

HILL END GOLD LIMITED
ACN 072 692 365

2003 FINANCIAL REPORT

HILL END GOLD LIMITED DIRECTORS' REPORT

The Directors present their report on the economic entity for the year ended 30 June 2003.

Directors

The Directors of Hill End Gold Limited during the financial year and until the date of this report are:

Alfred Lampard Paton (Chairman)
Graham Charles Reveleigh (Managing Director)
Philip Francis Bruce (Non-Executive Director)
Ian Noel Stuart Sloan (Non-Executive Director)

Principal Activities

The principal activities of the economic entity during the financial year were:

- Raising Capital for the development of the Hill End Project Area; and
- Exploring for minerals on the Hill End Project area.

Results

The economic entity incurred a pre-tax operating loss of \$ 287,225 (2002: loss \$586,167).

Dividends

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year, (2002 – nil).

Review of Operations

The major activity during the financial year was the drafting of a prospectus and ongoing fund raising effort to progress exploration and development of the Hill End Project area. Some exploration was undertaken at Hill End.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs in the Company during the year other than,

- The Company in September 2002 changed its name from Nugget Resources Australia Limited to Hill End Gold Limited,
- The Company raised \$539,411 in seed capital to extinguish existing debts, undertake exploration and fund the listing of the Company on the Australian Stock Exchange Limited ('ASX').

Subsequent Events

The Company was admitted to the official list of the Australian Stock Exchange on Monday, 14 July 2003 and listed on the exchange on Thursday, 17 July 2003.

Likely Developments and Results

Information on likely developments is included in the Chairman's Report accompanying this Financial Report.

HILL END GOLD LIMITED
DIRECTORS' REPORT
(continued)

Environmental Issues

The Hill End Project Area is located on Mining Leases Exploration Leases issued by the Department of Mineral Resources.

One of the conditions of the mining leases requires the preparation of an annual Environmental Management Report and a Mining Operations Plan.

The economic entity has statutory obligations to protect the environment in which it was exploring. During the reporting period the economic entity did not fail to meet its obligations pursuant to any environmental legislation.

Information on Directors

(a) Qualifications and Experience

Alfred Lampard Paton, B.Eng, FAIM, MIE, MAusIMM, FAICD
Chairman (non executive),

Mr Paton is currently the Chairman AustPac Resources NL and a Director of CARE Australia. Mr Paton has an engineering background and has over 50 years' experience in business including the mining industry. From 1987 to 1990 he was Managing Director of Placer Pacific Limited and Kidston Gold Mines Limited, and was Chairman of these Companies from 1990 to 1994, when he also retired as a Director of Placer Dome Inc. Canada. Mr Paton, with his long and distinguished career as a Company Director brings a wealth of experience to the Board.

Graham Charles Reveleigh, M.Sc., MAusIMM, CPMAN, MCIMM,
Managing Director

Mr Reveleigh has wide experience in the mining industry, covering exploration, development, construction and mine operations. Graduating from University of Queensland in 1966 with a BSc majoring in Geology, Mr Reveleigh spent 10 years in active exploration for gold, uranium, copper, and other minerals before becoming Mine Manager at Noble's Nob, where he ran the operations for seven years. During his exploration years Mr Reveleigh completed an MSc at James Cook University of North Queensland in 1977. Subsequently, he has worked on numerous projects both in Australia and overseas as a consultant. Mr Reveleigh worked for Northern Gold NL at Hill End NSW; Elders Resources at Red Dome, Qld as Mine Superintendent /Mine Manager; Cyprus Gold Australia Corp as Project Manager for the feasibility study, construction, and operation of Moline Gold Mine in the Northern Territory, as Project Manager for Arimco at Gold Ridge, Solomon Islands; as part of the Pacific Delta team for Kennecott at Lihir; as well as smaller jobs in Philippines, New Caledonia, Siberia and most States in Australia. Mr Reveleigh has been the Site Manager for Nugget Resources Inc at Hill End NSW since the commencement of the project, and for the last three years has been President of that Company.

Philip Francis Bruce, B.E. (Mining) (Hons) FAusIMM.
Director (non executive)

Mr Bruce over twenty-five years mining industry experience in Australia, South Africa and Indonesia in gold, platinum and base metals operations and senior corporate management. He has developed and managed profitable underground and open pit operations from small to large scale. He was the CEO of PT BHP Indonesia and has been a director of Buka Minerals Limited, Ausmelt Limited and Managing Director of Triako Resources Limited. As the General Manager – Development for Plutonic Resources Limited (PRL), he was responsible for the technical aspects of the acquisition and development of the PRL gold mining projects during the growth of the company from \$35 million to over \$1 billion market capitalisation.

