

HILL END GOLD LIMITED  
ACN 072 692 365

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2008

**APPENDIX 4D REPORT TO ASX**

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

**HALF YEAR REPORT**

**Half Year Ended 31 December 2008**

Revenue from ordinary activities	up	187%	to	<b>\$A'000</b> <b>1,225</b>
(Loss) after tax from ordinary activities attributable to members	up	1185%	to	<b>(4,523)</b>
Net (Loss) after tax attributable to members	up	1185%	to	<b>(4,523)</b>
Dividends		<b>Amount per Security</b>		<b>Franked amount per security at 30% tax</b>
Final dividend		-		-
Interim dividend		-		-
Record date for the determination of results		n/a		n/a

**This half-year report is to be read in conjunction with the annual financial report the year ended 30 June 2008**

## 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 2008

### 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  
Ian Noel Stuart Sloan  
Bruce Geoffrey Thomas  
Ian Cunynghame Daymond

### 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 began mining operations in the Hill End Project Area and continued exploration of the Murray Basin tenements. The Company recorded a loss from ordinary activities of \$4,523,000 (2007: \$352,000) after reviewing the value of exploration assets and writing down the carrying value by \$2,410,000.

### Corporate

During the period the Company raised an amount of \$5.45 million through the exercise of 36,315,271 options at 15 cents each and 16,608 options at 25 cents each. The Company also raised \$1.542 million through an entitlement issue of 54,229,668 options at 3 cents each (\$54,485 held at 30 June 2008 pending issue of options).

### Exploration

The initial diamond drilling program on the Big Nugget Hill deposit at Hargraves, which is about 35km north of Hill End outlined a potential development target of 500 metres strike and 400 metres depth on the Big Nugget Hill deposit. A mining lease application is being prepared for staged development of the deposit with a target scope of 10 million tonnes at 4g/t. The Company holds mineral tenements along the under-explored Hill End Anticline between Bathurst and Mudgee and is targeting a resource potential of 4 – 5 million ounces interpreted to exist below shallow workings.

### Hawkins Hill – Reward Gold Project

During the period, the underground pre-production development for the Reward Gold Mine was established with completion of the Amalgamated level and the new Reward shaft. Ten level stations were cut in the shaft at 12m intervals below the old workings and the first four levels were developed into the high grade Paxton's vein set. On the Amalgamated level, in the Patriarch area, an initial stope was mined in the M2 vein set and a wide zone of mineralisation in the Central group of vein sets was identified in underground diamond drilling.

A resource update was completed for the Reward area to August 2008, which included new drill intersections and development results. The inferred resource is 159,000 tonnes at 17g/t gold.

The gravity gold recovery plant processed ore from the underground development in batches so that the gold produced could be reconciled against the ore source. This bulk sampling confirmed the continuity and tenor of the high grade zones in the M2 and the Paxton's vein sets and the plant has been converted to a more continuous processing basis. By the end of the period, the plant throughput was increased by the addition of a ball mill and extending the plant operating hours to an average daily rate of 35 tonnes per day. A target level of about 80 tonnes per day is expected during the coming period.

During the period a total of 1,942 ounces of gold were produced from 2,924 tonnes at a feed grade of 24g/t gold.

The development of the Reward Gold Mine is expected to continue as a small high grade operation, and be extended as additional areas are opened in the Hawkins Hill – Reward mineralisation.

### Future Exploration

Additional exploration is planned for the Hargraves areas at Big Nugget Hill, Tucker's Hill and Windeyer. Drilling on these areas, other than in close proximity to Hill End, may provide additional sources of high grade material for a proposed, larger central treatment facility.

**Other Exploration**

Tenements in the Murray Basin area of Swan Hill – Barham have been granted over the interpreted extension of the Bendigo group, which hosted a large Victorian goldfield, into New South Wales. These tenements are located along the border with Victoria and have been explored with geophysical survey studies. A shallow anomaly has been targeted for follow up field exploration.

The Company submission to the Lao PDR government for a Foreign Investment licence and a Mineral Reconnaissance and Exploration Agreement for the Lak Sao Project area in Laos has progressed during the past six months. Other opportunities for acquiring interests in near-term development projects in Laos are under review.

**Significant Changes in the State of Affairs**

There were no significant changes in the state of affairs in the Company during the half year.

**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 & Investments 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 4 and forms part of the Directors' Report for the half-year ended 31 December 2008.

