

HILL END GOLD LIMITED
ACN 072 692 365

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2005

APPENDIX 4D REPORT TO ASX

**HILL END GOLD LIMITED
ACN 072 692 365**

HALF YEAR REPORT

Half Year Ended 31 December 2005

		\$A'000
Revenue from ordinary activities	up 33% to	20
Profit (loss) after tax from ordinary activities attributable to members	down 35% to	(244)
Net Profit (loss) after tax attributable to members	down 35% to	(244)
Dividends	Amount per Security	Franked amount per security at 30% tax
Final dividend	-	-
Interim dividend	-	-
Record date for the determination of results	n/a	n/a
Brief explanation of the Results		
For the financial period to 31 December 2005, the Company raised \$3.3 million through a Placement and continued exploration and development in the Hill End Project Area.		
	Reporting Period	Previous Reporting Period
Net tangible asset backing per ordinary security	3 cents per share	10.94 cents per share
Ordinary securities on issue	95,603,375	34,729,234

This half-year report is to be read in conjunction with the annual financial report the year ended 30 June 2005

HILL END GOLD LIMITED DIRECTORS' REPORT

The Directors present their report together with the financial statements of Hill End Gold Limited for the six months ended 31 December 2005

Directors

The Directors of Hill End Gold Limited during the financial period and up to the date of this report are:

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

Principal Activities

The principal activities of the Company during the financial period were the exploration for minerals and development of the Hill End Project Area at Hill End New South Wales.

Review of Operations

During the period under review, the Company continued exploration and development in the Hill End Project Area.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs in the Company during the half year other than, the Company raising \$3.3 million (before costs) in two Placements which were used to continue exploration and development in the Hill End Project Area

Rounding of Amounts to nearest Thousand Dollars.

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities Commission relating to the rounding off of amounts in the financial report. Amounts in the financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 3 and forms part of the directors' report for the half-year ended 31 December 2005.

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



ALFRED PATON
Chairman
Sydney 7 March 2006



PHILIP BRUCE
Managing Director

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Hill End Gold Limited

I declare that, to the best of my knowledge and belief, in relation to our review of Hill End Gold Limited for the half-year ended 31 December 2005 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



William Buck
Chartered Accountants



D W Langdon
Lead Audit Partner

Dated this 7th day of March 2006.
Cairns, Australia.

HILL END GOLD LIMITED

INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Notes	Half year Ended 31 Dec 2005 \$'000	Half year Ended 31 Dec 2004 \$'000
Revenues	2	20	15
ASX / Registry Expenses		(23)	(16)
Travel and Accommodation Expenses		(16)	(4)
Directors Emoluments		(67)	(151)
Office Expenses		(33)	(37)
Professional Services		(18)	(18)
Depreciation Expense		(32)	(89)
Advertising / Promotions Expenses		(8)	(20)
Other expenses		(67)	(61)
Loss before income tax expense		(244)	(380)
Income tax expense		-	-
Loss from continuing operations		(244)	(380)
Loss attributable to members of the company		(244)	(380)
		Cents	Cents
Basic earnings per share		(0.003)	(0.009)
Diluted earnings per share		(0.002)	(0.007)

The accompanying notes form part of these financial statements.

HILL END GOLD LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2005

	31 Dec 2005 \$'000	30 Jun 2005 \$'000
Current Assets		
Cash and cash equivalents	2,612	324
Trade and other receivables	20	17
Total Current Assets	<u>2,632</u>	<u>341</u>
Non-Current Assets		
Other non-current assets	193	213
Property plant & equipment	448	477
Capitalised exploration and tenement expenditure	5,131	4,652
Total Non-Current Assets	<u>5,772</u>	<u>5,342</u>
Total Assets	<u>8,404</u>	<u>5,683</u>
Current Liabilities		
Trade and other payables	262	121
Short-term provisions	12	12
Total Current Liabilities	<u>274</u>	<u>133</u>
Non-Current Liabilities		
Trade and other payables	-	421
Total Current Liabilities	<u>274</u>	<u>421</u>
Total Liabilities	<u>274</u>	<u>544</u>
Net Assets	<u>8,130</u>	<u>5,129</u>
Equity		
Issued capital	10,294	7,049
Retained losses	(2,164)	(1,920)
Total Equity	<u>8,130</u>	<u>5,129</u>

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

HILL END GOLD LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Share Capital Ordinary	Retained Earnings
Balance at 1 July 2004	6,099	(1,300)
Profit (loss) attributable equity shareholders		(380)
Shares issued during the year	950	
Subtotal	<u>7,049</u>	<u>(2,164)</u>
Dividends paid or provided for	-	-
Balance at 31 December 2004	<u>7,049</u>	<u>(1,680)</u>
Balance at 1 July 2005	7,049	(1,920)
Profit (loss) attributable equity shareholders		(244)
Shares issued during the year	3,245	
Subtotal	<u>10,294</u>	<u>(2,164)</u>
Dividends paid or provided for	-	-
Balance at 31 December 2005	<u>10,294</u>	<u>(2,164)</u>

The accompanying notes form part of these financial statements.