HILL END GOLD LIMITED
DIRECTORS' REPORT
(continued)

Ian Noel Stuart Sloan, B. Tech (Mech.), J.P. MAICD.
Director (non executive)

Mr Sloan is a Mechanical Engineer with experience in engineering, mining and business management. Mr Sloan graduated from QUT with a degree in mechanical engineering. He has variously been Production Engineer for Nauru Phosphate Corporation on Nauru Island, Central Pacific and National Manufacturing Manager for Harbison ACI Pty Limited where he managed manufacturing plants in Unanderra, New South Wales and Dandenong, Victoria and a magnesite mine in Fifield, NSW. In 1981, Mr Sloan acquired a steel fabrication business, which he operated for 3 years after which he established the computer company, Magnasoft Pty Ltd. Today, Mr Sloan owns and operates Executive Offices Australia Pty Ltd in Martin Place, Sydney.

(b) Relevant Interests in Ordinary Shares and Options at the Date of this Report

As at the date of this report, the interests of the directors in the shares of the Company and related bodies corporate were:

Director	Fully Paid Ordinary Shares	Employee Options
A Paton	200,000	250,000
G Reveleigh	10,000	200,000
P Bruce	113,333	200,000
I Sloan	-	200,000

In addition to the above direct shareholding:

Mr P.F. Bruce may have an entitlement to 527,403 shares and 263,702 options beneficially held by a discretionary family trust, Philip Francis Bruce through the trustee, Diazill Pty Ltd, of which he is a director that has an interest in 1,850,000 shares and 875,000 options.

Mr G. C. Reveleigh may have an entitlement to shares and options beneficially held by a discretionary family trust, The Arfamo Trust, 2,605,000 shares and 877,500 options and The Reveleigh Superannuation Fund, 1,253,722 shares and 250,000 options, through the trustee, G.E Reveleigh & Co Pty Ltd, of which he is a director.

Mr I. N. S. Sloan may have an entitlement to shares beneficially held by a discretionary family trust, The Pitt Street Trust, 513,167 shares and The Sloan Superannuation Fund, 287,788 shares and 230,000 options, through the trustee, Daletch Pty Ltd, of which he is a director.

Hill End Gold Limited Ordinary Shares						
			Employee	Exercise	Exercise	
	Direct	Indirect	Options	Price	Options	Price
A. L. Paton	200,000	-	250,000	20 cents	100,000	25 cents
P. F. Bruce	113,333	2,377,403	200,000	20 cents	1,138,702	25 cents
G. C. Reveleigh	10,000	3,848,722	200,000	20 cents	1,132,500	25 cents
I. N. S. Sloan	-	800,955	200,000	20 cents	230,000	25 cents

HILL END GOLD LIMITED
DIRECTORS' REPORT
(continued)

c. Directors and Senior Officers Emoluments

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policies applicable to Board members and senior officers of the Company. The Board's remuneration policy is to ensure the remuneration level properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The economic entity has not employed any executive officers, other than Directors, who were involved in, concerned in, or who took part in the management of the economic entity's affairs. Details of the nature and amount of the remuneration of each Director of the company are set out below:

d. Emolument Of Directors

	Annual Emoluments			Long-term Emoluments		
	Base Fee	Bonus	Other & Similar Payments	Termination Grants	Options	Other
	\$	\$	\$	\$	No.	\$
A. L. Paton	-	-	-	-	250,000	-
P.F. Bruce	-	-	-	-	200,000	-
I. N. S. Sloan	-	-	-	-	200,000	-
G.C. Reveleigh	-	-	-	-	200,000	-

e. Emoluments of the Five Most Highly Paid Officers

	Annual Emoluments			Long-term Emoluments		
	Base Fee	Bonus	Other & Similar Payments	Termination Grants	Employee Options	Other
	\$	\$	\$	\$	\$	\$
G. C. Reveleigh	-	-	-	-	200,000	-
K. M. Lynn	-	-	-	-	100,000	-

f. Share Options

At the date of this report, the Company had the following outstanding employee options over ordinary shares.

	Date Granted	Expiry Date	No. Granted	Exercise Price per Share	Value 2003 \$
G. C. Reveleigh	10/10/01	31/08/06	200,000	20 cents	0
K.M. Lynn	10/10/01	31/08/06	100,000	20 cents	0
A. L. Paton	10/10/01	31/08/06	250,000	20 cents	0
I. N. S. Sloan	10/10/01	31/08/06	200,000	20 cents	0
P. F. Bruce	10/10/01	31/08/06	200,000	20 cents	0

HILL END GOLD LIMITED
DIRECTORS' REPORT
(continued)

Upon the expiration of the non-exercise period and the payment in cash of the exercise price, the Option Holder shall be entitled to be issued one fully paid Share, or one partly paid Share paid to 1 cent in accordance with the terms of issue. The exercise price for an Option will either be the full issue price of the Share subject to the Option or if in accordance with clause 5(c) of the option plan, where the options were issued on the basis that 1 cent of the issue price is payable upon exercise.

g. Meetings of Directors

The following table sets out the number of meetings of the company's Directors during the year ended 30 June 2003 and the number of meetings attended by each Director.