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



**ALFRED PATON**  
Chairman  
Sydney 5 March 2009



**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 2008 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.

WHK Horwath

**WHK HORWATH**

BP Worrall

**BP WORRALL  
PRINCIPAL**

**Brisbane, 5 March 2009**

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HILL END GOLD LIMITED

INCOME STATEMENT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Notes	Half year Ended 31 Dec 08 \$'000	Half year Ended 31 Dec 07 \$'000
Sales		1,088	-
Interest		137	442
Total Revenue	2	<u>1,225</u>	<u>442</u>
Cost of Sales		<u>(2,120)</u>	-
Gross Profit		(895)	442
Other Income	2	367	-
Administration expenses		(539)	(570)
Depreciation & Amortisation		(569)	(49)
Other expenses		(477)	(175)
Exploration expenditure written off		<u>(2,410)</u>	
<b>Loss before income tax expense</b>		<b>(4,523)</b>	<b>(352)</b>
Income tax expense		-	-
<b>Loss after income tax expense</b>		<b>(4,523)</b>	<b>(352)</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		(1.5)	(0.15)
Diluted earnings per share		<u>(1.2)</u>	<u>0.01</u>

*The accompanying notes form part of these financial statements.*

**HILL END GOLD LIMITED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2008**

	<b>31 Dec 2008</b>	<b>30 June 2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current Assets</b>		
Cash and cash equivalents	3,851	6,450
Trade and other receivables	348	777
Inventory	1,127	-
<b>Total Current Assets</b>	<u>5,326</u>	<u>7,227</u>
<b>Non-Current Assets</b>		
Other non-current assets	329	328
Mining property	14,050	
Deferred Exploration & Development	9,854	21,102
Property Plant & Equipment	1,767	1,747
<b>Total Non-Current Assets</b>	<u>26,000</u>	<u>23,177</u>
<b>Total Assets</b>	<u>31,326</u>	<u>30,404</u>
<b>Current Liabilities</b>		
Trade and other payables	1,886	3,397
Short-term provisions	87	76
<b>Total Current Liabilities</b>	<u>1,973</u>	<u>3,473</u>
<b>Non-Current Liabilities</b>		
Provisions	18	16
Other	99	95
<b>Total Non-Current Liabilities</b>	<u>117</u>	<u>111</u>
<b>Total Liabilities</b>	<u>2,090</u>	<u>3,584</u>
<b>Net Assets</b>	<u>29,236</u>	<u>26,820</u>
<b>Equity</b>		
Issued capital	40,844	35,394
Reserves	2,292	803
Accumulated losses	(13,900)	(9,377)
<b>Total Equity</b>	<u>29,236</u>	<u>26,820</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 2008

	Share Capital Ordinary \$'000	Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Balance at 1 July 2007</b>	29,864	-	(3,475)	26,389
Loss attributable to equity shareholders		-	(352)	(352)
Shares issued during the year	226	-	-	226
<b>Balance at 31 December 2007</b>	<b>30,090</b>	<b>-</b>	<b>(3,827)</b>	<b>26,263</b>
<b>Balance at 1 July 2008</b>	35,394	804	(9,377)	26,821
Profit (loss) attributable to equity shareholders		-	(4,523)	(4,523)
Shares issued during the year	5,450			5,450
Options issued during the year		1,488		1,488
<b>Balance at 31 December 2008</b>	<b>40,844</b>	<b>2,292</b>	<b>(13,900)</b>	<b>29,236</b>

*The accompanying notes form part of these financial statements.*



**HILL END GOLD LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	<b>Half Year Ended 31 Dec 2008 \$'000</b>	<b>Half Year Ended 31 Dec 2007 \$'000</b>
<b>Cash Flows From Operating Activities</b>		
Sales	1,088	-
Interest received	80	442
Payments to suppliers and employees	(5,276)	(547)
R&D Tax Rebate	367	-
	<hr/>	<hr/>
Net cash outflows from operating activities	<b>(3,741)</b>	<b>(105)</b>
<b>Cash Flows From Investing Activities</b>		
Payment for exploration expenditure	(5,529)	(4,607)
Purchases of property plant & equipment	(267)	(888)
	<hr/>	<hr/>
Net cash outflows from investing activities	<b>(5,796)</b>	<b>(5,495)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from the issue of shares	5,450	226
Proceeds from issue of options	1,488	
	<hr/>	<hr/>
Net cash inflows from financing activities	<b>6,938</b>	<b>226</b>
<b>Net Increase Decrease in Cash Held</b>	<b>(2,599)</b>	<b>(5,374)</b>
Cash at the beginning of the financial year	<hr/> <b>6,450</b>	<hr/> <b>17,516</b>
<b>Cash at the End of the Financial Year</b>	<hr/> <b>3,851</b>	<hr/> <b>12,142</b>

*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 2008

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

##### **Statement of Compliance**

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", Australian Standards Board Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The interim half-year report does not include full disclosures of the type normally included in an annual financial report. It is recommended that the interim half-year financial report be read in conjunction with the Annual Financial Report of Hill End Gold Limited as at the 30 June 2008. 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 2008 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Hill End Gold Limited is a company incorporated and domiciled in Australia.

