its projects;
- b. complete a Pre-Feasibility Study on its high purity alumina project;

- c. complete economic feasibility studies on its NSW gold projects;
- d. pursue low cost acquisitions of cash producing assets; and
- e. significantly raise its asset value and share price.

HEG:

- a. operating at lower administration and exploration costs;
- b. maintains its core exploration assets;
- c. signed an agreement to acquire 100% of a high purity alumina (HPA) project;
- d. continues to review opportunities for direct and indirect investment in projects; and
- e. retains key staff to meet the objectives set out above.

HEG anticipate that it will continue to operate at low net operating cash flows for the near future on its gold assets and will raise sufficient funds to progress the HPA project, thus meeting its objectives outlined above.

4. Please provide any other information that HEG considers may be relevant to ASX forming an opinion on whether HEG is in compliance with Listing Rule 12.2 (a listed entity's financial condition 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 \$100,000; and
- c. has gold projects and associated facilities, such as a 30,000 tonnes per year processing plant and real estate, valued at approximately \$2.5 million, and Exploration properties valued at approximately \$13.8 million, which could be used to offset costs if necessary.

5. Please confirm that HEG is in compliance with the Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX 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.

6. Please confirm that HEG's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of HEG with delegated authority from the board to respond to ASX on disclosure matters.

HEG's responses to the questions above have been authorised and approved by an officer of HEG with delegated authority from the board to respond to ASX on disclosure matters.

Yours faithfully

Philip Bruce
Managing Director



4 August 2017

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

By email

Dear Mr Lynn,

Hill End Gold Limited (“HEG”): Appendix 5B Query

I refer to HEG’s Appendix 5B quarterly report for the period ended 30 June 2017 lodged with ASX Market Announcements Platform on 31 July 2017 (the “Appendix 5B”).

ASX notes that HEG has reported:

- negative net operating cash flows for the quarter of \$253,000;
- cash at the end of the quarter of \$632,000; and
- estimated cash outflows for the next quarter of \$500,000.

It is possible to conclude, based on the information in the Appendix 5B that if HEG were to continue to expend cash at the rate indicated by the Appendix 5B, HEG may not have sufficient cash to continue funding its operations. In view of that, ASX asks HEG to respond separately to each of the following questions and requests for information:

1. Does HEG expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has HEG 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 HEG expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that HEG considers may be relevant to ASX forming an opinion on whether HEG is in compliance with Listing Rule 12.2 (a listed entity’s financial condition must, in ASX’s opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that HEG is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.

6. Please confirm that HEG's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of HEG with delegated authority from the board to respond to ASX on disclosure matters.

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 5.00pm AEST on Wednesday 9 August 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in HEG'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, HEG'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 a return e-mail or by facsimile to (02) 9241 7620. 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.

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

It should be noted that HEG's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

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 HEG'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]

Stephanie Yong
Principal Adviser, Listings Compliance (Sydney)