Name	Board Meetings		Committee Meetings			
	Directors Meetings		Due Diligence		Audit	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
G. C. Reveleigh	9	9	4	4	-	-
A. L. Paton	9	9	-	-	1	1
I. N. S. Sloan	9	9	4	4	1	1
P. F. Bruce	9	9	4	4	1	1

No Nomination and Remuneration Committee Meetings were held during the year, with all relevant matters being considered by the full Board of Directors.

HILL END GOLD LIMITED

DIRECTORS' REPORT (continued)

Share Options

Options issued in the current financial year

During the financial year the company issued a total of 5,394,105 shares and 2,697,053 options at 10 cents per share as seed capital to pay creditors, undertake limited exploration and fund the preparation of a prospectus.

Total outstanding options at the date of this report

The following options are outstanding at the date of this report.

Listed options	Exercisable at 25 cents on or before 30 June 2005	7,414,100
Restricted – 28 October 2003	Exercisable at 25 cents on or before 30 June 2005	612,926
Restricted – 17 July 2005	Exercisable at 25 cents on or before 30 June 2005	1,471,202
Employee	Exercisable at 20 cents on or before 30 August 2006	950,000
	Total options on issue	<u>10,448,228</u>

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support and have adhered to the principles of corporate governance.

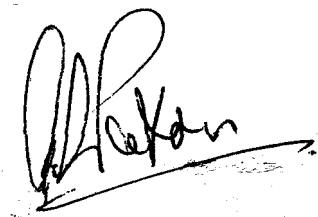
Directors and Officers Indemnification

During or since the financial year, the Company has paid no premiums in respect of a contract insuring all the directors and officers of Hill End Gold Limited against costs incurred in defending proceedings for conduct involving:

- (a) a wilful breach of duty; or
- (b) a contravention of Sections 182 or 183 of the Corporations Law, as permitted by Section 199B of the Corporations Law.

The total amount of insurance contract premiums paid during the year was – Nil (2002 - \$Nil).

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



ALFRED PATON
Chairman

29 September 2003



GRAHAM REVELEIGH
Managing Director

29 September 2003

HILL END GOLD LIMITED

STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2003 \$	2002 \$
Revenues from ordinary activities	2	21,193	8,577
Expenses from ordinary activities		-	-
- Administration		(55,763)	(43,576)
- Capital raising expenses		(205,365)	(382,548)
- Other expenses from ordinary activities		(47,290)	(168,620)
Loss from ordinary activities before income tax expense	3	(287,225)	(586,167)
Income tax expense	4	-	-
Loss from ordinary activities after income tax expense	4	(287,225)	(586,167)
Total changes in equity other than those resulting from transactions with owners as owners	16	(287,225)	(586,167)
		Cents	Cents
Basic earnings per share	19	(0.01)	(0.04)
Diluted earnings per share	19	(0.01)	(0.04)

The accompanying notes form an integral part of these financial statements.

HILL END GOLD LIMITED
STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2003

	Notes	2003 \$	2002 \$
Current Assets			
Cash assets	5	16,726	15,524
Other current assets	6	<u>25,724</u>	<u>9,975</u>
Total Current Assets		<u>42,450</u>	<u>25,499</u>
Non-Current Assets			
Other financial assets	7	41,000	41,000
Other	8	<u>1,523,899</u>	<u>1,523,899</u>
Total Non-Current Assets		<u>1,564,899</u>	<u>1,564,899</u>
Total Assets		<u>1,607,349</u>	<u>1,590,398</u>
Current Liabilities			
Payables	9	<u>243,334</u>	<u>478,569</u>
Total Current Liabilities		<u>243,334</u>	<u>478,569</u>
Total Liabilities		<u>243,334</u>	<u>478,569</u>
Net Assets		<u>1,364,015</u>	<u>1,111,829</u>
Equity			
Parent entity interest			
Contributed equity	10	2,237,410	1,697,999
Accumulated losses	11	<u>(873,395)</u>	<u>(586,170)</u>
Total Equity		<u>1,364,015</u>	<u>1,111,829</u>

The accompanying notes form an integral part of these financial statements.

HILL END GOLD LIMITED

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2003 \$	2002 \$
Cash Flows From Operating Activities			
Interest received		21,193	8,577
Payments to suppliers and employees		<u>(512,112)</u>	<u>(116,058)</u>
Net cash inflows (outflows) from operating activities	16	<u>(490,919)</u>	<u>(107,481)</u>
Cash Flows From Investing Activities			
Exploration expenditure		<u>(47,290)</u>	<u>(11,393)</u>
Net cash inflows (outflows) from investing activities		<u>(47,290)</u>	<u>(11,393)</u>
Cash Flows From Financing Activities			
Proceeds from the issue of shares		539,411	1,697,999
Repayments of borrowings		<u>-</u>	<u>(1,697,999)</u>
Net cash inflows from financing activities		<u>539,411</u>	<u>-</u>
Net Increase (Decrease) in Cash Held		1,202	(118,874)
Cash at the Beginning of the Financial Year		<u>15,524</u>	<u>134,398</u>
Cash at the End of the Financial Year	5	<u>16,726</u>	<u>15,524</u>

The accompanying notes form an integral part of these financial statements.

