



HILL END GOLD LIMITED

ACN 072 692 365

Clare Porter
Adviser, Listings Compliance (Sydney)
ASX Compliance Pty Limited
20 Bridge Street
Sydney NSW 2000

1 August 2018

Dear Ms Porter,

Hill End Gold Limited (“HEG, HEGOC”): **ASX query regarding closed period trades**

We refer to your letter dated 31 July 2018 in relation to ASX query regarding closed period trades. As to the questions detailed in the referenced letter, we respond as follows:

- 1. Did Mr McFarlane and Mr Leavy request approval from the Company’s Chairman to carry out the On-market Transactions during the designated black out period before entering into them? If not, why not?**

Yes

- 2. Did the Chairman grant approval (written or otherwise) to Mr McFarlane and Mr Leavy to carry out the On-market Transactions that appear to have taken place during a closed period? If so, on what basis did he do so? If not, why not?**

Mr McFarlane and Mr Leavy sought and received approval to carry out the On-market Transactions from the Chairman and Company Secretary. It was acknowledged that it was a closed period under the policy however the Company was fully compliant with its continuous disclosure obligations and exception circumstances existed in that the closed period followed an extended period when Mr McFarlane and Mr Leavy were prevented from trading in the Company’s securities due to knowledge of insider information generated as part of the pre-feasibility study.

It should be noted that the Company encourages ownership of its shares by its Board and Management to generate alignment with shareholders and that the purpose of the Company’s share trading policy is to ensure that share trading does not breach insider trading laws. In this case the objectives of the policy were met.

3. Please explain the reason/s for not completing Part 3 (“Closed period”) in the Announcements.

This was an administrative error overlooked at the time of completion of the Change of Directors Interest Notice (Appendix 3y).

4. If the current arrangements are inadequate or not being enforced, what additional steps (including any disciplinary or remedial action to be taken following the On-market Transactions) does the Company intend to take to ensure compliance with the Trading Policy and Listing Rules 3.19A and 3.19B?

The Company believes that its current practices are adequate to ensure compliance with Listing Rule 3.19A and 3.19B.

5. Please confirm that the Company’s responses to the questions above have been authorised and approved by its board.

The Company’s responses to the questions above have been authorised and approved by the Board of Hill End Gold Limited.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Kevin Lynn', with a long horizontal stroke extending to the right.

Kevin Lynn
Company Secretary



31 July 2018

Mr Kevin Lynn
Company Secretary
Hill End Gold Limited
11 Rodborough Avenue
Crows Nest NSW 2065

By email

Dear Mr Lynn,

Hill End Gold Limited (the “Company”): ASX query regarding closed period trades

ASX Limited (“ASX”) refers to the following:

1. The two announcements by the Company entitled “Change of Director's Interest Notice” lodged on the ASX Market Announcements Platform on 25 July 2018 (the “Announcements”). The Announcements disclosed:
 - A. the on-market purchase of 50,000 fully paid ordinary shares in the Company by an entity associated with Mr Martin McFarlane, a director of the Company, on 24 July 2018; and
 - B. the on-market purchase of 25,000 fully paid ordinary shares in the Company by an entity associated with Mr David Leavy, a director of the Company, on 24 July 2018,

(together the “On-market Transactions”).

2. The Company’s share trading policy lodged on the ASX Market Announcements Platform on 29 December 2010 (the “Trading Policy”) which is also available on the Company’s website and which states, among other things, the following:

“1. Policy objectives

....

1.2 *The objective of this Policy is:*

- 1.2.1 *to ensure that the Directors and employees are aware of and do not inadvertently breach the insider trading provision of the Corporations Act 2001 when dealing in securities in the Company (including shares and options); and*
- 1.2.2 *to assist in maintaining market confidence in the trading of the Company's securities.*

2. Who does this Policy apply to?

People covered

- 2.1 *This Policy applies to all Directors, the Company Secretary, and to all executives and employees of the Company and their associates.*
- 2.2 *In this Policy, Senior Management means the Managing Director, the Chief Financial Officer and the Company Secretary, and all senior executives.*
- 2.3 *Persons covered by this Policy must not trade through any member of their family, or through a trust or company over which they have influence or control, in circumstances where they would have been prohibited from trading in their own name.*

4. Policy

Black Out Periods

4.2 A person covered by this Policy may trade in securities at any time but only if:

- 4.2.1 there is no black out period in place; and
- 4.2.2 they have no Inside Information; and
- 4.2.3 the trading is not for short term or speculative gain.