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

The report was approved by the Board of Directors on 5 March 2009.

##### **Significant Accounting Policies**

The accounting policies applied by the company in this interim financial report are the same as those applied by the company in its financial report for the previous financial year and the corresponding interim reporting period.

##### **Estimates**

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by the management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's financial report as at and for the year ended 30 June 2008.

##### **Going Concern**

Despite the current period loss and negative cash flows, the directors believe that the going concern basis is appropriate for the preparation and presentation of the financial statements as the Company has sufficient cash or access to cash to continue to operate for the foreseeable future and expects to deliver positive cash flow in the future. Further, the Company is confident of being able to raise additional funds through share placement or rights issue for acquisitions which would enhance profitability and cash flow.

The directors have prepared a forecast for the foreseeable future reflecting the abovementioned expectations and their effect on the Company. The achievement of

the forecast is largely dependent upon the following matters, the outcomes of which are uncertain:

- The ability of the company to increase the tonnage and grade of ore recovered from mining operations at Hill End
- The ability of the Company to raise additional equity capital.

In the event that the outcome of most or all of the above mentioned matters are unfavourable and result in a negative outcome, the directors believe that they have sufficient cash for the company to meet its debts as and when they become due and payable.

HILL END GOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	31 Dec 2008 \$'000	31 Dec 2007 \$'000
<b>2. REVENUE</b>		
<b>Revenue from operating activities</b>		
Gold sales	1,088	-
Interest received	137	442
	<u>1,225</u>	<u>442</u>
Research & Development Claim	<u>367</u>	<u>-</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**

	31 Dec 2008 Number	31 Dec 2007 Number
<b>Ordinary Shares</b>		
Balance at 1 July	271,172,394	238,058,242
Shares issued	36,331,879	1,510,351
Balance at 31 December	<u>307,504,273</u>	<u>239,568,593</u>

**Share Capital**

The Company recorded the following amounts within shareholder equity as a result of the issuance of ordinary shares

	31 Dec 2008 \$'000	31 Dec 2007 \$'000
Issuance of ordinary shares	5,450	226

**5. CONTINGENT LIABILITIES**

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

**6. EVENTS OCCURRING AFTER REPORTING DATE**

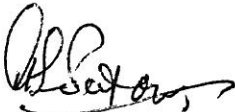
There were no significant events after the reporting date.

**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 5 to 10:
  - (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 2008 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**  
5 March 2009



**PHILIP BRUCE**  
Managing Director

**INDEPENDENT AUDITOR'S REVIEW REPORT - HILL END GOLD LIMITED**

**To the members of Hill End Gold Limited**

We have reviewed the accompanying half-year financial report of Hill End Gold Limited ("the Company"), which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration.

**Directors' Responsibility for the Half-Year Financial Report**

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Hill End Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

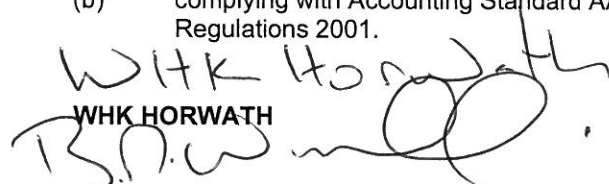
**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

**Conclusion**

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 not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



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PRINCIPAL

Brisbane, 5 March 2009

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**HILL END GOLD LIMITED  
CORPORATE DIRECTORY**

**Directors**

Alfred Lampard Paton  
Non Executive Chairman

Philip Francis Bruce  
Managing Director

Graham Charles Reveleigh  
Executive Director

Bruce Geoffrey Thomas  
Non Executive Director

Ian Noel Stuart Sloan  
Non Executive Director

Ian Cunynghame Daymond  
Non Executive Director

**Company Secretary**

Kevin Martin Lynn

**Australian Company Number**

072 692 365

**Registered Office**

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**Field Office**

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**Auditor**

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