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general-purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Law. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

(a) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of an area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profits in the year which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. Any costs of site restoration are provided for during the relevant production stages and included in the costs of that stage.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from where exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structure, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(b) Trade creditors

A liability is recorded for goods and services prior to balance date, whether invoiced to the Company or not. Trade creditors are normally settled within 30 days.

(c) Cash

For the purposes of the statement of cash flows, cash included cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

(d) Net fair value

The net fair value of cash, investments and trade creditors approximates their carrying value.

(e) Revenue

Interest revenue is recognised on a proportional basis taking in to account the interest rates applicable to the financial assets.

Other revenue is recognised when the right to receive the revenue has been established.

(f) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the statements of financial performance is matched with the accounting profit or loss (after allowing for permanent differences). The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit can be regarded as being virtually certain of realisation. Income tax on net cumulative timing differences is set aside to the deferred income tax and future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

(g) Acquisitions of Assets

The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition.

(h) Property, Plant and Equipment

Property, plant and equipment is depreciated so as to write off the cost of each asset over its expected economic life. Additions during the year are depreciated on a pro-rata basis from the date of acquisition.

The depreciation rates used are as follows:

Plant and equipment	20-25% straight line
Office furniture and equipment	25-33 $\frac{1}{3}$ % straight line
Motor vehicles	33 $\frac{1}{3}$ % straight line

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Employee Entitlements

Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

(j) Earnings Per Share

Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(k) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$	2002 \$
2. REVENUE		
Revenue from outside the operating activities		
Interest received	<u>21,193</u>	<u>8,577</u>
3. OPERATING LOSS FROM ORDINARY ACTIVITIES		
The operating loss from ordinary activities before income tax is arrived at after charging:		
Administration expenses	55,763	43,576
Capital raising expenses	205,365	382,548
Exploration expenditure written off	<u>47,290</u>	<u>-</u>
4. INCOME TAX		
(a) Income Tax Expense		
The aggregate amount of income tax attributable to the financial year differs by more than 15% from the amount calculated on the operating loss from ordinary activities before income tax. The difference is reconciled as follows:		
Operating loss before income tax	<u>(287,225)</u>	<u>(568,167)</u>
Prima facie income tax benefit at 30% on operating loss	86,168	170,450
Add tax effect of:		
Income tax losses not recognised as a benefit	(59,832)	(84,039)
Timing differences	<u>(26,336)</u>	<u>(91,811)</u>
Income tax benefit attributable to operating loss	<u>-</u>	<u>-</u>
(b) Future Income Tax Benefit Not Recognised		
Income tax loss carried forward	143,871	84,039
Timing differences	118,146	91,811
	<u>262,017</u>	<u>170,450</u>

The benefit for the above tax losses will only be obtained if:

- (i) the economic entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) the economic entity continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the economic entity in realising the benefit from the deductions for the losses.

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$	2002 \$
5. CASH ASSETS		
Cash at bank and on hand	<u>16,726</u>	<u>15,524</u>
Cash at the end of the financial year as shown in the statement of cash flows is reconciled in the related items in the statement of financial position as follows:		
Cash assets	<u>16,726</u>	<u>15,524</u>
6. OTHER CURRENT ASSETS		
Prepayments	<u>25,724</u>	<u>9,975</u>
7. OTHER FINANCIAL ASSETS		
Non-Current		
Performance guarantee bonds	<u>41,000</u>	<u>41,000</u>
8. OTHER		
Non-Current		
Exploration expenditure		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phase		
Opening balance	1,523,899	1,523,899
Expenditure in the period	47,290	-
Expenditure written off	(47,290)	-
	<u>1,523,899</u>	<u>1,523,899</u>
9. PAYABLES		
Current		
Unsecured liabilities	<u>243,334</u>	<u>478,569</u>

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$	2002 \$
10. CONTRIBUTED EQUITY		
(a) Issued and paid up capital		
Ordinary shares	<u>20,484,122</u>	<u>15,090,017</u>
(b) Movements in issued capital		
Balance at the beginning of the financial year	1,697,999	1,697,999
Issue of shares to raise capital	<u>539,411</u>	<u>-</u>
Balance at the end of the financial year	<u>2,237,410</u>	<u>1,697,999</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

(c) Share Options

During the financial year the company issued a total of 2,697,053 options as part of a seed capital raising. The options are exercisable on or before 30 June 2005 at 25 cents per share.