The Board, the Managing Director or the Company Secretary may implement a black out period with immediate effect via written notification (generally distributed by e-mail) from the Company Secretary. When a black out period is implemented, no one covered by this policy is permitted to trade in the securities of the Company. The Company Secretary will communicate in writing the lifting of a black out period.

In addition to the above, there are designated black out periods each year as follows:

- 4.2.4 15 January following the end of the previous December quarter up to and including two (2) business days after the day on which the Company releases its December quarterly cash flow report;
- 4.2.5 15 April following the end of the previous March quarter up to and including two (2) business days after the day on which the Company releases its March quarterly cash flow report;
- 4.2.6 15 July following the end of the previous June quarter up to and including two (2) business days after the day on which the Company releases its June quarterly cash flow report; and
- 4.2.7 15 October following the end of the previous September quarter up to and including two (2) business days after the day on which the Company releases its September quarterly cash flow report.

Other authorised trades

...

4.5 Approval to trade during a black out period may only be given where:

- 4.5.1 the person is in severe financial hardship or other exceptional circumstances exist; and
- 4.5.2 the approvers are satisfied that there is no inside information which has not been disclosed to ASX Limited.

4.6 The following are examples of situations of severe financial hardship or other exceptional circumstances which the approvers may consider sufficient to warrant approval under the previous paragraph:

- 4.6.1 "severe financial hardship" could include (but is not limited to) the applicant having a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant Company shares; and
- 4.6.2 "exceptional circumstances" could include (but is not limited to) where the applicant is required by a court order, or there are court enforceable undertakings, for example, in a bona fide family settlement, to transfer or sell Company shares or there is some other overriding legal or regulatory requirement for him or her to do so...

4.7 An applicant seeking clearance to trade must satisfy the approvers that they are in severe financial hardship or that their circumstances are otherwise exceptional and that the proposed sale or disposal of the relevant Company shares is the only reasonable course of action available.

4.8 Determination as to whether the applicant is in severe financial hardship or whether a particular set of circumstances exist may only be made by the approving person.

4.9 Permission will be given for trading pursuant to this section 4 only after a written request for approval is provided (whether by letter, facsimile, electronic or other form of visible communication) and only if the approving person is satisfied that the transaction would not be:

- 4.9.1 contrary to law;
- 4.9.2 for speculative gain;

4.9.3 to take advantage of inside knowledge; or

4.9.4 seen by the public, press, other shareholders or ASX as unfair.

4.10 If approval is given, the trade must be executed within 2 business days of the approval.

3. *Guidance Note 27: Director Disclosure of Interests and Transactions in Securities – Obligations of Listed Entities* which was published to assist listed entities with their obligations under Listing Rules 3.19A and 3.19B and to give an overview of ASX policy in relation to disclosure of directors' interests and transactions in securities, and *Guidance Note 22: Trading Policies* which was published to assist listed entities to comply with their obligations under Listing Rules 12.9-12.12 regarding trading policies.

ASX notes the following:

1. The Company's "June quarterly cash flow report" was lodged on the ASX Market Announcements Platform on 30 July 2018.
2. The On-market Transactions appear to have taken place during a closed period (or a "designated black out period") in breach of section 4.2 of the Trading Policy.
3. Part 3 ("Closed period") was not completed in the Announcements.

Having regard to the above, and pursuant to Listing Rule 18.7, ASX asks the Entity to respond separately to each of the following questions.

1. Did Mr McFarlane and Mr Leavy request approval from the Company's Chairman to carry out the On-market Transactions during the designated black out period before entering into them? If not, why not?
2. Did the Chairman grant approval (written or otherwise) to Mr McFarlane and Mr Leavy to carry out the On-market Transactions that appear to have taken place during a closed period? If so, on what basis did he do so? If not, why not?
3. Please explain the reason/s for not completing Part 3 ("Closed period") in the Announcements.
4. If the current arrangements are inadequate or not being enforced, what additional steps (including any disciplinary or remedial action to be taken following the On-market Transactions) does the Company intend to take to ensure compliance with the Trading Policy and Listing Rules 3.19A and 3.19B?
5. Please confirm that the Company's responses to the questions above have been authorised and approved by its board.

When and where to send your response

Your response is required as soon as reasonably possible and, in any event, **by not later than 9.30am (AEST) on Thursday, 2 August 2018.**

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 ASX 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.

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

Yours sincerely,

[Sent electronically without signature]

Clare Porta

Adviser, Listings Compliance (Sydney)