HILL END GOLD LIMITED
STATEMENTS OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Half Year Ended 31 Dec 2005 \$'000	Half Year Ended 31 Dec 2004 \$'000
Cash Flows From Operating Activities		
Interest received	20	15
Payments to suppliers and employees	(717)	(1,153)
Other – DMR Bonds	20	(13)
	<hr/>	<hr/>
Net cash inflows (outflows) from operating activities	(677)	(1,151)
	<hr/>	<hr/>
Cash Flows From Investing Activities		
Payments for property plant & equipment	(2)	(47)
	<hr/>	<hr/>
Net cash inflows (outflows) from investing activities	(2)	(47)
	<hr/>	<hr/>
Cash Flows From Financing Activities		
Proceeds from the issue of shares	3,194	1,000
Other (Costs of Issue)	(226)	(50)
	<hr/>	<hr/>
Net cash inflows from financing activities	2,968	950
	<hr/>	<hr/>
Net Increase (Decrease) in Cash Held	2,289	(248)
Cash at the Beginning of the Financial Year	323	1,015
	<hr/>	<hr/>
Cash at the End of the Financial Year	2,612	767
	<hr/>	<hr/>

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

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year financial report should be read in conjunction with the Annual Financial Report of Hill End Gold Limited as at the 30 June 2005. It is also recommended that the half-year financial report be considered together with any public announcement made by Hill End Gold Limited during the half year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

As this is the first interim financial report prepared under Australian equivalents to IFRS, the accounting policies applied are inconsistent with those applied in the 30 June 2005 annual report as this report was presented under previous Australian GAAP. Accordingly, a summary of the significant accounting policies under Australian equivalents to IFRS has been included below. A reconciliation of equity and profit and loss between previous GAAP and Australian equivalents to IFRS has not been prepared as there have been no adjustments on transition.

The financial report has been prepared on an accruals basis and is based on historical costs.

The half-year report does not include full disclosures of the type normally included in an annual 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 the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in 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.

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.

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.

(b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2005

(c) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use.

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 HALF YEAR ENDED 31 DECEMBER 2005

(e) Revenue

Interest revenue is recognised on a time 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.

All revenue is stated net of the amount of goods and services tax (GST).

(f) Employee Entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(g) Comparative Figures

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

(h) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

HILL END GOLD LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

	31 Dec 2005	31 Dec 2004
	\$'000	\$'000
2. REVENUE		
Revenue from outside the operating activities		
Interest received	<u>20</u>	<u>15</u>

3. SEGMENT INFORMATION**Business Segments**

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

4. CAPITAL AND RESERVES

Ordinary Shares	31 Dec 2005	30 June 2005
	Number	Number
Balance at 1 July	52,209,625	42,209,625
Shares Issued	43,393,750	10,000,000
Balance at 31 December	95,603,375	52,209,625

Share Capital

The company recorded the following amounts within shareholder's equity as a result of the issuance of ordinary shares

	31 Dec 2005	30 June 2005
	\$'000	\$'000
Issuance of ordinary shares	3,245	950

5. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

HILL END GOLD LIMITED
DIRECTORS DECLARATION

The directors of the Hill End Gold Limited declare that:

1. The financial statements and notes as set out on pages 4 to 11:
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations;
 - (b) give a true and fair view of the Company's financial position as at 31 December 2005 and its performance for the half year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



Alfred Paton
Chairman

Sydney
7th March 2006



PHILIP BRUCE
Managing Director

HILL END GOLD LIMITED

INDEPENDENT REVIEW REPORT

To the members of Hill End Gold Limited

Scope

We have reviewed the financial report of Hill End Gold Limited for the half-year ended 31 December 2005 as set out on pages 4 to 12. The company's directors are responsible for the financial report. The financial report includes the financial statements of the company. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134: Interim Financial Reporting and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission/Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's declaration set out on page 3 of the financial reports has not changed as at the date of providing our review opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hill End Gold Limited is in not accordance with:

- (a) the Corporation Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



WILLIAM BUCK
Chartered Accountants
Cairns, 7th March 2006



D W LANGDON
Partner

**HILL END GOLD LIMITED
CORPORATE DIRECTORY**

Directors

Alfred Lampard Paton
Non Executive Chairman

Philip Francis Bruce
Managing Director

Graham Charles Reveleigh
Executive Director

Ian Noel Stuart Sloan
Non Executive Director

Company Secretary

Kevin Martin Lynn

Australian Company Number

072 692 365

Registered Office

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Principal Office

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Sydney NSW 2000
Telephone: +61 2 82494416
Facsimile: +61 2 82494919
Website: www.hillendgold.com.au
Email: Contact via website

Share Registry

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Sydney NSW 2000