	2003 \$	2002 \$
11. ACCUMULATED LOSSES		
Opening balance	586,170	3
Net loss for year	<u>287,225</u>	<u>586,167</u>
Closing balance	<u>873,395</u>	<u>586,170</u>

12. AUDITORS' REMUNERATION

Remuneration for audit or review of the financial reports of the parent entity or any entity in the economic entity:

Current auditors of the parent entity:

Audit and review of the financial statements	5,000	8,500
Other services	<u>9,515</u>	<u>10,500</u>
	<u>14,515</u>	<u>19,000</u>

	2003 \$	2002 \$
13. REMUNERATION OF DIRECTORS AND EXECUTIVES		
Directors		
Income paid or payable, or otherwise made available to Directors by entities in the economic entity and related parties in connection with the management of affairs of the parent entity or its controlled entities		
Total	-	-

The number of Directors of the parent entity included in these figures are shown below in their relevant income bands:

<i>Income of:</i>	2003 Number	2002 Number
\$Nil to \$9,999	4	4

14. RELATED PARTY TRANSACTIONS

Related parties of Hill End Gold Limited fall into the following categories:

Directors

(a) Names

The names of persons who were Directors of Hill End Gold Limited at any time during the financial year are:

A Paton
G Reveleigh
P Bruce
I Sloan

(b) Remuneration, Retirement Benefits and Service Agreements

Information on Directors' remuneration and service agreements with Directors are set out in Note 13. No retirement benefits were paid to Directors during the year.

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

14. RELATED PARTY TRANSACTIONS (continued)

(c) Shares or Share Options Transactions with Directors and/or Director-Related Entities

Aggregate numbers of shares and share options of Hill End Gold Limited held directly, indirectly or beneficially by Directors or their director-related entities at balance date:

Director	Fully Paid Ordinary Shares	Employee Options
A Paton	100,000	250,000
G Reveleigh	10,000	200,000
P Bruce	113,333	200,000
I Sloan	-	200,000

In addition to the above direct shareholding:

Mr P.F. Bruce may have an entitlement to 1,514,070 shares and 763,701 options beneficially held by a discretionary family trust, P.F. Bruce & Associates Pty Ltd and through the trustee, Diazill Pty Ltd, of which he is a director.

Mr G. C. Reveleigh may have an entitlement to 2,509,833 shares and 525,500 options beneficially held by a discretionary family trust, The Arfamo Trust and The Reveleigh Superannuation Fund, through the trustee, G.E Reveleigh & Co Pty Ltd, of which he is a director.

Mr I. N. S. Sloan may have an entitlement to 513,167 shares and 105,000 options beneficially held by a discretionary family trust, The Pitt Street Trust and The Sloan Superannuation Fund, through the trustee, Daletch Pty Ltd, of which he is a director.

Hill End Gold Limited Ordinary Shares						
	Employee		Exercise	Exercise		
	Direct	Indirect	Options	Price	Options	Price
A. L. Paton	100,000	-	250,000	20 cents	50,000	25 cents
P. F. Bruce	113,333	1,514,070	200,000	20 cents	763,701	25 cents
G. C. Reveleigh	10,000	2,509,833	200,000	20 cents	552,500	25 cents
I. N. S. Sloan	-	513,167	200,000	20 cents	105,000	25 cents

(d) Other Transactions with Director Related Entities

Payment/provision of the following payments were made for consulting and other services to related entities of the following directors:

	2003 \$	2002 \$
G C Reveleigh	198,031	148,931
P F Bruce	-	218,914
I NS Sloan	24,000	48,341

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

15. SEGMENT INFORMATION

Business Segments

The Company operates in the mining industry in Australia only. Operations comprise the exploration, development and mining of precious minerals.

	2003 \$	2002 \$
16. RECONCILIATION OF OPERATING LOSS AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss after income tax	(287,225)	(587,571)
Exploration Expenditure written off	47,290	-
Increase (decrease) in trade creditors and accruals	(250,984)	479,090
Net cash outflows from operating activities	<u>(490,919)</u>	<u>(101,481)</u>

17. COMMITMENTS FOR EXPENDITURE

Operating Leases

Total operating lease expenditure contracted for at balance date but not provided for in the financial statements:

Due within one year	200,000	180,000
Due beyond one year and within five years	-	-
	<u>200,000</u>	<u>180,000</u>

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

18. FINANCIAL INSTRUMENT DISCLOSURES

(a) Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate		Non- interest Bearing	Total
			Maturing			
			Within 1 year	Over 1 year		
	%	\$	\$	\$	\$	\$
2003						
FINANCIAL ASSETS						
Cash assets	4.5		16,726	-	-	16,726
Performance guarantee bonds			-	41,000	-	41,000
Other financial assets	4.5		-	-	25,724	25,724
			<u>16,726</u>	<u>41,000</u>	<u>25,724</u>	<u>83,450</u>
FINANCIAL LIABILITIES						
Payables			-	-	(243,334)	(243,334)
NET FINANCIAL ASSETS (LIABILITIES)			<u>16,726</u>	<u>41,000</u>	<u>(217,610)</u>	<u>(159,884)</u>
2002						
FINANCIAL ASSETS						
Cash assets	4.5		15,524	-	-	15,524
Performance guarantee bonds			-	41,000	-	41,000
Other financial assets	4.5		-	-	9,975	9,975
			<u>15,524</u>	<u>41,000</u>	<u>9,975</u>	<u>66,499</u>
FINANCIAL LIABILITIES						
Payables	-		-	-	(478,569)	(478,569)
NET FINANCIAL ASSETS (LIABILITIES)			<u>-</u>	<u>41,000</u>	<u>(468,594)</u>	<u>(412,070)</u>

(b) Reconciliation of net financial assets per statement of financial position:

	2003 \$	2002 \$
Net financial assets per above	(159,884)	(412,070)
Capitalised exploration and tenement expenditure	<u>1,523,899</u>	<u>1,523,899</u>
Net assets per statement of financial position	<u>1,364,015</u>	<u>1,111,829</u>

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

18. FINANCIAL INSTRUMENT DISCLOSURES (continued)

(c) *Credit Risk*

The maximum exposure to credit risk, excluding the value of any collateral or other security in respect of recognised financial assets, is the carrying amount as disclosed in the statements of financial position and notes to the financial statements.

(d) *Net Fair Values*

The net fair values of the financial assets and financial liabilities approximate their carrying values.

No financial assets and financial liabilities are readily traded on organised markets.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statements of financial position and in the notes to the financial statements.

19. EARNINGS PER SHARE

	2003 Cents	2002 Cents
Basic earnings per share	(0.01)	(0.04)
Diluted earnings per share	(0.01)	(0.04)
	Number	Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basis earnings per share and alternative basis earnings per share	<u>20,484,122</u>	<u>15,090,017</u>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share and alternative diluted earnings per share	<u>24,131,175</u>	<u>15,090,017</u>
	\$	\$
Reconciliation of earnings used in calculating earnings per share		
Earnings used in calculating basic and diluted earnings per share	<u>(287,225)</u>	<u>(586,167)</u>

Options granted to employees and directors are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 10.

HILL END GOLD LIMITED

DIRECTORS' DECLARATION

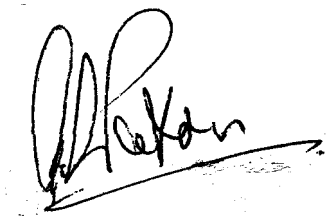
The Directors declare that the financial statements and notes set out on pages 7 to 20:

- (a) comply with Accounting Standards, the Corporations Regulations and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the company's and economic entity's financial position as at 30 June 2003 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) 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 Directors.



A Paton
Chairman

Sydney
29 September 2003



G Reveleigh
Managing Director

Sydney
29 September 2003

HILL END GOLD LIMITED

INDEPENDENT AUDIT REPORT

To the Members of Hill End Gold Limited:

Scope

We have audited the financial report of Hill End Gold Limited for the financial year ended 30 June 2003 as set out on pages 7 to 21. The company's directors are responsible for the financial report which includes the consolidated financial statements of the economic entity comprising the company and the entities it controlled at the year's end or during the financial year. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether or not the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether or not, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Corporations Act 2001 in Australia so as to present a view which is consistent with our understanding of the company's and the economic entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

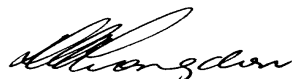
Audit Opinion

In our opinion, the financial report of Hill End Gold Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and economic entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



HALL CHADWICK
Chartered Accountants



D W LANGDON
Partner

Brisbane
29 September 2003

HILL END GOLD LIMITED

CORPORATE GOVERNANCE STATEMENT

BOARD OF DIRECTORS

The Company presently has three non-executive directors including the Chairman and an executive Managing Director; in conformity with the Board's policy that the Board have a majority of non-executive directors. Profiles of the members of the Board are set out in the Directors' Report.

The Board has the responsibility for ensuring the Company is properly managed so as to protect and enhance shareholders' interests in a manner which is consistent with the Company's responsibility to meet its obligations to all parties with which the Company interacts.

For the purposes of the proper performance of their duties, directors are entitled to seek independent professional advice at the Company's expense, unless the Board determines otherwise.

The Board encourages non-executive directors to own shares in the Company.

COMMITTEES OF THE BOARD

It is the Board's policy that committees of the Board dealing with corporate governance matters should:

- be chaired by a non-executive director;
- have sufficient non-executive directors so that the Committees are sufficiently independent of management;
- be entitled to obtain independent professional or other advice at the cost of the Company, unless the Board determines otherwise;
- be entitled to obtain such resources and information from the Company, including direct access to employees of and advisers to the Company, as they may require; and
- operate in accordance with terms of reference established by the Board.

All committees operate principally in a review or advisory capacity.

PRINCIPAL FUNCTIONS OF BOARD COMMITTEES

Audit Committee (Mr A. L. Paton, Mr P. F. Bruce, Mr I. N. S. Sloan)

- assisting the Board in the discharge of its responsibilities in respect of the preparation of the Company's financial statements and the Company's internal controls;
- recommending to the Board, nominees for appointment as external auditors;
- reviewing the performance of the external auditors;
- providing a line of communication between the Board and the external auditors; and
- examining the external auditor's evaluation of internal controls and Management's response.

Remuneration Committee (Mr A. L. Paton, Mr P. F. Bruce, Mr I. N. S. Sloan)

- terms and conditions relating to the appointment and retirement of the Managing Director, and the non-executive directors;
- the remuneration policies and practices for the Company including participation in the incentive plan, share scheme and other benefits; and
- superannuation arrangements.

Nomination Committee (Mr A. L. Paton, Mr P. F. Bruce, Mr G. C. Reveleigh)

- assessing the performance of the Board and each director;
- assessing the appropriateness of the current structure of the Board;
- if appropriate, recruiting directors for the Board; and
- ensuring that directors are aware of their responsibilities.

HILL END GOLD LIMITED

CORPORATE GOVERNANCE STATEMENT

(continued)

BUSINESS RISKS

The exploration for and the development of mineral deposits, and the processing of the material from such deposits to extract saleable minerals are speculative activities that involve a high degree of financial risk.

The Board has identified the significant areas of potential business and legal risk for the Company.

The identification, monitoring and, where appropriate, the reduction of significant risk to the Company are highlighted in the –

- annual budget presented to the Board by the Managing Director;
- operating and financial performance reports to the Board;
- annual insurance arrangements with major Australian insurers.

The Board reviews and approves the parameters under which such risks will be managed.

ANNUAL REVIEW

It is the Board's policy that the Board should meet at least annually to:

- review the performance of the Board, the Company and Management; and
- review the allocation of the work of the Company between the Board and Management.

ETHICAL STANDARDS

The Company recognises the need for directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity.

The Company intends to maintain a reputation for integrity. The Board has adopted a Code of Ethics which sets out the principles and standards with which all officers and employees are expected to comply in the performance of their respective functions.

A key element of that Code is the requirement that officers and employees act in accordance with the law and with the highest standards of propriety. The Code and its implementation are to be reviewed each year.

**HILL END GOLD LIMITED
SHAREHOLDER INFORMATION**

The shareholder information set out below was applicable as at 29 September 2003.

1. Distribution of Shareholders

(a) Analysis of number of shareholders by size of holding:

Category of holding	Number	Number of Shares	Percentage %
1 - 1,000	12	8,644	0.02
1,001 - 5,000	33	128,766	0.36
5,001 - 10,000	191	1,896,493	5.24
10,001 - 100,000	280	9,697,478	26.81
100,001 shares and over	53	24,444,091	67.57
	569	36,175,472	100.00

(b) There are six shareholders with less than a marketable parcel of ordinary shares.

(c) There are three substantial shareholders in the Company's Register of Substantial Shareholders as at 29 September 2003, being CDS & Co, who hold 7.219%, Graham Reveleigh, who holds 13.74% and Philip Bruce, who holds 8.9% of the ordinary shares on issue.

2. Twenty Largest Shareholders

The names of the twenty largest holders of ordinary shares are listed below:

Name	No. of Shares Held	Percentage of Shares held
1. CDS & CO <NCI ACCOUNT>	4,772,690	13.193
2. G E REVELEIGH & CO PTY LTD <THE ARFAMO A/C>	2,605,000	7.201
3. DIAZILL PTY LIMITED <P B SUPERANNUATION FUND A/C>	1,850,000	5.114
4. G E REVELEIGH & CO PTY LTD <THE REVELEIGH S/F A/C>	1,253,722	3.466
5. MR EDUARDO SIAO	1,040,000	2.875
6. MR NIGEL KIRWAN <THE GNPk FAMILY A/C>	805,000	2.225
7. ALAN THOMAS MCDONALD & WENDY MARGARET MCDONALD	660,667	1.826
8. MR ROBERT W MCRAE	650,000	1.797
9. PHILIP FRANCIS BRUCE	527,403	1.458
10. DALETECH PTY LTD <THE PITT STREET A/C>	513,167	1.419
11. MR GEOFFREY BERNARD UNGER <EA UNGER & CO ACCOUNT>	505,000	1.396
12. MR PETER CHISHOLM DREVERMAN	405,000	1.120
13. G M TURNER NOMINEES PTY LTD <TURNER SUPER FUND A/C>	400,000	1.106
14. MR GARY MICHAEL TURNER & MRS GILLIAN TURNER	400,000	1.106
15. ROCKDOCTORS AUSTRALIA PTY LTD	355,000	0.981
16. FRESH IN INVESTMENTS LIMITED	305,000	0.843
17. MR ROBERT ANDREW CREETH BRICE & MS JENNIFER DIANN BRICE	305,000	0.843
18. G M TURNER NOMINEES PTY LTD	305,000	0.843
19. D M BUCKHAM & G F WHITE <THE BUCKHAM FAMILY A/C>	305,000	0.843
20. CHARCOVE PTY LTD	305,000	0.843
Total	18,267,649	50.49

**HILL END GOLD LIMITED
SHAREHOLDER INFORMATION
(continued)**

3. Restricted Securities

As at 29 September 2003 the following shares were subject to escrow provisions:

Description	No. of Shares
Voluntary Restricted – 28 October 2003	5,710,667
Restricted – 28 October 2003	1,225,851
Restricted – 17 July 2005	6,780,403

4. Voting Rights

At a general meeting of shareholders:

- (a) On a show of hands, each person who is a member or sole proxy has one vote.
- (b) On a poll, each shareholder is entitled to one vote for each fully paid share.

HILL END GOLD LIMITED

OPTIONHOLDER INFORMATION

The optionholder information set out below was applicable as at 29 September 2003.

1. Distribution of Optionholders

Category of holding	Number	Number of Options	Percentage
1 - 1,000	0	0	0
1,001 - 5,000	185	917,500	9.642
5,001 - 10,000	60	521,750	5.483
10,001 - 100,000	170	4,445,276	46.715
100,001 shares and over	13	3,631,202	38.16
	428	9,515,728	100.00

2. Unlisted Options

Included in the options noted above are the following unlisted options issued to employees:

Expiry Date	Exercise Price	Number of Holders	Number of Options
30 August 2006	25 cents	5	950,000

3. Twenty Largest Optionholders

The names of the twenty largest holders of listed options are listed below:

Name	No. of Options Held	Percentage of Options held
1. G E REVELEIGH & CO PTY LTD <THE ARFAMO A/C>	877,500	9.222
2. DIAZILL PTY LIMITED <P B SUPERANNUATION FUND A/C>	875,000	9.195
3. MR ADRIAN GARRONE	287,500	3.021
4. PHILLIP FRANCIS BRUCE	263,702	2.771
5. G E REVELEIGH & CO PTY LTD <THE REVELEIGH S/F A/C>	250,000	2.627
6. MR GEOFFREY BERNARD UNGER <EA UNGER & CO ACCOUNT>	175,000	1.839
7. M & K KORKIDAS PTY LTD <SUPERANNUATION A/C>	150,000	1.576
8. MR LOUIS DEMANINCOR	150,000	1.576
9. MR PHILIP HAYDN-SLATER	135,000	1.419
10. DALETECH PTY LIMITED <THE SLOAN SUPER FUND A/C>	125,000	1.314
11. MR CHARLES JOSEPH CILIA	120,000	1.261
12. PHILLIP SECURITIES NOMINEES LTD	117,500	1.235
13. DALETECH PTY LTD <THE PITT STREET A/C>	105,000	1.103
14. GOFFACAN PTY LTD	100,000	1.051
15. MR EDUARDO SIAO	100,000	1.051
16. MR ALFRED LAMPARD PATON	100,000	1.051
17. WESTCHESTER FINANCIAL SERVICES PTY LTD	87,851	0.923
18. MR KARL CHRISTOPHOROU & MR ANDREW DEMOSTHENOUS	77,550	0.815
19. MR ALAN CHRISTOPHER WALKER	77,500	0.814
20. MS SOPHIA MARASSIONIS	75,000	0.788
Total	4,249,103	44.654

HILL END GOLD LIMITED
OPTIONHOLDER INFORMATION

4. Restricted Securities

As at 29 September 2003 the following options were subject to escrow provisions:

Description	Expiry Date	No. of Options
Restricted – 28 October 2003	Exercisable at 25 cents on or before 30 June 2005	612,926
Restricted – 17 July 2005	Exercisable at 25 cents on or before 30 June 2005	1,471,202

CORPORATE DIRECTORY

Directors

Alfred Lampard Paton
Non Executive Chairman

Graham Charles Reveleigh
Managing Director

Philip Francis Bruce
Non Executive Director

Ian Noel Stuart Sloan
Non Executive Director

Auditor

Hall Chadwick
Level 1, 74 Abbott Street
Cairns QLD 4870

Legal Adviser

Ian Congdon
Solicitor
Level 7, 37 Bligh Street
Sydney NSW 2000

Company Secretary

Kevin Martin Lynn

Australian Company Number

072 692 365

Sydney Office

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Sydney NSW 2000

Postal Address
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www.hillendgold.com.au

Field Office

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Share Registry

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www.registriesltd.com.au